

आयकर अपीलिय अधिकरण, 'सी' न्यायपीठ, चेन्नई
IN THE INCOME TAX APPELLATE TRIBUNAL
'C' BENCH, CHENNAI

श्री महावीर सिंह, उपाध्यक्ष एवं श्री गिरीश अग्रवाल, लेखा सदस्य के समक्ष
BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT AND
SHRI GIRISH AGRAWAL, ACCOUNTANT MEMBER

आयकर अपील सं./ITA No.: 788/CHNY/2020
निर्धारण वर्ष /Assessment Year: 2016-17

M/s. Auro Electronics
A2, Industrial Estate,
Thattanchavadi,
Pondicherry – 605 009.

The ACIT,
v. Puducherry Circle,
Puducherry.

PAN: AAFA 1182F

(अपीलार्थी/Appellant)

(प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से/Appellant by

: None

प्रत्यर्थी की ओर से/Respondent by

: Shri G. Johnson, Addl.CIT

सुनवाई की तारीख/Date of Hearing

: 01.03.2022

घोषणा की तारीख/Date of Pronouncement

: 03.03.2022

आदेश /O R D E R

PER MAHAVIR SINGH, VP:

This appeal by the assessee is arising out of the order of learned Commissioner of Income Tax (Appeals), Puducherry in ITA No.444/CIT(A)-PDY/2018-19 dated 21.07.2020. The assessment was framed by the ACIT, Circle-1, Puducherry for the assessment year 2016-17 u/s.143(3) of the Income Tax Act, 1961 (hereinafter 'the Act'), vide order dated 18.12.2018.

2. The only issue in this appeal of assessee is against order of CIT(A) confirming the action of the AO in disallowing the bad debts claimed by the assessee.

3. Brief facts are that the AO during the course of assessment proceedings noticed from the profit & loss account of the assessee that it has claimed bad debts amounting to Rs.4,60,305/-. The assessee was asked to explain the nature of debt, details of the party and its function viz-a-viz business activity of the firm. The assessee replied that the bad debts includes waiver of installation and service charges and in some cases sales return, which were inadvertently grouped under bad debts. The assessee before AO filed credit notes issued by the assessee. According to AO, none of these transactions are in the nature of bad debts in the normal sense of the word. He further noted that the assessee has not produced any documentary evidence in the form of bills and vouchers and did not explain circumstances under which this bad debt was incurred. The AO accordingly disallowed and added to the returned income of the assessee. Aggrieved assessee preferred appeal before CIT(A).

3.1 The CIT(A) confirmed the action of the AO without going into the details and submissions filed by the assessee, by simply saying that the assessee has not included the above bad debts in its income in the previous years. According to him, the assessee has to give any proof that sum be accounted for as income in the accounts of the assessee. Aggrieved, assessee is in appeal before the Tribunal.

4. We have heard Id.Senior DR, Shri G. Johnson but none is present from assessee's side. We have gone through the facts and circumstances of the case and perused the case records. We noted that the assessee before AO as well as before CIT(A) claimed that these amounts represents amounts written off due to waiver of installation charges and service charges. The assessee also claimed that it had inadvertently debited few sales returns under the same head. The assessee before AO as well as before CIT(A) furnished the list of customers to whom installation and service charges were waived and sales returns were effected along with necessary credit notes. This fact is noted by CIT(A) as well as AO in their orders but none has gone into these details. From the very same details even now filed before us, we are of the view that the claim of bad debts by the assessee is already declared in the income and due to waiver

it was claimed as bad debts. We find that the claim of assessee is reasonable and accordingly allow the same.

7. In the result, the appeal filed by the assessee is allowed.

Order pronounced in the court on 3rd March, 2022 at Chennai.

Sd/-

(गिरीश अग्रवाल)

(GIRISH AGRAWAL)

लेखा सदस्य /ACCOUNTANT MEMBER

Sd/-

(महावीर सिंह)

(MAHAVIR SINGH)

उपाध्यक्ष /VICE PRESIDENT

चेन्नई/Chennai,

दिनांक/Dated, the 3rd March, 2022

RSR

आदेश की प्रतिलिपि अग्रेषित/Copy to:

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|------------------------|--------------------------|------------------------------|
| 1. अपीलार्थी/Appellant | 2. प्रत्यर्थी/Respondent | 3. आयकर आयुक्त (अपील)/CIT(A) |
| 4. आयकर आयुक्त /CIT | 5. विभागीय प्रतिनिधि/DR | 6. गार्ड फाईल/GF. |