

IN THE INCOME TAX APPELLATE TRIBUNAL  
"B" BENCH : BANGALORE

BEFORE SHRI ARUN KUMAR GARODIA, ACCOUNTANT MEMBER AND  
SHRI LALIET KUMAR, JUDICIAL MEMBER

|                           |
|---------------------------|
| ITA No. 713/Bang/2016     |
| Assessment Year : 2005-06 |

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| The Income Tax Officer,<br>Ward – 7(1)(1),<br>Bangalore. | Vs. | M/s. Thakral Computers Pvt. Ltd.,<br>121, 8 <sup>th</sup> Floor, "The Estates",<br>Dickenson Road,<br>Bangalore – 560 042.<br><br><b>PAN: AAAC 1899F</b> |
| APPELLANT  |     | RESPONDENT   |

|             |   |                                 |
|-------------|---|---------------------------------|
| Assessee by | : | Shri C.J. Brito, CA             |
| Revenue by  | : | Shri N. Sukumar, Addl. CIT (DR) |

|                       |   |            |
|-----------------------|---|------------|
| Date of hearing       | : | 12.09.2017 |
| Date of Pronouncement | : | 13.10.2017 |

**ORDER**

*Per Shri A.K. Garodia, Accountant Member*

This appeal is filed by the revenue which is directed against the order of Id. CIT(A)-14, Mumbai dated 27.01.2016 for Assessment Year 2005-06.

2. The grounds raised by the revenue are as under.

*"1. The order of the learned CIT(A) is opposed to law and facts of the case.*

*2. The CIT(Appeals) erred in ignoring the fact that the claim for writing off of bad debt in the assessee's case is poor financial conditions of the debit. None of the reasons are substantiated by the assessee in the form of documentation from the debtor that the financial condition is poor or any other evidence to substantiate that the services were not utilized.*

*3. The CIT(Appeals) erred in not considering that there is no material supportive of the fact that the debit is not recoverable.*

*4. The CIT(Appeals) ought to have considered that for decision to write off a bad debt be bonafide there must be some material to support the decision that the debt is not recoverable.*

*5. For these and other grounds that may be urged at the time of hearing, it is prayed that the order of the CIT(A) in so far as it relates to the above grounds may be reversed and that of the Assessing Officer may be restored.*

*6. The appellant craves leave to add, alter, amend and/or delete any of the grounds mentioned above."*

3. The Id. DR of revenue supported the assessment order whereas the Id. AR of assessee supported the order of CIT(A). He also submitted that this issue is squarely covered in favour of the assessee by the judgment of Hon'ble Apex Court rendered in the case of T.R.F. Ltd. Vs. CIT as reported in 323 ITR 397.
4. We have considered the rival submissions. We find that as per the assessment order, this is not the objection of the AO that the debts were not written off in the books of accounts. The objection of the AO is that there is no material supporting the fact that the debt is not recoverable. After the amendment of section 36(1)(iii) w.e.f. 01.04.1989, this is not requirement of law that the assessee has to establish that the debt has become bad and this only is sufficient that the debts were written off by the assessee in the books of accounts. The judgment of Hon'ble Apex Court in the case of T.R.F. Ltd. Vs. CIT (supra) is also on the same line. The Id. CIT(A) has followed this judgment of Hon'ble Apex Court. Hence we find no reason to interfere in the order of CIT(A).
5. In the result, the appeal filed by the revenue is dismissed.

Order pronounced in the open court on the date mentioned on the caption page.

(LALIET KUMAR)  
Judicial Member

(ARUN KUMAR GARODIA)  
Accountant Member

Bangalore,  
Dated, the 13<sup>th</sup> October, 2017.  
/MS/

Copy to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR, ITAT, Bangalore.
6. Guard file

By order

Senior Private Secretary,  
Income Tax Appellate Tribunal,  
Bangalore.