

IN THE INCOME TAX APPELLATE TRIBUNAL
INDORE BENCH, INDORE

BEFORE SHRI KUL BHARAT, JUDICIAL MEMBER

And

SHRI MANISH BORAD, ACCOUNTANT MEMBER

ITA No. 562/Ind/2017

A.Y. 2013-14

Jila Sahakari Kendriya Bank Maryadit,
Mandsaur

PAN – AAATJ 2383 F

:: Appellant

Vs

DCIT-Ratlam

:: Respondent

Assessee by	Shri S.S. Deshpande, CA
Respondent by	Shri Lal Chand, CIT
Date of hearing	11.10.2018
Date of pronouncement	23.10.2018

O R D E R

PER SHRI KUL BHARAT, JM

This appeal by the assessee is directed against the order of Id.
CIT(A)-Ujjain, dated 02.5.2017 for the assessment year 2013-14.

2. So far as ground no.1 regarding the confirmation of the addition of Rs.7,48,50,000/- on account of provision of overdue interest is concerned, brief facts giving rise to the ground are that the assessee has made the provision for overdue interest amounting to

Rs.7,48,50,000/-. The Assessing Officer and Id. CIT(A) were of the view that the assessee failed to specify under which section the same provision is allowable. The expenses provision in the P & L account as per the RBI norms cannot be treated as deductible expenditure u/s 36(1)(vii) or (viii) of the I.T. Act. The Reserve Bank norms have nothing to do with computation of taxable income under I.T. Act. Therefore, the assessee is before us.

3. Before us, the Id. Counsel for the assessee submitted that this issue on similar facts and circumstances has already been decided against the Revenue by this very Bench in the case of The District Central Co-operative Bank Ltd. vs. ACIT vide order dated 26.9.2018 in ITA No.47/Ind/2014 (copy of the order has been filed before us). On the other hand, Id. CIT/DR conceded the fact that the issue is covered vide aforesaid order of the ITAT against the Revenue.

4. Considering the rival submissions and the fact that the issue on identical facts and circumstances is covered vide our order dated 26.9.2018 (supra) against the Revenue, we direct the Assessing Officer to delete the addition. Accordingly, this ground of appeal of the assessee is allowed.

5. So far as ground no.2 with regard to confirmation of the addition of Rs.2 crores being the special reserve created by the assessee is

concerned, the brief facts giving rise to the ground are that the Assessing Officer and Id. CIT(A) were of the view that the expenditure claimed by the assessee as special provision amounting to Rs.2 crores cannot be treated as expenditure in the normal course of the business. There is no provision of allowability u/s 36 or u/s 37 of the I.T. Act. The provision and expenses in the P & L account as per RBI norms cannot be treated as deductible expenditure u/s 36(1)(viiia) of the I.T. Act. The section 36(1)(viiia) allow the deduction of actual bad debts only not on the basis of provision. Being aggrieved, the assessee is before us.

6. Before us, the Id. Counsel for the assessee submitted that this issue on similar facts and circumstances has already been decided against the assessee by this very Bench in assessee's own case for the assessment year 2012-13 vide order dated 17.8.2018 in ITA No.386/Ind/2017 (copy of the order has been filed before us). On the other hand, Id. CIT/DR conceded the fact that the issue is covered vide aforesaid order of the ITAT against the assessee.

7. Considering the rival submissions and the fact that the issue on identical facts and circumstances is covered in assessee's own case for the assessment year 2012-13 vide our order dated 17.8.2018 (supra) against the assessee, we confirm the order of the Id. CIT(A) on this issue. Accordingly, this ground of appeal of the assessee is dismissed.

Finally, the appeal of the assessee is partly allowed.

Order was pronounced in the open court on 23.10.2018.

**Sd/-
(MANISH BORAD)
ACCOUNTANT MEMBER**

**Sd/-
(KUL BHARAT)
JUDICIAL MEMBER**

Dated : 23.10.2018

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Copy to: Assessee/Respondent/CIT(A)/CIT/DR, Indore