

IN THE INCOME TAX APPELLATE TRIBUNAL "A" BENCH, KOLKATA

**BEFORE SHRI RAJESH KUMAR, AM
AND
SHRIPRADIP KUMAR CHOUBEY, JM**

**ITA No.2388/KOL/2025
(Assessment Year: 2022-23)**

**Cordoba Engineering Private
Limited**

23A, 7th Floor, Room No.17,
Netaji Shubas Road, Kolkata-
700001, West Bengal

(Appellant)

Income Tax Officer, Ward 1(1),

Aaykar Bhawan P-7,

Chowringhee Square, Kolkata-
700069, West Bengal

Vs.

(Respondent)

PAN No. AABCC0348K

Assessee by : Shri Manish Tiwari, AR
Revenue by : Shri Manoj Kumar Pati, DR

Date of hearing: 03.02.2026
Date of pronouncement: 26.02.2026

ORDER

Per Rajesh Kumar, AM:

This is an appeal preferred by the assessee against the order of the National Faceless Appeal Centre, Delhi (hereinafter referred to as the "Ld. CIT(A)") dated 25.08.2025 for the AY 2022-23.

2. The only issue raised by the assessee is against the order of Id. CIT (A) confirming the addition of ₹2,74,02,549/- as made by the Id. AO on account of debts written off by the assessee during the year.
3. The facts in brief are that the assessee filed the return of income on 04.11.2022, declaring total loss of ₹4,21,394/- which was revised subsequently on 28.12.2022, declaring the same loss. The assessee is engaged in the business of fabrics and manufacturing of

automobile parts having factory at Adityapur Industrial Area, Jamshedpur. During the year the assessee wrote off bad debts amounting to ₹2,74,02,549/- as bad and also filed before the Id. AO the documents as called for during the assessment proceedings. However, the Id. AO observed from the said documents that these were not enough evidences that the debts had really become bad and become irrecoverable and finally added the same to the income of the assessee by observing that expenditure is not allowable for the want of fulfilment of conditions as per Section 36(1)(vii) of the Act and 36(2) of the Act.

4. In the appellate proceedings, the Id. CIT (A) simply affirmed the order of the Id. Assessing Officer
5. After hearing the rival contentions and perusing the materials available on record, we find that during the year the assessee has written off ₹2,74,02,549/- as per the details below:-

Sl. No.	Particulars	Address	PAN	Amount (in Rs.)	Year in which income was recorded
1.	Heavy Engineering Corporation Limited	Plant Plaza Road PO-Dhurwa Ranchi-834004	AAACH4534P	2,72,11,712	F.Y. 2010-11 to F.Y. 2013-14
2.	Tata Steel Limited	General Office Near PO Bistupur Jamshedpur-831001	AAACT2803M	34,307	
3.	TRF Limited	!6F6+4CP, Burma Mines, Jamshedpur Bagbera Colony, Jharkhand-831007	AAACT6352M	90,530	F.Y. 2017-18, F.Y. 2018-19, & Prior to F.Y. 2017-18
4.	Invasive Protective Security	B-41 Phase-II, Industrial Area, Adityapur Jamshedpur-832109	AAACI3896F	66,000	
		Total		2,74,02,549	

5.1. We also note that the assessee has booked the sale corresponding to these debts in the earlier assessment years and

thus, offered the income to tax. During the year the assessee has only claimed debts as bad u/s 36(1)(vii) read with section 36(2) of the Act. In our opinion, the mere writing of debts as bad is enough for claiming the deduction and assessee is not required to prove anything while on the other hand, the assessee has adequately proved before the Id. AO as well as the Id. CIT (A) by furnishing all the evidences qua these debtors. The Id. AO as well as the Id. CIT (A) have not appreciated the ratio laid down in the case of T.R.F. Ltd. vs. Commissioner of Income-tax [2010] 323 ITR 397 (SC) by the Hon'ble Apex Court and circular no.12/2016, dated 30.05.2016, wherein it has been clarified that once the debts is written off as irrecoverable in the books of account, the requirement to demonstrate the recovery is not mandatory by law. Similar issue has been laid down by the Hon'ble Apex Court in the case of Principal Commissioner of Income-tax-2 vs. Tata Chemicals Ltd. [2024] 162 taxmann.com 11 (Bombay)/[2024] 469 ITR 250 (Bombay)[07-03-2024] and by the co-ordinate bench in case of Nuevosol Energy (P.) Ltd. vs. Assistant Commissioner of Income-tax Circle-16(1) [2025] 170 taxmann.com 85 (Hyderabad - Trib.)[27-11-2024]. We also note that the CBDT vide Circular no. 12/2016, dated 30th May, 2015, clarified that the claim for bad debt is admissible u/s 36(1)(vii) of the Act, once the debts is written off in the books of account even if the debtor recovery status has not been conclusively established ,the relevant part of the circular is as under:-

"4. In view of the above, claim for any debt or part thereof in any previous year, shall be admissible under Section 36(1)(vii) of the Act, if it is written off as irrecoverable in the books of accounts of the assessee for that previous year and it fulfills the conditions stipulated in sub section(2) of sub-section 36(2) of the Act."

6. Considering these facts and circumstances and the ratio laid in the above decisions , we are inclined to set aside the order of Id. CIT (A) and direct the Id. AO to delete the addition.
7. In the result, the appeal of the assessee is allowed.

Order pronounced in the open court on 26.02.2026.

Sd/-
(PRADIP KUMAR CHOUBEY)
(JUDICIAL MEMBER)

Sd/-
(RAJESH KUMAR)
(ACCOUNTANT MEMBER)

Kolkata, Dated: 26.02.2026

Sudip Sarkar, Sr.PS

Copy of the Order forwarded to:

1. The Appellant
2. The Respondent
3. CIT
4. DR, ITAT,
5. Guard file.

BY ORDER,

True Copy//

Sr. Private Secretary/ Asst. Registrar
Income Tax Appellate Tribunal, Kolkata