

Critical analysis of what can be covered in "plant"- Based on Judgments of Income tax



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It's very important to understand what is "plant" to get that benefit of ITC. Here I have tried to compile some judgments of income tax to help you understand what's plant. When a building can be considered as a plant.

Not every building even if it is let out will be eligible for this benefit. Let us try to see what according to courts can be covered in plant when it's in a building.

Whether a Hotel Building Can Be a "Plant"

In the case of **CIT, Andhra Pradesh v. Taj Mahal Hotel, Secunderabad**, the Supreme Court ruled that a hotel building can be classified as a "plant" if it is used to carry on the business operations effectively. The court emphasized that a "plant" includes land, buildings, machinery, apparatus, and fixtures employed in carrying on trade and industrial business. The ruling indicates that the classification of a building as a "plant" depends on its utility and function in business operations rather than its form or structure.

Whether a Cinema Hall or Theatre Building Can Be a "Plant"

In the case of **CIT, Trivandrum v. Anand Theatres**, the court held that a cinema hall or theatre building can be treated as a "plant" if it has been specially designed and constructed to attract customers and serve the business purpose effectively. The judgment limited the applicability to buildings like hotels and theatres, where the building itself plays a crucial role in the business. The decision highlights that buildings with unique designs and functions related to business activities can be categorized as a "plant."

Whether a Power Station Building Can Be a "Plant"

In **Commissioner of Income Tax, Karnataka v. Karnataka Power Corporation**, the court held that a power station building should be considered a "plant" because it satisfies the functional test and is an essential tool for carrying out business operations. The judgment emphasized that if a building serves as a crucial apparatus or tool in the business process, it qualifies as a "plant."

Whether a Pond Used for Aquaculture Can Be a "Plant"

In **Commissioner of Income Tax v. Victory Aqua Farm Ltd.**, (Judgment of SC in year 2015) the court ruled that a pond specifically designed for the business of aquaculture should be treated as a "plant" for taxation purposes. This judgment was based on the principle that structures constructed to fulfill specific business purposes and integral to the business operations are categorized as "plants."

Whether a Building Specially Designed for Commercial Purposes Can Be a "Plant"

In the case of **Commissioner of Income Tax, Trivandrum v. Anand Theatres**, the court further elaborated that a building specially designed for a commercial purpose, such as attracting customers in a mall or theatre, can be considered a "plant" if it plays an essential role in the business. The decision established that the design and purpose of the building are critical factors in determining whether it qualifies as a "plant."

Whether Structures Serving Specialized Business Needs Can Be a "Plant"

In **Commissioner of Income Tax v. Victory Aqua Farm Ltd.**, (Judgment of SC in year 2015) the court acknowledged that structures like specially designed ponds used for specific business needs can be treated as "plants." This ruling reinforced the idea that structures built to support and serve specialized business operations meet the criteria of a "plant."

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LIGHT, FARIDABAD-
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BHATAR, SURAT 395007

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