

IN THE INCOME TAX APPELLATE TRIBUNAL “D” BENCH : KOLKATA

[Before Hon’ble Shri N.V.Vasudevan, JM & Hon’ble Shri M.Balaganesh, AM]

I.T.A No. 1776/Kol/2016

Assessment Year : 2011-12

ACIT,Circle-2(2), Kolkata

-vs-

M/s Webel Technology Ltd.

[PAN: AAACW 4201 G]

(Appellant)

(Respondent)

For the Appellant : Shri Arindam Bhattacharjee, Addl. CIT

For the Revenue : Sutapa Roychoudhury, Advocate

Date of Hearing : 08.01.2018

Date of Pronouncement : 02.02.2018

ORDER

Per M.Balaganesh, AM

1. This appeal by the Revenue arises out of the order of the Learned Commissioner of Income Tax(Appeals)-1, Kolkata [in short the Id CIT(A)] in Appeal No.39/CIT(A)-1/C-2/2014-15 dated 30.06.2016 against the order passed by the DCIT,Circle-2, Kolkata [in short the Id AO] under section 143(3) of the Income Tax Act, 1961 (in short “the Act”) dated 14.03.2014 for the Assessment Year 2011-12.

2. The only issue to be decided in this appeal is as to whether the Ld. CIT(A) was justified in deleting the addition made towards provision for doubtful debts in the sum of Rs. 57,31,137/-, in the facts and circumstances of the case.

3. The brief facts of this issue is that the assessee filed its return of income on 29.09.2011 disclosing total income of Rs. 1,13,74,906/-. In the said computation of income, the assessee had suo-moto made disallowance towards provision for bad and doubtful debts of Rs. 57,31,137/-. The assessment was completed after making addition of Rs. 16,44,472/-towards provision for leave encashment and determining the total income at Rs. 1,30,19,378/-. Before the completion of assessment proceedings, the assessee filed a revised computation of income wherein suo moto disallowance made towards provision for bad and doubtful debts of Rs. 57,31,137/- was withdrawn by the assessee, on the ground that the same amount was already added back by the Ld. AO in the scrutiny assessment proceedings for the assessment year 2009-10 completed u/s 143(3) of the Act on 19.12.2011. The assessee also pleaded that this provision for bad and doubtful debts was originally created by debiting to profit and loss account during the assessment year 2009-10 which was rightly disallowed by the Ld. AO during that year. Since, this provision for bad and doubtful debts was carried forward in the balance sheet of the assessee up to assessment year 2011-12, the assessee inadvertently disallowed the same in the original return of income. This was later found by the assessee and since the time limit for filing revised return u/s 139(5) of the Act had expired, the assessee sought to file revised computation of income before the Ld. AO which was ignored by the Ld. AO. In first appeal, the Ld. CIT(A) granted relief to the assessee accepting the bona fide claim thereon. Aggrieved, the revenue is in appeal before us on the following grounds:

1. Whether on the basis of facts and circumstances of the instant case, the Ld. CIT(A)-1, Kolkata has erred in deleting the provision for Doubtful Debts of Rs. 57,31,137/- without appreciating the intention of the AO.

2. That in the facts and circumstances of the case, the Ld. CIT(A) has failed to appreciate the fact that before proceeding for disallowances the AO has conducted necessary examination and ground work, which are evident from the recordings of note-sheet.

3. That the Department craves leave to add, modify or alter any of the ground(s) of appeal and/or adduce additional evidence at the time of hearing of the case.

3. We have heard the rival submissions and perused the material available on record. We find that the legitimate mistake committed by the assessee was sought to be withdrawn by way of revised computation of income in order to avoid double disallowance which was not considered by the Ld. AO. This has been fairly considered by the Ld. CIT(A) and Ld. CIT(A) had rightly granted relief to the assessee in this regard. We do not find any infirmity in the order of the Ld. CIT(A). Accordingly, grounds raised by the revenue are dismissed.

4. In the result, the appeal of the revenue is dismissed.

Order pronounced in the Court on 02.02.2018

Sd/-
[N.V. Vasudevan]
Judicial Member

Sd/-
[M.Balaganesh]
Accountant Member

Dated : 02.02.2018
SB, Sr. PS

Copy of the order forwarded to:

1. ACIT, Circle-2(2), Aayakar Bhawan, P-7, Chowringhee Square, Kolkata-700069.
2. M/s Webel Technology Ltd., Sector-V, Salt Lake City, Kolkata-700091.
- 3..C.I.T.(A)- , Kolkata 4. C.I.T.- Kolkata.
5. CIT(DR), Kolkata Benches, Kolkata.

True copy

By Order

Senior Private Secretary
Head of Office/D.D.O., ITAT, Kolkata Benches

