2026:MHC:4735

Order QR

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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 24-11-2026

CORAM

THE HON'BLE DR.JUSTICE ANITA SUMANTH

AND

THE HON'BLE MR.JUSTICE S.KARTHIKEYAN

TCA No. 554 of 2013

Case QR

CNR: {HCMA010528802013}

M/s Turbo Energy Limited
67, Chamiers Road, Chennai 600 028.

..Appellant(s)

Vs

The Asst Commissioner of Income Tax,
Large Tax Payer Unit, Chennai -600 034.

..Respondent(s)

Appeal filed under Section 260A of the Income Tax Act, 1961 against order dated 04.02.2013 passed in ITA Nos.45/Mds/2012 on the file of the Income Tax Appellate Tribunal, 'D'Bench, Chennai for assessment year 2006-07.

For Appellant(s): MR.R.Vijayaraghavan
for M/s.Subbaraya Aiyar Padmanabhan

For Respondent(s): Mr D. Prabhu Mukund Arunkumar
Senior Standing Counsel

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JUDGMENT

(Judgment of the Court was delivered by Dr.Anita Sumanth J.)

This is an appeal at the instance of the assessee challenging order dated 04.02.2013 of the Income Tax Appellate Tribunal (Tribunal) for assessment year 2006 – 07. The substantial questions of law admitted on 25.10.2013 are as follows:-

> *1. Whether on the facts and in the circumstances of the case, the Tribunal was right in law in holding that assessee is not entitled to claim additional depreciation amounting to Rs.1,57,00,147/- during the period in respect of additions made to fixed assets in the second half of the previous year 2005-06?*
>
> *2.Whether on the facts and in the circumstances of the case and in law the entitlement to additional depreciation u/s.32(iia) which is vested as incentive for investments in new plant and machinery can be divested by the second proviso to Sec.32(1) which restricted it to 50 per cent?*
>
> *3.Whether on the facts and in the circumstances of the case and in law the Tribunal ought to have appreciated that second proviso to Sec.32(1) only restricts the quantum of depreciation allowable in the first year of use but in no way restricts or reduces the total amount of Additional depreciation allowable in respect of eligible plant and machinery?*

2. The issue relates to whether the balance of additional depreciation of 50% of which 50% had been claimed in the first year, may be carried forward to the subsequent year. This issue has been answered in *Wheels India Ltd. v. Assistant Commissioner of Income-tax (LTU Appeals)* [(2026) 310 Taxman 168

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(Madras)] accepting the claim and the relevant discussions and conclusions reads as under:

> *9. The spirit of the provision has been considered by this Court in Commissioner of Income Tax, Madurai Vs. M/s.Shri T.P.Textiles Private Limited, Taking cue from the clarification issued by the department, which removed even in the iota of ambiguity in the interpretation of the provision, this Court held that the Memorandum explaining the provision in the Finance Act, 2015, and reasons for the amendment to Section 32, clearly indicate that the Legislature recognized the fact that the manner in which the provision was interpreted prior to the amendment would lead to discrimination in respect to plant and machinery used for less than 180 days and that used for 180 days or more. Thus, the Division Bench opined that in order to maintain parity among assessees, they carry forward the benefit to the next assessment year for the balance 50% of the additional depreciation.*
>
> *10. Since we are in full concurrence with the view expressed by the learned Division Bench, therefore, the questions of law as to whether the assessee is entitled to the balance 50% of the additional depreciation in the current year, in respect of asset acquired in the previous year and put to use for less than 180 days, is answered affirmative. Since the additional depreciation is given to encourage purchase of new plant and machinery, as found in the Memorandum, the advantage of granting additional depreciation should be extended to all assessees without any discrimination, whether they used the machinery for less than 180 days or more than 180 days in a particular assessment year. If the assessee has used the machinery for less than 180 days in a particular year, the statute provides for 50% of the additional depreciation on that particular assessment year and the remaining 50% shall be allowed to the subsequent assessment year.*

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DR.ANITA SUMANTH, J.

AND

S.KARTHIKEYAN, J.

3. Hence, the questions of law are answered in favour of the assessee and this Tax Case (Appeal) is allowed. No costs.

(A.S.M.,J.) (S.K.,J.)
24-11-2026

Index: Yes/No
Speaking order
Neutral Citation: Yes
SL

To

1. The Asst Commissioner of Income Tax,
   Large Tax Payer Unit, Chennai – 600 034.

2. The Income Tax Appellate Tribunal 'D'
   Bench, Chennai.

TCA No. 554 of 2013

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