



ITA No.29/Rpr/2015
Assessment Year : 2010-2011



**IN THE INCOME TAX APPELLATE TRIBUNAL,
RAIPUR BENCH, RAIPUR**

**BEFORE S/SHRI N.S SAINI, ACCOUNTANT MEMBER
AND PAVAN KUMAR GADALE, JUDICIAL MEMBER**

ITA No.29/Rpr/2015
Assessment Year : 2010-2011

Epic Alloys Steel Pvt Ltd., 132D, O..P. Jindal Industrial Park, Punjipathra, Raigarh	Vs.	DCIT-1(1), Complex, Vypar Bilaspur	Mahima Vihar,
PAN/GIR No.AABCE 2865 P			
(Appellant)	..	(Respondent)	

Assessee by : Shri S.R.Rao, AR
Revenue by : Mrs Sheetal Verma, DR

Date of Hearing : 18/01/ 2018
Date of Pronouncement : 19 /01/ 2018

ORDER

Per Pavan Kumar Gadale, JM

This is an appeal filed by the assessee against the order of the CIT(A)-Bilaspur dated 25.9.2014 for the assessment year 2010-2011.

2. The sole issue involved in this appeal is that the CIT(A) erred in confirming the addition made against bad debts written off u/s.36(1)(vii) of



the I.T.Act, 1961 to the extent of Rs.1,98,472/- on the ground that ledger account or other evidence of actual writing off bad debt was not filed.

3. The brief facts of the case are that the assessee is a private limited company filed the return of income on 14.10.2010 showing total income of Rs.24,08,330/-. Subsequently, the case was selected for scrutiny. Accordingly, notice under section 143(2) of the I.T.Act, 1961 was issued and served upon the assessee. In compliance to the notices issued, Id A.R. appeared and produced books of account and they have been test checked. The Assessing Officer noticed that the assessee company is engaged in the manufacturing of MS Ingot and trading in Pig Iron, Minerals, Ores & scrap. The Assessing Officer found that the assessee has claimed deduction of Rs.7,06,731/- as sundry balances written off. The assessee could not produce any evidence to show that the debtors were financially not in a position to make payments and also there is no information about refusal of payment. Since the assessee could not produce that the sundry debtors are actually written off, the Assessing Officer was of the view that the assessee cannot claim deduction. Therefore, he made addition of Rs.7,06,731/- alongwith other additions and assessed the income at Rs.32,86,330/-.

4. Aggrieved by the assessment order, the assessee carried the matter in appeal before the CIT(A).



5. Before the CIT(A), the assessee submitted that an amount of Rs.7,06,731/- was written off under the head "sundry balance written off". It was submitted that since the amount was not recovered from the parties, the amount was written off as irrecoverable in the account of the assessee. He relied on the decision of Hon'ble Supreme Court in the case of TRF Ltd vs CIT, 323 ITR 397 (SC). The CIT(A) considered the submissions of the assessee and the findings of the Assessing officer and observed that as regards to Rs.5,08,259/-, written off as bad debt in the case of Nitesh Udyog Limited is an admissible amount, however, there is no dispute to the fact that the ledger accounts and other evidence of actual writing off of the various sundry debtors have not been filed in regard to balance amount of Rs.1,98,472/-. Therefore, he confirmed the addition of Rs.1,98,472/-.

6. Before us, Id A.R. submitted that the CIT(A) erred in granting partial relief in respect of the bad debts irrespective of the fact that the assessee has written off the amount in the books of account. Ld D.R. supported the order of the CIT(A).

7. We have heard the rival submissions and perused the materials available on record. We find that there is no dispute about the fact that the amounts have been written off in the previous year. The dispute is confined to the question whether the assessee has brought on record reasonable



evidence to substantiate that the amount written off has actually become bad and incapable of being recovered from the debtors concerned. On these facts and particularly in view of the Hon'ble Supreme Court judgement in the case TRF Ltd (supra), wherein, the Hon'ble Supreme Court has held that a mere write off of the debt is enough to claim deduction as bad debt and that the assessee is required to establish that amounts have actually become bad, the assessee must succeed in his claim. Hence, in view of the decision in the case of TRF (supra), we uphold the grievance of the assessee and direct the Assessing Officer to delete the disallowance of Rs.1,98,472/- and allow the ground of appeal of the assessee.

7. In the result, appeal of the assessee is allowed.

Order pronounced on 19 /01/2018.

Sd/-

(N.S Saini)
ACCOUNTANT MEMBER

Raipur; Dated 19 /01/2018
B.K.Parida, SPS

sd/-

(Pavan Kumar Gadale)
JUDICIALMEMBER



Copy of the Order forwarded to :

1.	The Appellant : Epic Alloys Steel Pvt Ltd.,, 132D, O..P. Jindal Industrial Park, Punjipathra, Raigarh
2.	The Respondent. DCIT-1(1), Mahima Complex, Vypar Vihar, Bilaspur
3.	The CIT(A)-Bilaspur
4.	Pr.CIT-Bilaspur
5.	DR, ITAT, Raipur
6.	Guard file. //True Copy//

BY ORDER,

SR.PRIVATE SECRETARY
ITAT, Raipur