

आयकर अपीलीय अधिकरण, अहमदाबाद न्यायपीठ "सी", अहमदाबाद ।
IN THE INCOME TAX APPELLATE TRIBUNAL
" C " BENCH, AHMEDABAD

श्री संजय गर्ग, न्यायिक सदस्य एवं
अन्नपूर्ण गुप्ता, लेखा सदस्य के समक्ष।

Before Shri Sanjay Garg, Judicial Member And
Annapurna Gupta, Accountant Member

आयकर अपील सं./ITA No.1573/Ahd/2025
निर्धारण वर्ष /Assessment Year : 2018-19

The Modasa Nagarik Sahakari Bank Ltd. Sutharwada, Nr.Nagar Palika PO: Modasa - 383 315 Dist. Aravalli (S.K.)	<u>बनाम/</u> <u>v/s.</u>	The ACIT Circle-2(1)(1) Anandnagar-Prahladnagar Ahmedabad-380 015
स्थायी लेखा सं./PAN: AAAAT 0525 G		
(अपीलार्थी/ Appellant)		(प्रत्यर्थी/ Respondent)
Assessee by :		Shri Dhinal Shah, AR
Revenue by :		Shri Rohit Aasudani, Sr.DR

सुनवाई की तारीख/Date of Hearing : 21/01/2026
घोषणा की तारीख /Date of Pronouncement: 28/01/2026

आदेश/ORDER

Per Sanjay Garg, Judicial Member:

The present appeal has been preferred by the assessee against the order of the Learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as 'CIT(A)'] dated 31/07/2025 passed u/s.250 of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') for the Assessment Year (AY) 2018-19.

2. The assessee, in this appeal, has taken the following grounds of appeal:

“1. The learned CIT(A) has erred in confirming the disallowance of expenses of Rs. 53,62,300 on the ground that it is not debited to the Profit & Loss Account inasmuch as the profits, when appropriated to earmarked funds, were added back in the respective year. The said expenses are incurred out of the funds and therefore the same is claimed as a deduction, and that this method has been followed consistently since years.

2. The learned CIT(A) has erred in confirming the addition of provision for doubtful debts of Rs. 27,42,118 on the ground that the assessee has not made any such provision in as much as the assessee has made the provision and that such provision is allowable as deduction in view of Supreme Court decision in case of Vijya Bank 323 ITR 166.”

3. **Ground No.1:-** Vide Ground No.1, the assessee has agitated against the confirmation of disallowance of expenditure of Rs.53,62,300/- made by the Assessing Officer (AO) on the ground that it is not debited to the Profit & Loss Account (P&L A/c.), but was deducted out of the reserves created from appropriation of profits.

4. The Ld. Counsel for the assessee, at the outset, has submitted that the assessee has drawn its accounts as per the provisions of Co-operative Bank Act. However, for the purpose of income-tax, a separate computation/P&L A/c. was drawn and which was shown to the AO and it was explained that the expenditure claimed by the assessee was eligible for deduction as per the provisions of Income Tax Act.

5. The Ld. DR, however, has submitted that the issue needs to be verified at the end of AO as to whether the claim was made twice or not, i.e. before the appropriation of funds to the reserves and surplus also. It has been held, time and again, that only because the assessee maintains its accounts in a different manner, that does not entitle the AO to make the disallowance, if the claim is otherwise admissible to an assessee under the provisions of

Income Tax Act. The assessee has drawn separate accounts/computation for the purpose of assessments of its income. We direct the AO to look into the same, irrespective of the fact whether the assessee had booked the said expenditure in a different manner in its books of accounts or not. The AO will also verify the contention raised by the Ld.DR.

6. **Ground No.2:-** Vide Ground No.2, the assessee has agitated against the disallowance of provisions for bad debts as entitled to u/s.36(1)(viiia) of the Act.

7. The Ld. AO has made the impugned disallowance by holding that the assessee has not made the provisions of the said expenditure in its books of accounts, whereas, the case of the assessee is that it has duly made the provisions of the said expenditure in its books of accounts. The AO is directed to verify the claim of expenditure and if the assessee is entitled to the same under the provisions of section 36(1)(viiia) of the Act, the same may be allowed to the assessee.

8. Ground No.3 is general in nature.

9. In view of the above discussion, appeal of the assessee is treated as allowed for statistical purposes.

Order pronounced in the Open Court on 28/01/2026.

Sd/-
(Annapurna Gupta)
Accountant Member

अहमदाबाद/Ahmedabad, दिनांक/Dated 28/01/2026
टी. सी. नायर, व. नि. स. / T.C. NAIR, Sr. PS

Sd/-
(Sanjay Garg)
Judicial Member

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

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त (अपील) / The CIT(A)- (NFAC), Delhi
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण , अहमदाबाद/DR, ITAT, Ahmedabad.
6. गार्ड फाईल /Guard file.

आदेशानुसार/ BY ORDER,

सत्यापित प्रति //True Copy//

सहायक पंजीकार (Asstt. Registrar)
आयकर अपीलीय अधिकरण, ITAT, Ahmedabad