

## **Shasun Chemicals & Drugs Ltd: ( 388 ITR 1 ) (2016)**

Assessee Company raised equity capital for expansion its existing Units & incurred share issue expenses. The said expenses were claimed u/s 35-D of the Act @ 10% for each assessment year. The A.O. allowed the claim for the first two assessment years, but for subsequently years disallowed the same on the ground that the Supreme Court in Brook Bond India Ltd. Vs CIT ( 225 ITR 798 ) has held that such share issue expenses are capital in nature and not allowable.

Both CIT(A) & ITAT allowed the claim the assessee. The revenue took the matter to Madras High Court which held against the assessee following the decision of Supreme Court in Brook Bonds' case.

The Supreme Court on petition from Assessee held that once the position is accepted that the assessee is eligible for deduction u/s 35-D, the clock starts ticking and it has to be complete the entire period of 10 years beginning from 1995-96 to 2004-05.