

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH "A" NEW DELHI**

**BEFORE SHRI CHALLA NAGENDRA PRASAD, JUDICIAL MEMBER  
AND  
SHRI M BALAGANESH, ACCOUNTANT MEMBER**

आ.अ.सं./I.T.A No.1648/Del/2023  
निर्धारणवर्ष/Assessment Year:2018-19

AGR Steel Strips Private Limited 204, Nirmal Tower 26, Barakhamba Road, Connaught Place, New Delhi. PAN No.AABCA3459R	<u>बनाम</u> Vs.	DCIT Central Circle-29, Jhandewalan, New Delhi.
अपीलार्थी <b>Appellant</b>		प्रत्यर्थी/ <b>Respondent</b>

<b>Assessee by</b>	<b>Shri Ved Jain, Adv. &amp; Ms. Supriya Mehta, CA</b>
<b>Revenue by</b>	<b>Shri Zafarul Haque Tanweer, CIT DR</b>

सुनवाईकीतारीख/ Date of hearing:	08.01.2024
उद्घोषणाकीतारीख/ Pronouncement on	05.04.2024

आदेश / O R D E R

**PER C.N. PRASAD, J.M.**

This appeal is filed by the assessee against the order of the Ld.CIT(Appeals)-30, New Delhi dated 31.03.2023 for the AY 2018-19.

The assessee raised the following grounds:

- “1. *On the facts and circumstances of the case, the order passed by the learned Commissioner of Income tax(Appeals) [CIT(A)] is bad both in the eye of law and on facts.*

2. *On the facts and circumstances of the case, the learned CIT(A) has erred both on facts and in law in passing the order ex parte without providing adequate opportunity of being heard to the assessee in clear violation of principle of natural justice.*
3. *On the facts and circumstances of the case, the learned CIT(A) has erred both on facts and in law in confirming the disallowance of Rs. 15,64,73,479/- made by the AO on account of deduction claimed by the assessee under Section 36(2) of the income Tax Act while computing the income under the normal provision of Income Tax Act.*
4. *On the facts and circumstances of the case, the learned CIT(A) has erred both on facts and in law in confirming the above said disallowance despite that the addition has been made ignoring the fact all the necessary conditions for claiming the deduction under Section 36(2) have been complied with by the assessee and therefore the deduction claimed is an allowable expenditure under the Income Tax Act.*
5. *On the facts and circumstances of the case, the learned CIT(A) has erred both on facts and in law in confirming the above said disallowance despite the fact that the disallowance has been made by the AC without concluding the enquiry conducted during the course of assessment proceedings to-the logical end.*
6. *On the facts and circumstances of the case, the learned CIT(A) has erred both on facts and in law in confirming the above said disallowance despite the fact that the disallowance has been made by the AC misinterpreting the statements of third parties recorded during the course of assessment proceedings.*
7. (i) *On the facts and circumstances of the case, the Ld. CIT(A) has erred both on facts and in law in confirming the addition of Rs. 15,64,73,479/- made by the AO on account of deduction claimed by the assessee under Section 36(2) of the Income Tax Act*

*while computing the book profits under the provision of Section 115JB of the Income Tax Act.*

*(ii) That the above addition has been confirmed despite the fact that the addition made by the AO is not covered for adjustment under Explanation 1 to Section 115JB of the Income Tax Act.*

8. *That the appellant craves leave to add, amend or alter any of the grounds of appeal.”*

2. The only issue in the appeal of the assessee is whether the assessee is entitled for claim for deduction made u/s 36(2) of the Act in respect of trade debtors.

3. Ld. Counsel for the assessee, at the outset, submits that the Ld.CIT(A) passed *ex parte* order without giving proper opportunity to explain the contentions of the assessee on the issues raised.

3.1 Ld. Counsel for the assessee further referring to page 120 of the Paper Book submits that in the course of assessment proceedings the assessee furnished before the AO that the amount claimed by the assessee are all trade receivables which are not recoverable during the ordinary course of business and, therefore, they were written off as bad debts. The Ld. Counsel for the assessee further submits that the matter may be send back to AO for verification.

4. We have heard rival submissions, perused the orders of the authorities below. On perusal of the assessment order, we find that the AO in the course of assessment proceedings issued summons to various parties to verify the genuineness of the trade debts. We observed that some of the debtors responded to the summons issued u/s 131 of the Act and denied any transaction with the assessee. On perusal of the Ld.CIT(Appeals) order, we find that the appeal was disposed of without giving proper opportunity to the assessee and without calling for any remand report from the Assessing Officer. Therefore, on hearing both the sides, we are of the view that the matter should go back to the file of the Ld. CIT(Appeals) to decide the issue afresh after providing adequate opportunity of being heard to the assessee. Thus, we restore to the file of the Ld.CIT(A) to dispose of on merits afresh after providing adequate opportunity of being heard to the assessee.

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

Order pronounced in the open court on 05.04.2024

**Sd/-**  
**(M BALAGANESH)**  
**ACCOUNTANT MEMBER**

**Sd/-**  
**(C.N. PRASAD)**  
**JUDICIAL MEMBER**

Dated: 05.04.2024

*\*Kavita Arora, Sr. P.S.*

Copy of order sent to- Assessee/AO/Pr. CIT/ CIT (A)/ ITAT  
(DR)/Guard file of ITAT.

**By order**

**Assistant Registrar, ITAT: Delhi Benches-Delhi**