

(2008) 09 DEL CK 0273

Delhi High Court

Case No: IT Appeal No. 1122 of 2008

Commissioner of Income Tax

APPELLANT

Vs

Dapur Pharma

RESPONDENT

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**Date of Decision:** Sept. 29, 2008**Acts Referred:**

- Income Tax Act, 1961 - Section 115JB(2)

**Citation:** (2009) 177 TAXMAN 454**Hon'ble Judges:** Rajiv Shakdher, J; Badar Durrez Ahmed, J**Bench:** Division Bench**Advocate:** Prem Lata Bansal, for the Appellant; M.P. Rastogi, for the Respondent

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### Judgement

@JUDGMENTTAG-ORDER

1. This appeal is directed against the order dated 30-11 -2007 passed by the Income Tax Appellate Tribunal in ITA No. 3975/Delhi/2006 pertaining to the assessment year 2004-05.

2. The only issue sought to be raised in the present appeal relates to the treatment given to the provision made for doubtful debts. According to the Assessing Officer this would be a provision for liability and, therefore, Explanation (c) to Section 115JB(2) of the Income Tax Act, 1961 was applicable. Consequently, the Assessing Officer made the addition in respect of provision made by the assessee for doubtful debts. However, the Commissioner of Income Tax (Appeals) and the Tribunal both regarded the said provision as not a provision for liability but a provision for diminution in the value of the assets. Consequently, they held that Explanation (c) to Section 115JB(2) of the said Act did not come into play.

3. We find that the same view has been taken by this Court in CIT v. Etcher Ltd. [2006] 287 ITR 1701. And, the view taken in [Commissioner of Income Tax Vs. HCL Comnet Systems and Services Ltd.](#), has been confirmed by the Supreme Court in CIT

v. HCL Comnet System & Services Ltd. [2008] 174 Taxman 118.

4. In view of the forgoing, it is apparent that the issue stands settled against the department and in favour of the assessee.

5. The appeal is dismissed.