

IN THE INCOME TAX APPELLATE TRIBUNAL "J" BENCH, MUMBAI  
**BEFORE SHRI D. KARUNAKARA RAO, ACCOUNTANT MEMBER AND  
SHRI PAWAN SINGH, JUDICIAL MEMBER  
ITA No.657/M/2015 (AY 2010-2011)**

ACIT-14(2)(2), Mumbai.	बनाम/ Vs.	M/s. Monitron Security Pvt Ltd., 1 <sup>st</sup> Floor, Shahnawaz Bldg, Kale Marg, Kurla Mumbai-70.
स्थायी लेखा सं./PAN : AAACM4446P		
(अपीलार्थी /Appellant)	..	(प्रत्यर्थी / Respondent)

अपीलार्थी की ओर से / Appellant by	:	Mrs. Beena Santosh, DR
प्रत्यर्थी की ओर से/ Respondent by	:	None

सुनवाई की तारीख / Date of Hearing : 23.02.2017

घोषणा की तारीख /Date of Pronouncement : 28.02.2017

**आदेश / O R D E R**

**PER D. KARUNAKARA RAO, AM:**

This appeal filed by the Revenue on 30.01.2016 is against the order of the CIT (A)-21, Mumbai dated 11.11.2014 for the assessment year 2010-2011. In this appeal, Revenue raised the following solitary ground which reads as under:-

*"On the facts and in the circumstances of the case and in law, the Ld CIT (A) erred in deleting the disallowance made by the AO out of bad debts written of amounting to Rs. 1,14,17,853/-."*

2. Briefly stated relevant facts of the case are that the assessee is engaged in the business of 'providing man power security for clients'. Assessee filed the return of income declaring the total income of Rs.2,07,59,945/-. Assessment was completed u/s 143(3) of the Act and the assessed income was determined at Rs. 3,69,33,470/-. In the assessment, AO made an addition of Rs. 1,14,17,853/- on account of 'bad debts'. Aggrieved, assessee carried the matter in appeal before the first appellate authority.

3. During the proceedings before the first appellate authority, after considering the submissions of the assessee, CIT (A) granted relief to the assessee as per the discussion given in para 3.2 of his order wherein the CIT (A) relied on the judgment

of the of the Hon'ble Supreme Court in the case of TRF Limited (323 ITR 397) (SC). CIT (A) also followed the decision of his predecessor on identical issue for the AY 2009-2010. Aggrieved with the said decision of the CIT (A), Revenue is in appeal before the Tribunal by raising the above mentioned ground.

4. During the proceedings before the Tribunal, none appeared on behalf of the assessee to represent its case. Considering the settled nature of the issue involved in this appeal, we proceed to adjudicate the appeal with the help of the Ld DR for the Revenue, who relied on the order of the AO.

5. We have heard the Ld DR for the Revenue and perused the orders of the Revenue Authorities as well as the relevant material placed before us. On perusal of the order of the CIT (A) in general and para 3.2 of his order in particular, we find the same is relevant here. Considering the significance of the said para 3.2 and for the sake of completeness of this order, the same is extracted as under:-

*"3.2. I have considered the facts and circumstances of the case. This issue had come into consideration of CIT (A) in AY 2009-10 wherein in para 2.3 is held as under:-*

*"2.3. I have considered the facts of the case. The appellant debited bad debt of Rs. 1,54,49,318/- in the P&L Account. The AO disallowed the same holding that (i) the appellant did not submit documentary evidences viz., date of payment etc (ii) appellant nowhere submitted that debts were bonafide (ii) the appellant was required to justify its claim along with documentary evidences. In para 4 of the assessment order, the AO has acknowledged that the appellant vide letter dated 28.11.2011 had given the working of bad debts written off during the year. During appellate proceedings the appellant has filed copy of such details. Such details consisted of name of party, bill number, bill date, location of the party and the net sales amount which gave rise to the bad debt. Thus, in the said details, the appellant filed all details including the details of year in which the said bad debts were offered to tax for income. Therefore, the AO was not justified in concluding that the appellant had not submitted the documentary evidence. The AO has also mentioned that the appellant has not submitted the date of payment etc. However, such details of date of payment were not relevant as the appellant had claimed bad debt only on account of non receipt of said amount from the debtors. The appellant had claimed the bad debts of Rs. 1.54 Crs. The appellant had made such claim treating the same as bonafide one. Therefore, the onus was on the AO to prove that the appellant's claim of bad debt was not a bonafide one. In the facts and circumstances the AO incorrectly held in the assessment order that the appellant nowhere submitted that the debts were bonafide. The appellant has justified its claim of bad debts by filing party-wise details, bill number, bill date, net amount of sales and the year in which such debts were offered as income. Therefore, as per the decisions relied upon by the appellant, appellant's claim was allowable u/s 36(1)(vii) of the Act. In appeal order of AY 2008-2009, dated 10.8.2011 such disallowance of bad debt was also deleted by the undersigned. Therefore, the disallowance of bad debt amounting to Rs. 1,54,49,318/- is hereby deleted. This ground of appeal is therefore allowed."*

*Following the above decision of my predecessor, this ground of appeal is allowed."*

6. From the above, we find, the CIT (A) correctly relied on the decision of his predecessor on identical issue for the AY 2009-10, wherein the CIT (A) discussed the

issue at length and granted relief. Considering the same, we are of the opinion, the decision taken by CIT (A) in granting relief on account of bad debts is fair and reasonable and it does not call for any interference. Accordingly, ground raised by the Revenue is dismissed.

7. In the result, appeal of the Revenue is dismissed.

Order pronounced in the open court on 28<sup>th</sup> February, 2017.

**Sd/-**  
**(PAWAN SINGH)**  
JUDICIAL MEMBER

मुंबई Mumbai; दिनांक 28.02.2017

व.नि.स./ OKK, Sr. PS

**Sd/-**  
**(D. KARUNAKARA RAO)**  
ACCOUNTANT MEMBER

**आदेश की प्रतिलिपि अग्रहित/Copy of the Order forwarded to :**

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. आयकर आयुक्त(अपील) / The CIT(A)-
4. आयकर आयुक्त / CIT
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, मुंबई / DR,  
ITAT, Mumbai
6. गार्ड फाईल / Guard file.

सत्यापित प्रति //True Copy//

आदेशानुसार/ BY ORDER,  
उप/सहायक पंजीकार (Dy./Asstt. Registrar)  
आयकर अपीलीय अधिकरण, मुंबई / **ITAT, Mumbai**