

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“G” BENCH, MUMBAI**

**BEFORE SHRI ABY T VARKEY, JUDICIAL MEMBER &  
SHRI AMARJIT SINGH, ACCOUNTANT MEMBER**

**ITA No.814/Mum/2023  
(A.Y. 2015-16)**

S.B. & T. Designs Ltd. Room No. 15, 1 <sup>st</sup> Floor, Yusuf Building, Abdul Rehman Street, Mumbai – 400 003	Vs.	The Dy. CIT 8(1)(2) Aaykar Bhavan, New Marine Line, Mumbai – 400 021
स्थायी लेखा सं./जीआइआर सं./PAN/GIR No: AAICS6223L		
Appellant	..	Respondent

Appellant by :	Dr. P. Daniel
Respondent by :	Suresh D. Gaikwad

Date of Hearing	10.07.2023
Date of Pronouncement	20.07.2023

आदेश / O R D E R

**Per Amarjit Singh (AM):**

This appeal filed by the assessee is directed against the order passed by the Id. CIT(A) NFAC, dated 23.02.2023 for A.Y. 2015-16. The assessee has raised the following grounds before us:

- “1. *The Learned C.I.T(A) has erred in law and in facts in confirming the disallowance of Rs. 6,18,65,166/-, being the bad debts claimed.*
2. *The Learned C.I.T(A) has erred in law and in facts in confirming the disallowances of Bad Debts of Rs. 6,18,65,166/-, being the Sundry Drs. Written off as well as Sundry balances written off.*
3. *The Learned C.I.T(A) erred in not following the Principles of Natural Justice.*
4. *The Learned C.IT(A) confirmed the order of the A.O. directing the assessee to prove the impossible acts.*

5. *The Learned CIT(A) did not follow the Supreme Court Orders, wherein the Bad Debts claimed by writing off in the books of accounts be allowed.*

*The appellant craves leave to add to alter, amend and/or delete all or any of the foregoing grounds of appeal.”*

2. During the course of assessment the assessing officer noticed that assessee has shown ‘sundry balance written off’ amounting to Rs.596,53,854/- under the “Miscellaneous Expenses”. On query the assessee explained the reasons for claiming the sundry balance written off as under:

<i>Name</i>	<i>W/off Amount</i>	<i>Explanation</i>
<i>Lucas USA Inc.</i>	<i>Rs.1,50,10,961/-</i>	<i>Assessee written off the amount as it was outstanding from the year 2006-07 and since such a long time has passed and unable to recover the money. Copy of ledger attached.</i>
<i>S B &amp; T (U.K.) Ltd.</i>	<i>Rs.3,87,23,514/-</i>	<i>The company has been dissolved and stuck off the register in UK and hence amount W/off. Copy of companies house letter attached.</i>

However, AO had not accepted the above mentioned submission of the assessee stating that assessee had failed to prove that the sundry balance written off was from the income component of the previous year, therefore, the claim of sundry balance written off amounting to Rs.596,53,854/- was not allowed under the provisions of Sections 36(1)(vii) of the Act.

3. Further, during the course of assessment the AO called upon the assessee to furnish the party wise ledger account of various expenses incurred during the year. However, in the absence of any confirmation from the parties the AO has disallowed the expenses amounting to Rs.22,11,312/- u/s 37(1) of the Act.

4. The assessee has filed the appeal before the ld. CIT(A). However, the ld. CIT(A) had dismissed the appeal of the assessee.

5. Heard both the sides and perused the material on record. The ld. CIT(A) has dismissed the claim of deduction u/s 36(1)(vii) of the Act holding that assessee has not filed supporting documents to substantiate that the debt has been taken into account in computing income of the assessee. We find that assessee has categorically submitted that debt amount was accounted in the sales as income in books of accounts in previous years same was written off due to irrecoverable of amount. In the submission of the assessee reproduced both in the assessment order and in the appeal order, the assessee submitted that copies of ledger account were attached. In support of its contention the assessee has also referred the decision of Hon'ble Supreme Court in the case of TRF Ltd. Vs. CIT (2010) 323 ITR 397. However, the ld. CIT(A) has neither called any remand report from the assessing officer nor controvert the submission of the assessee and also not specify any other particular details required to be furnished by the assessee. Therefore, looking to the aforesaid facts and circumstances we restore this issue to the file ld. CIT(A) for adjudicating de novo after affording opportunity to the assessee on merit after considering the detailed submission to be furnished by the assessee.

**Regarding sundry balance written off of Rs.22,11,312/-:**

6. The ld. Counsel submitted that ld. CIT(A) has not adjudicated this part of ground of the appeal filed by the assessee.

7. During the course of assessment the AO has disallowed claim of expenses amounting to Rs.22,11,312/- u/s 37(1) of the Act for want of confirmation from the parties. We find that this issue was not adjudicated by the ld. CIT(A) as evident from the order passed u/s 250 of the Act at 23.02.2023, therefore, we direct the ld. CIT(A) to adjudicate this issue after affording adequate opportunity to the assessee.

Therefore, all the ground of appeal of the assessee are allowed for statistical purposes.

8. In the result, the appeal of the assessee is allowed for statistical purposes.

Order pronounced in the open court on 20.07.2023

Sd/-

Sd/-

(Aby T Varkey)  
Judicial Member

(Amarjit Singh)  
Accountant Member

Place: Mumbai

Date 20.07.2023

Rohit: PS

**आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :**

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. आयकर आयुक्त / CIT
4. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण DR, ITAT,  
Mumbai
5. गार्ड फाईल / Guard file.

सत्यापित प्रति //True Copy//  
आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt. Registrar)  
आयकर अपीलीय अधिकरण/ ITAT, Bench,  
Mumbai.