

आयकर अपीलिय अधीकरण, न्यायपीठ – “D” कोलकाता,
*IN THE INCOME TAX APPELLATE TRIBUNAL
KOLKATA BENCH “D” KOLKATA*

Before **Shri S.S.Godara, Judicial Member** and
Shri, M. Balaganesh, Accountant Member

ITA No.2147/Kol/2016
Assessment Year :2011-12

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| The Indian Steel & Wire Products Ltd., 7, Red Cross Place, Kolkat-001 [PAN No.AABCT 1067 C] | V/s. | DCIT, Circle-1(2) P-7, Chowringhee Square, Kolkata-69 |
| अपीलार्थी /Appellant | .. | प्रत्यर्थी/Respondent |

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|--------------------------------------|-------------------------------------|
| अपीलार्थी की ओर से/By Appellant | None |
| प्रत्यर्थी की ओर से/By Respondent | Shri A. Bhattacharjee, Addl. CIT-DR |
| सुनवाई की तारीख/Date of Hearing | 11-06-2018 |
| घोषणा की तारीख/Date of Pronouncement | 15-06-2018 |

आदेश /O R D E R

PER S.S.Godara, Judicial Member:-

This assessee's appeal for assessment year 2011-12 arises against Commissioner of Income Tax (Appeals)-1, Kolkata's order dated 29.08.2016 passed in case No.147/citaaaa-1/Cir-1(2)/2014-15, involving proceedings u/s 143(3) of the Income Tax Act, 1961; in short 'the Act'.

2. The assessee's sole substantive grievance pleaded in the instant appeal challenges of correctness of both the lower authorities action disallowing its asset written off claim amounting to ₹17,06,434/-. The CIT(A)'s discussion on the instant issue reads as follows:-

“Ground No.4: This ground relates to the disallowance of an amount of Rs.17,06,434/- by the AO under the Assets written off

The AO has dealt with this issue in the assessment order as under:

Assets written off. The assessee company in its P//L. A/c debited an amount of Rs.17,06,434/- under head operation and other expenses' sub head 'assets written off.' The assessee was asked submit the details of assets

written of with evidence. The A/R appeared on 21.03.2014 but failed to submit any detail and supporting evidence in this regard.

Thus, the said amount of Rs.1706433.87/- is liable to be disallowed being capital loss in absence of supporting documents and added back to the total income of the assessee.”

The appellant's AR has made written submissions as under:

“The asset were declared as scrap and written off in P/L account of Rs.17,06,434/-. Same has been appeared in P/L account included in scrap sale in refer Schedule 3 forming part of P/L account. Hence debit and credit both accounted for during the year and auditor accepted the same accounting.”

I have considered the material before me. The AO held that the appellant's AR was unable to submit any details and supporting evidence to substantiate the amount of Rs.17,06,434/- written-off a under head, “Operation and Other Expenses.”The appellant's AR in the written submission has claimed that the asset written off” pertained to the assets scrapped, which was reflected in Schedule 3 to the Profit & Loss account. Its found that the appellant was unable to discharge its onus to substantiate its claim either during the assessment or appellate proceedings and has reiterated the earlier contentions. In view thereof, I am of the opinion that there is no infirmity in the finding of the AO. Therefore, the disallowance made by the AO of Rs.17,06,434/- is confirmed. This ground is not allowed.”

3. We have heard Learned Departmental Representative strongly supporting the impugned disallowance of assets written off during the course of hearing. Case file suggests that although the Assessing Officer had quoted assessee's failure in filing all the necessary details of the asset written off, the taxpayers on the other hand pleaded before CIT(A) that it had declared the same in schedule-3 forming part of profit and loss account alongwith all debit and credit entries. Learned Departmental Representative fails to dispute the clinching fact that the assessee's income derived from sale of such scrap items stands assessed under the head “business income”. Hon'ble Gujarat high court in DCIT vs. Harjivandas Zaveri 258 ITR 785 (Guj) holds such an income to be eligible for u/s 80IA deduction. The Revenue thereafter fails to rebut the fact that assessee had either written off the relevant scrap assets. We see no reason to agree with both the lower authorities' conclusion that this write off is not allowable as revenue expenditure as per the above income analogy. We make it clear that there is no item-wise dispute qua the assets written off scrap which has already been accepted as a revenue item for the

purpose of assessment. We take into account all the above narrated facts to conclude that assessee is entitled to claim its write off the remaining scrap items as revenue expenditure. It succeeds in its sole substantive ground.

4. This assessee's appeal is allowed.

Order pronounced in the open court 15/06/2018

Sd/-

(लेखा सदस्य)

(M.Balaganesh)

(Accountant Member)

Kolkata,

*Dkp, Sr.P.S

दिनांक:- 15/06/2018 कोलकाता ।

आदेश की प्रतिलिपि अग्रहित / Copy of Order Forwarded to:-

1. अपीलार्थी/Appellant-The Indian Steel & Wire Products Ltd, 7 Red Cross Place,Kol-001
2. प्रत्यर्थी/Respondent-DCIT, Circle-1(2), P-7, Chowringhee Square, Kolkata-69
3. संबंधित आयकर आयुक्त / Concerned CIT Kolkata
4. आयकर आयुक्त- अपील / CIT (A) Kolkata
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, कोलकाता / DR, ITAT, Kolkata
6. गार्ड फाइल / Guard file.

/True Copy/

Sd/-

(न्यायिक सदस्य)

(S.S.Godara)

(Judicial Member)

By order/आदेश से,

Sr. Private Secretary, Head of Office/DDO
आयकर अपीलीय अधिकरण,

कोलकाता ।