



ITA Nos.51 of 2024 and 5 of 2025

2025:KER:76303

IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE MR. JUSTICE A.MUHAMED MUSTAQUE

&

THE HONOURABLE MR. JUSTICE HARISANKAR V. MENON

TUESDAY, THE 14TH DAY OF OCTOBER 2025 / 22ND ASWINA, 1947

ITA NO.51 OF 2024

AGAINST THE ORDER DATED 13.03.2024 IN ITA NO.968/COCH/2022 OF THE
INCOME TAX APPELLATE TRIBUNAL, COCHIN BENCH, COCHIN

APPELLANT/RESPONDENT:

GEOFIN COMTRADE LIMITED,
10TH FLOOR, GEOJIT BNP PARIBAS BUILDING 34 659-P,
CIVIL LINE ROAD, PADIVATTOM, KOCHI - 682 024
(NOW AT 9TH FLOOR, CHAKOLAS HEIGHTS SEAPORT AIRPORT ROAD,
CSEZ P.O, KAKKANAD, KOCHI, PAN - AADCG3019R,
PIN - 682037.

BY ADVS.
SHRI.ABRAHAM JOSEPH MARKOS
SRI.ISAAC THOMAS
SRI.P.G.CHANDAPILLAI ABRAHAM
SHRI.ALEXANDER JOSEPH MARKOS
SHRI.JOHN VITHAYATHIL
SRI.V.ABRAHAM MARKOS

RESPONDENT/APPELLANT:

ASSTT. CIT, CORPORATE CIRCLE1(1),
4TH FLOOR, C.R. BUILDING I.S. PRESS ROAD,
KOCHI, PIN - 682018.

SRI.JOSE JOSEPH STANDING COUNSEL

THIS INCOME TAX APPEAL HAVING BEEN FINALLY HEARD ON 14.10.2025, ALONG
WITH ITA.5/2025, THE COURT ON THE SAME DAY DELIVERED THE FOLLOWING:



IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE MR. JUSTICE A.MUHAMED MUSTAQUE

&

THE HONOURABLE MR. JUSTICE HARISANKAR V. MENON

TUESDAY, THE 14TH DAY OF OCTOBER 2025 / 22ND ASWINA, 1947

ITA NO.5 OF 2025

AGAINST THE ORDER DATED 13.03.2024 IN ITA NO.967/COCH/2022 OF THE
INCOME TAX APPELLATE TRIBUNAL, COCHIN BENCH, COCHIN

APPELLANT/RESPONDENT/APPELLANT:

GEOFIN COMTRADE LIMITED, 10TH FLOOR,
GEOJIT BNP PARIBAS BUILDING 34/659-P,
CIVIL LINE ROAD PADIVATTOM, KOCHI-682 024
(NOW AT 9TH FLOOR, CHAKOLAS HEIGHTS SEAPORT AIRPORT ROAD,
CSEZ P.O., KAKKANAD, KOCHI PAN AADCG3019R,
PIN - 682037.

BY ADVS.
SHRI.ABRAHAM JOSEPH MARKOS
SRI.V.ABRAHAM MARKOS
SRI.ISAAC THOMAS
SRI.P.G.CHANDAPILLAI ABRAHAM
SHRI.ALEXANDER JOSEPH MARKOS
SHRI.JOHN VITHAYATHIL

RESPONDENT/APPELLANT/RESPONDENT:

ASSTT. CIT., CORPORATE CIRCLE1(1), 4TH FLOOR,
C.R. BUILDING, I.S. PRESS ROAD, KOCHI, PIN - 682018.

BY SRI.JOSE JOSEPH, STANDING COUNSEL

THIS INCOME TAX APPEAL HAVING BEEN FINALLY HEARD ON 14.10.2025, ALONG
WITH ITA.51/2024, THE COURT ON THE SAME DAY DELIVERED THE FOLLOWING:



JUDGMENT

[ITA Nos.51 of 2024 and 5 of 2025]

Harisankar V. Menon, J.

These two appeals, at the instance of the assessee, seek to challenge the common order dated 13.03.2024 in ITA Nos.967 and 968/Coch/2022, with respect to the assessment years 2013-2014 and 2014-2015, respectively, of the Income Tax Appellate Tribunal, setting aside the first appellate orders in its favour.

2. During the afore assessment years, the appellant – assessee had sought for deductions under Section 36(1)(vii) of the Income Tax Act, 1961, representing “the provision for doubtful debts”. The assessment was finalized, refusing to extend the deductions claimed as above, essentially because the “individual debtors' accounts and debts” were not written off as prescribed by the statute. The assessee challenged the assessments, placing reliance on the dictum laid down by the Apex Court in **Vijaya Bank v. Commissioner of Income Tax**



and Another [(2010) 323 ITR 166(SC)]. The first appellate authority referred to the balance sheet of the assessee and found that the provisions for bad and doubtful debts for the respective years had been written off, in tune with the principles laid down by the Apex Court in **Vijaya Bank** (*supra*). Accordingly, the appeals were allowed. The revenue sought to challenge the afore before the Tribunal. The Tribunal, by the impugned order, found that “*the individual debtor account (in the separate debtor ledger) would have to be formally closed, removing it from this ledger*”, and found that the findings of the first appellate authority were incorrect. Consequently, the appeals were allowed, thereby restoring the assessments, confirming the disallowances towards “provision for bad and doubtful debts”.

3. It is challenging the afore that the assessee has filed these appeals.

4. We have heard Sri.Joseph Markose, the learned senior counsel for the appellant – assessee as well as Sri.Jose Joseph,



the learned Standing Counsel for the respondent revenue.

