

**IN THE INCOME TAX APPELLATE TRIBUNAL  
'B' BENCH: BANGALORE**

**BEFORE SHRI WASEEM AHMED, ACCOUNTANT MEMBER AND  
SHRI PRAKASH CHAND YADAV, JUDICIAL MEMBER**

|                          |
|--------------------------|
| ITA No. 2447/Bang/2024   |
| Assessment Year: 2020-21 |

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|---|-----|--|
| M/s New Street Technologies Pvt. Ltd.,<br>No. 03, First Floor Main, BDA Layout,<br>Kodihalli, HAL 2 <sup>nd</sup> Stage,<br>Bangalore – 560 008.<br><br><b>PAN – AAFCN 7342 A</b> | Vs. | The Income Tax Officer,<br>Ward – 5(1)(1),<br>Bangalore. |
| APPELLANT   |     | RESPONDENT   |

|             |   |                              |
|-------------|---|------------------------------|
| Assessee by | : | Shri Siddesh N Gaddi, CA     |
| Revenue by  | : | Shri Subramanian S, JCIT(DR) |

|                       |   |            |
|-----------------------|---|------------|
| Date of hearing       | : | 19.03.2025 |
| Date of Pronouncement | : | 22.04.2025 |

**ORDER**

**PER WASEEM AHMED, ACCOUNTANT MEMBER:**

This is an appeal filed by the assessee against the order passed by the NFAC, Delhi dated 28/11/2024 vide DIN No. ITBA/NFAC/S/250/2024-25/1070727769(1) for the assessment year 2020-21.

2. The only issue raised by the assessee is that the learned CIT-A erred in confirming the disallowance made by the AO on account of the provisions made by the assessee in the profit and loss account.

2.1 The AO during the assessment proceedings found that the assessee has claimed certain expenses in its profit and loss account under the head provision for expenses amounting to ₹ 23,53,055 on which TDS was not deducted. The assessee in its statement of income has made suo-moto disallowance being 30% of such expenses on account of non-deduction of TDS. However, the AO was of the view that such provision cannot be allowed as deduction in its entirety as it represents an unascertained liability. Accordingly, the AO disallowed the same and added to the total income of the assessee.

3. Aggrieved assessee preferred an appeal to the learned CIT-A who also upheld the order of the AO.

4. Being aggrieved by the order of the Id. CIT-A, the assessee is in appeal before us.

5. The learned AR before us among other contentions submitted that the provision made in the year under consideration has been reversed immediately in the subsequent year and thus its impact is tax neutral. Accordingly, it was contended by the learned AR that if any disallowance is made in the year under consideration, then the same should be reduced from the income in the subsequent assessment year otherwise it will amount to double addition of the disallowance made by the AO in this year as well as in the subsequent year as the same has been offered to income by the assessee in the subsequent year.

6. On the other hand, the learned DR contended that the fact whether the provision made in the year in dispute has been reversed by the assessee in the subsequent assessment year has not been verified by the authorities below. However, the learned DR fairly agreed that there should not be any double addition to the total income of the assessee. Thus, the ld. DR prayed to set aside the issue to the file of the AO for necessary verification as per the provisions of law.

7. We have heard the rival contentions of both the parties and perused the materials available on record. From the preceding discussion, we note that the provision made and claimed as deduction in the year under consideration by the assessee has been reversed in the subsequent year meaning thereby the impugned provision is tax neutral. Undeniably, if the disallowance in dispute is confirmed, then it will lead to the double addition. It is because the assessee in the next year has reversed the provision by crediting the profit and loss account. However this aspect is to be verified and therefore we are setting aside the issue to the file of the AO with the direction that if the assessee justifies that the provision made in the year in dispute has been reversed in the subsequent year, then there shall not be any addition on account of the provision debited in the profit and loss account in the year in dispute otherwise it will amount to double addition which is undesirable under the provisions of law. Hence, the ground of appeal of the assessee is hereby allowed for statistical purposes.

8. In the result the appeal filed by the assessee is allowed for the statistical purposes.

Order pronounced in court on 22<sup>nd</sup> day of April, 2025

Sd/-

**(PRAKASH CHAND YADAV)**

Judicial Member

Bangalore

Dated, 22<sup>nd</sup> April, 2025

/ vms /

Sd/-

**(WASEEM AHMED)**

Accountant Member

Copy to:

1. The Applicant
2. The Respondent
3. The CIT
4. The CIT(A)
5. The DR, ITAT, Bangalore.
6. Guard file

By order

Asst. Registrar, ITAT, Bangalore