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\* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

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*Decision delivered on: 15.09.2023*

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**ITA 329/2023**

PR. COMMISSIONER OF INCOME TAX -CENTRAL -1. Appellant  
Through: Mr Ruchir Bhatia, Sr Standing  
Counsel with Ms Deeksha Gupta,  
Adv.

versus

VE COMMERCIAL VEHICLES LTD. .... Respondent  
Through: Ms Kavita Jha and Mr Himanshu  
Aggarwal, Advs.

**CORAM:****HON'BLE MR. JUSTICE RAJIV SHAKDHER****HON'BLE MR. JUSTICE GIRISH KATHPALIA**

[Physical Hearing/Hybrid Hearing (as per request)]

**RAJIV SHAKDHER, J. (ORAL):**

1. This appeal concerns Assessment Year (AY) 2010-11.
2. *Via* the instant appeal, the appellant/revenue seeks to assail the order dated 30.04.2020, passed by the Income Tax Appellate Tribunal [in short, "Tribunal"].
3. The sole ground on which the impugned order is sought to be assailed before us is that the deduction qua bad debts acquired by the respondent/assessee from its predecessor-in-interest, i.e., Eicher Motors Ltd. [EML], on acquisition of its commercial vehicle division in a scheme of demerger, was not permissible as per the provisions of Sections 36(1)(vii) read with Section 36(2) of the Income Tax Act, 1961 [in short, "Act"].
4. Mr Ruchir Bhatia, learned senior standing counsel, who appears on behalf of the appellant/revenue, does not dispute the fact that the subject



debts have become bad.

4.1 It is also not disputed that the predecessor-in-interest i.e., EML had offered for imposition of tax the subject debts at a relevant point in time.

5. Therefore, the only issue which arose for consideration before the statutory authorities was as to whether the successor-in-interest i.e., the respondent/assessee, could have written off the debts which were already turned bad.

6. The Commissioner of Income Tax [in short, "CIT(A)"] *via* his order dated 20.11.2015 has ruled in favour of the respondent/assessee.

6.1 This view has been sustained by the Tribunal.

7. According to us, this issue is no longer *res integra*, given the factual matrix arising in the instant matter and in view of the judgment rendered by the Supreme Court in *Commissioner of Income Tax v. T. Veerabhadra Rao*, (1985) 155 ITR 152 (SC).

7.1 This view has also found resonance with a judgment rendered by the coordinate bench of this court in *CIT v. Times Business Solution Ltd.*, 2013:DHC:1783-DB.

8. Having regard to the factual position and the legal principles enunciated in the judgments referred to hereinabove, we are of the opinion that no interference is called for with the impugned order.

8.1 The disallowance concerning bad debts amounting to Rs.5,96,20,438/- was correctly deleted.

9 In sum, no substantial question of law arises for our consideration.



10. The appeal is, accordingly, closed.
11. Parties will act based on the digitally signed copy of the judgment.

**RAJIV SHAKDHER, J**

**GIRISH KATHPALIA, J**

**SEPTEMBER 15, 2023/aj**