5. The dispute in these appeals – as noticed earlier – is with reference to the entitlement for deduction under Section 36(1)(vii) of the Act. Under the above provisions, an assessee is entitled to deductions with respect to the amount of “any bad debt or part thereof which is written off as irrecoverable in the accounts of the assessee”. By virtue of the introduction of Explanation 1 to the afore clause, it was clarified that mere provision for bad and doubtful debts made in the accounts of the assessee would not entitle it to claim a deduction.

6. The question as to whether the Act requires the assessee to close the individual account of the debtor in its books of accounts came up for consideration before the Apex Court in **Vijaya Bank** (*supra*). In the afore judgment, the Apex Court found that the Tribunal in that case had found that the assessee therein, apart from debiting the profit and loss account and creating a provision for bad and doubtful debts, the corresponding amount from the loans and



advances/debtors on the assets side of the balance sheet was also obliterated and hence, at the end of the year, it is the net figure that was available representing the bad debt. This was held to be in tune with the provisions of Section 36(1) (vii) of the Act, since that amounted to actual write off by the Apex Court. Finding thus, the Apex Court went on to consider the second question framed by it, with respect to the requirement to close the individual debtor's account, with reference to the provisions of Section 36(1)(vii). The Apex Court found that it is only the apprehension of the revenue that, without doing so, the assessee may claim deduction twice over, which can only be considered as apprehension. The Apex Court also referred to the provisions of Section 41 of the Act, as per which, if the amounts are subsequently recovered, the same would be chargeable to tax with reference to the financial year in which the recovery takes place. Thus, there is no requirement for the individual debtor's account to be closed for claiming deduction under Section 36(1)(vii). The observations made by the



Tribunal, noticed earlier, we are afraid, cannot be sustained.

7. However, we are of the opinion that the matter requires to be revisited by the assessing authority with reference to the principles laid down by the Apex Court in **Vijaya Bank** (*supra*), especially with reference to the profit and loss account and the balance sheet of the assessee.

In the result, these appeals are allowed, setting aside the common order of the Income Tax Appellate Tribunal and remitting the matter back to the files of the assessing authority for fresh disposal as above.

Sd/-
A.MUHAMED MUSTAQUE
JUDGE

Sd/-
HARISANKAR V. MENON
JUDGE

In



APPENDIX OF ITA 51/2024

APPELLANT' S ANNEXURES:

- ANNEXURE A** TRUE COPY OF ASSESSMENT ORDER DATED 26.12.2016 UNDER SECTION 143(3) FOR ASSESSMENT YEAR 2014-15.
- ANNEXURE B** TRUE COPY OF FIRST APPEAL DATED 18.01.2017 FILED BY THE APPELLANT BEFORE THE COMMISSIONER (APPEALS) OF INCOME TAX.
- ANNEXURE C** TRUE COPY OF BALANCE SHEET FOR FINANCIAL YEAR 2013-14, ALONG WITH THE RELEVANT SCHEDULES RELATING TO TRADE RECEIVABLES.
- ANNEXURE D** TRUE COPY OF ORDER DATED 26.09.2022 OF THE COMMISSIONER OF INCOME TAX (APPEALS) .
- ANNEXURE E** TRUE COPY OF APPEAL ITA NO.968/COCH/2022 DATED 24.11.2022 FILED BY THE REVENUE BEFORE THE INCOME TAX APPELLATE TRIBUNAL.
- ANNEXURE F** TRUE COPY OF NOTES ON SUBMISSIONS DATED 13.12.2023 FILED BY THE APPELLANT WITHOUT ANNEXURES.
- ANNEXURE G** TRUE COPY OF ORDER DATED 13.03.2024 OF THE INCOME TAX APPELLATE TRIBUNAL ITA NOS.967 & 968/COCH/2022 FILED BY THE REVENUE.

APPENDIX OF ITA 5/2025

APPELLANT'S ANNEXURES:

ANNEXURE A	TRUE COPY OF THE ASSESSMENT ORDER DATED 11.03.2016 COMPLETED UNDER SECTION 143(3).
ANNEXURE B	TRUE COPY OF THE OBJECTIONS DATED 20.11.2018 FILED BY THE APPELLANT BEFORE THE CIT.
ANNEXURE C	TRUE COPY OF THE ORDER DATED 28.03.2018 OF THE COMMISSIONER OF INCOME TAX.
ANNEXURE D	TRUE COPY OF THE REVISED ASSESSMENT ORDER DATED 12.12.2018.
ANNEXURE E	TRUE COPY OF THE ORDER DATED 26.09.2022 OF THE CIT.
ANNEXURE F	TRUE COPY OF THE APPEAL MEMORANDUM DATED 24.11.2022 OF THE REVENUE.
ANNEXURE G	A TRUE COPY OF THE CIRCULAR NO.17/2019 DATED 8-8-2019
ANNEXURE H	TRUE COPY OF CIRCULAR 3/2018 DATED 11.07.2018.
ANNEXURE I	TRUE COPY OF NOTES ON SUBMISSIONS DATED 13.12.2023 FILED BY THE APPELLANT BEFORE THE RESPONDENT.
ANNEXURE J	TRUE COPY OF THE IMPUGNED COMMON ORDER DATED 13.03.2024 PASSED BY THE ITATA, KOCHI IN ITA 967 & 968/COCH/2022.
ANNEXURE K	TRUE COPY OF THE BALANCE SHEET AS AT 31.03.2013 ALONG WITH THE RELEVANT SCHEDULES RELATING TO TRADE RECEIVABLES.