आयकर अपीलीय अधिकरण, ' सी' न्यायपीठ, चेन्नई
IN THE INCOME-TAX APPELLATE TRIBUNAL 'C' BENCH, CHENNAI
श्री धुव्वुरु आर.एल रेड्डी, न्यायिक सदस्य एवं श्री जी. मंजुनाथा, लेखा सदस्य के समक्ष
Before Shri Duvvuru RL Reddy, Judicial Member &
Shri G. Manjunatha, Accountant Member

आयकर अपील सं./**I.T.A. No.851/Chny/2019**
निर्धारण वर्ष/Assessment Year: 2014-15

The Shevapet Urban Cooperative Bank Limited, 52, Karunalayaa, Ram Nagar, Kumarasamipatti, Salem – 636 007. **[PAN:AAAAT 7930 M]**	Vs.	The Assistant Commissioner of Income Tax, Circle – 1, Salem – 636 007.
(अपीलार्थी/Appellant)		प्रत्यर्थी/Respondent)

अपीलार्थी की ओर से / Appellant by	:	Shri S. Sridhar, Advocate, Erode
प्रत्यर्थी की ओर से/Respondent by	:	Shri G. Johnson, Addl. CIT
सुनवाई की तारीख/ Date of hearing	:	18.11.2021
घोषणा की तारीख /Date of Pronouncement	:	02.12.2021

आदेश /O R D E R

PER DUVVURU RL REDDY, JUDICIAL MEMBER:

This appeal filed by the assessee is directed against the order of the ld. Commissioner of Income Tax (Appeals), Salem dated 31.01.2019 relevant to the assessment year 2014-15. The only effective ground raised in the appeal of the assessee relates to confirmation of disallowance of ₹.4,31,636/- made under section 36(1)(viia) of the Income Tax Act, 1961 ["Act" in short].

2. Brief facts of the case are that the assessee has filed its return of income for the assessment year 2014–15 on 24.11.2014 admitting total

income of ₹.53,23,520/-. The return was processed under section143(1) of the Act and the case was selected for scrutiny under Computer Assisted Scrutiny Selection [CASS]. Notice under section 143(2) of Act was issued and served on the assessee on 07.09.2015 against which the AR of the assessee has produced the details called for. The Assessing Officer scrutinized the details and found that the assessee has filed his return of income by claiming a deduction under section 36(1)(viia) of the Act to the extent of ₹.4,31,636/-. On perusal of the profit & loss account, the Assessing Officer found that the assessee had neither debited any amount under the head "provision for bad and doubtful debts" nor written off any amount in the books as "bad debts" but had simply worked out 7.5% of the total income and had claimed a deduction under section 36(1)(viia) of the Act. Since the assessee has not furnished any convincing explanation, the Assessing Officer completed the assessment under section 143(3) of the Act by assessing the total income of the assessee at ₹.57,55,153/- after making disallowance of ₹.4,31,636/- claimed under section 36(1)(viia) of the Act. On appeal, the ld. CIT(A) confirmed the assessment order by holding that the assessee has not created any provision for bad and doubtful debts in accordance with the provisions of section 36(1)(viia) of the Act.

3. On being aggrieved, the assessee is in appeal before the Tribunal. By filing copy of the letter dated 22.04.2016 submitted before the Assessing

Officer enclosing therewith profit and loss account in Form B indicating provisions made, the ld. Counsel for the assessee has submitted that the authorities below have not considered the provisions created in the books of account and prayed for deleting the addition. On the other hand, the ld. DR supported the orders of authorities below.

4. We have heard both the sides, perused the materials available on record and gone through the orders of the authorities below including the copy of the letter along with profit and loss account furnished before the authorities below. The copy of the profit and loss account filed before this Tribunal indicates that the assessee has created reserve in the books of accounts to the extent of ₹.2,62,343/- which has been disallowed while preparing the income for the income tax purpose and claimed deduction against the NPA provision of ₹.4,31,636/-. We are of the opinion that when the assessee made provision in the books of account and produced profit and loss account before the authorities below, the same cannot be ignored by the Assessing Officer as well as the ld. CIT(A), but the authorities below are duty bound to examine the same and find out whether such a provision was made in the books of account or not as claimed by the assessee. Accordingly, we set aside the orders of authorities below and remit the matter back to the file of the Assessing Officer to re-examine the matter in the light of the material that was filed by the assessee and bring on record

as to whether any provision was made in the books of account as claimed by the assess and thereafter decide the issue afresh in accordance with law by affording a reasonable opportunity of being heard to the assessee. Thus, the ground raised by the assessee is allowed for statistical purposes.

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

Order pronounced in the on 2nd December, 2021.

Sd/-	Sd/-
[जी. मंजुनाथा, लेखा सदस्य]	[धुव्वुरु आर.एल रेड्डी, न्यायिक सदस्य]
(G. MANJUNATHA)	(DUVVURU RL REDDY)
ACCOUNTANT MEMBER	JUDICIAL MEMBER

Chennai, Dated, 02.12.2021

Vm/-

आदेश की प्रतिलिपि अग्रेषित/Copy to: 1. अपीलार्थी/Appellant, 2.प्रत्यर्थी/ Respondent, 3. आयकर आयुक्त (अपील)/CIT(A), 4. आयकर आयुक्त/CIT, 5. विभागीय प्रतिनिधि/DR & 6. गार्ड फाईल/GF.