

IN THE INCOME TAX APPELLATE TRIBUNAL

“A” BENCH : BANGALORE

BEFORE SHRI ARUN KUMAR GARODIA, ACCOUNTANT MEMBER AND
SMT. BEENA PILLAI, JUDICIAL MEMBER

ITA No. 3320/Bang/2018
Assessment Year : 2014-15

M/s. AEC Promag Consultancy Pvt. Ltd., 11 th Cross, 4 th Main, 2 nd V Block, R T Nagar, Bangalore – 560 032. PAN: AAEC5580L	Vs.	The ITO, Ward 1 (1) (3), Bangalore.
APPELLANT		RESPONDENT
Assessee by	:	Shri S. Ramasubramaniam, CA
Revenue by	:	Shri P. Dhivahar, Addl. CIT (DR)
Date of hearing	:	27.06.2019
Date of Pronouncement	:	19.07.2019

ORDER

Per Shri A.K. Garodia, Accountant Member

This appeal is filed by the assessee and the same is directed against the order of Id. CIT(A)-1, Bangalore dated 24.10.2018 for Assessment Year 2014-15.

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

“1. That the order of the learned Commissioner of Income Tax (Appeals) in so far it is prejudicial to the interests of the appellant, is bad and erroneous in law and against the facts and circumstances of the case.

2. That the learned Commissioner of Income Tax (Appeals) erred in law and on facts in holding that the appellant is not entitled to deduction of bad debts of Rs. 1,04,32,499.

3. Without prejudice to the Ground No.2, the learned Commissioner of Income Tax (Appeals) ought to have allowed at least a sum of Rs. 99,27,599 being the difference between the bad debts written off and the rental advance written off of Rs. 5,04,900.

4. That the finding of the learned Commissioner of Income Tax (Appeals), that the appellant had not proved that the amounts written-off as bad debts were not offered to income tax in the earlier years is perverse.

5. Without prejudice to Ground No. 4, the learned Commissioner of Income Tax (Appeals) ought to have informed the appellant as to what is the acceptable evidence to prove that the amount written off as bad debts was offered to income tax in the earlier years and should have given an opportunity to produce the same.

6. That the learned Commissioner of Income Tax (Appeals) erred in law and on facts in holding that the interest on Income tax refund received in Rs. 8,56,625 and not Rs. 4,35,228 and the finding that the appellant had received interest of Rs. 8,55,625 is. perverse as being contrary to evidences and materials on record.

Each of the above grounds are without prejudice to one another, the appellant seeks the leave of the Hon'ble Income Tax. Appellate Tribunal to add, delete, amend or modify otherwise each or any of the grounds either before or at the time of filing the appeal."

3. At the very outset, it was submitted by Id. AR of assessee that in ground nos. 1 to 5 of assessee's appeal, the issue involved is regarding allowability of assessee's claim in respect of bad debts of Rs. 1,04,32,499/-. He submitted that this claim of the assessee was disallowed by the authorities below on this basis that assessee had not proved that the amounts written off as bad debts were actually offered to income tax in the earlier years. He submitted that the assessee has submitted the respective latest ledgers showing journal entries as per which the amounts were debited on account of sales in earlier years but the assessee was not aware and it was not pointed out to the assessee by the Id. CIT(A) or AO that to establish the assessee's claim that the relevant amount written off as bad debts was earlier offered for tax in earlier years, the assessee has to bring additional evidence on record. He submitted that the assessee is submitting additional evidence before the Tribunal in the form of sales registers for various years and from the same, it will be established beyond doubt that the amounts debited to respective debtor's accounts in earlier was on account of sales and therefore, the amounts written off as bad debts was earlier offered for income tax. He submitted that since these additional evidences goes to the root of the matter, the same should be admitted and if required, matter may be restored back to the file of AO / Id. CIT(A) for fresh decision after considering these additional evidences. The Id. DR of revenue although objected to admission of additional evidence but in the facts of present case, we feel it proper that the additional evidence filed by Id. AR of assessee should be admitted. We therefore, admit the same and after admitting the same, we set aside the order of Id. CIT(A) on this issue regarding allowability of bad debts written off and restore the matter back to the file of Id. CIT(A) for fresh decision after considering the additional evidence filed by the assessee before us. These grounds being ground nos. 1 to 5 are allowed for statistical purposes.
4. Regarding ground no. 6, i.e. in respect of quantum of interest on income tax refund received by the assessee, he submitted that on page no. 67 of the paper book is the relevant portion of Form No. 26AS for Assessment Year 2014-15 as per which the details of refund issued to the assessee during the Financial Year 2013-14 is available which says that one interest on refund of Rs. 2,72,391/- was paid to the assessee on 01.03.2014 and one more interest on refund of Rs. 1,32,070/- was paid to the assessee on 24.12.2013 and one

more interest on refund of Rs. 30,765/- was paid to the assessee on 06.02.2014 total Rs. 4,35,226/-. But the AO and Id. CIT(A) has held that as per Form No. 26AS, the assessee has received interest on income tax refund amounting to Rs. 8,54,625/- as against the amount accounted by the assessee of Rs. 4,35,228/-. He submitted that there is some factual mistake in the findings of the authorities below and hence, this matter may also be restored back to the file of Id. CIT(A) for fresh decision. The Id. DR of revenue supported the orders of Id. CIT(A).

5. We have considered the rival submissions. We find that both the authorities below i.e. the AO and Id. CIT(A) has referred to Form No. 26AS and stated that as per Form No. 26AS, the interest of Rs. 8,54,625/- was received by the assessee in the present year but as per the copy of Form No. 26AS available in the paper book on pages 62 to 74 of the paper book, the relevant page 67, total interest on refund issued is only Rs. 4,35,226/-. Hence it is possible that AO/CIT(A) might have considered Form No. 26AS for some other year or there may be some other mistake. Hence, we feel it proper to restore back this matter also to the file of Id. CIT(A) for fresh decision after examining the relevant Form No. 26AS. This ground is also allowed for statistical purposes.
6. In the result, the appeal filed by the assessee stands allowed for statistical purposes.

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

Sd/-
(BEENA PILLAI)
Judicial Member

Sd/-
(ARUN KUMAR GARODIA)
Accountant Member

Bangalore,
Dated, the 19th July, 2019.
/MS/

Copy to:

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

By order

Assistant Registrar,
Income Tax Appellate Tribunal,
Bangalore.