



% 11.09.2009

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Present: Ms. Sonia Mathur for the appellant.  
Mr. Sandeep Sapra for the respondent.

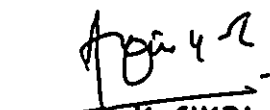
+ ITA No. 846/2009

ITA No. 910/2009

(Common Order)

The assessee company had obtained technical knowhow from M/s. Jamna NHK Allevard Suspension Components Ltd. (JANA), a Japanese company. For this purpose, an MOU was entered into between the assessee and JANA. For providing technical knowhow, the assessee made lump sum payment, which was treated as capital expenditure. In addition, the assessee also agreed to pay royalty, which was to be computed on the sale of goods produced. It, thus, depended upon the actual sale and was not one time payment.

In these circumstances, we are of the opinion that the Tribunal has rightly held this royalty as revenue expenditure. The issue raised is covered by a recent decision of this Court in *Commissioner of Income Tax (LTU) v. Sharda Motor Industrial Ltd.* (ITA No. 837 of 2009, decided on 3.9.2009). These appeals are, accordingly, dismissed.

  
A.K. SIKRI, J.

  
VALMIKI J. MEHTA, J.

September 11, 2009

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