

T.R.F. Limited v. Commissioner of Income Tax, Ranchi

Civil Appeal Nos. 5293-5294 of 2003 / Civil Appeal No. 5292 of 2003

Not printed in the inspected official source | 2010-02-09

For the post-1 April 1989 years in these appeals, whether the assessee still had to prove factual irrecoverability of a bad debt and whether the actual write-off in its accounts had been established.

36(1)(vii)

Two-judge bench | S.H. Kapadia, J. | Aftab Alam, J.

Assessment years: 1990-91, 1993-94, 1994-95

Limited remand; two linked signed orders

Pages 1-3 concern Civil Appeal Nos. 5293-5294 and AYs 1990-91/1993-94; page 4 is a separately signed order for Civil Appeal No. 5292 and AY 1994-95. Both remand actual write-off verification. No final deduction allowance or remand outcome is verified.

[Read the reviewed 2022-08-25 final judgment; paragraphs 12-17 / PDF pages 7, 8, 9, 10, 11 / judgment](#)

01 FACTS OF THE CASE

The common order concerns T.R.F.'s appeals for AYs 1990-91 and 1993-94. It does not describe the underlying debt transactions, quantify the deduction or narrate the lower-court history. The material procedural fact is that the Assessing Officer had not examined whether the debt had actually been written off in the assessee's accounts (physical pages 1 and 3).

A separate order, signed by the same judges on the same date and placed on physical page 4, concerns Civil Appeal No. 5292 of 2003 and AY 1994-95. It expressly adopts the law declared in the two lead appeals and sends that year's write-off question to the Assessing Officer as well. The two orders are linked but are not one uninterrupted signed text.

Source: [official signed order bundle / paragraphs Unnumbered year statements and missing factual inquiry / PDF pages 1, 3, 4 / judgment](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court compared the versions of section 36(1)(vii) before and after 1 April 1989. The earlier wording required the debt to be established as bad in the previous year. Under the changed text, the bad debt or part had to be written off as irrecoverable in the assessee's accounts for that year. Both reproduced versions expressly remained subject to section 36(2) (physical pages 1-2).

For the post-amendment position, separate proof that the debt had in fact become irrecoverable was unnecessary if the requisite write-off was made. But the Court did not find that T.R.F. had completed that accounting step. It described a debit to bad-debt expense and credit to the customer account, and the deduction of the provision from sundry debtors in the case of companies, before noting the Assessing Officer's unperformed factual examination (physical pages 2-3).

The remedy was consequently confined to actual write-off verification. The Court remitted the matter for fresh consideration only of that aspect and only to the extent of the write-off. The separately signed AY 1994-95 order directed the same inquiry by reference to the common order. It was neither a final allowance of every deduction claimed nor an open-ended rehearing of all assessment issues (physical pages 3-4).

Nothing in the short orders holds that section 36(2) is inapplicable or that a mere reserve is enough. The statutory quotation retains the former limitation and the operative directions insist on examining the latter factual requirement. The later Khyati qualification is separately identified below, not attributed to the 2010 Court as reasoning it did not express.

Source: [official signed order bundle / paragraphs Unnumbered statutory comparison, legal test and limited remand / PDF pages 1, 2, 3 / judgment](#)

03 JUDICIAL DECISION

Civil Appeal Nos. 5293 and 5294 of 2003 were disposed of without costs, with the matter remitted to the Assessing Officer for fresh consideration only of whether and to what extent the debt was written off. Civil Appeal No. 5292 of 2003 was separately disposed of without costs, remitting the AY 1994-95 write-off issue for consideration in accordance with the lead order. No final deduction amount or result of the remand is established by this source.

Source: [official signed order bundle / paragraphs Operative dispositions in two separate signed orders / PDF pages 3, 4 / judgment](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee on the post-1989 legal test; actual deduction unresolved on remand

Two lead appeals disposed of on limited write-off remand; separate companion appeal disposed of on corresponding remand; no costs

Legal test determined, but actual-write-off fact and consequent deduction left to the Assessing Officer

No separate factual proof of irrecoverability is required after the stated amendment; actual write-off remains to be proved and section 36(2) is expressly preserved. No verified remand outcome or automatic allowance.

Source: [official signed order bundle / paragraphs Limited remand and no-costs clauses / PDF pages 3, 4 / judgment](#)

05 AKHB REVIEW POINT

Separate three questions: whether the item is a qualifying debt under section 36(2), whether it was actually written off in the relevant accounts, and whether additional evidence proving factual irrecoverability is being demanded. T.R.F. removes the third demand for the post-1 April 1989 rule; it does not dispense with the first two. Assemble the debt history, income-recognition or ordinary-course lending evidence, relevant-year ledger entries and asset reconciliation.

The already-reviewed Khyati Realtors judgment (2022), paragraphs 12-17, confirms that actual write-off and the independent section 36(2) conditions remain material, and expressly discusses the limits of relying on T.R.F. Do not interpret Khyati as restoring the superseded obligation to prove factual irrecoverability. This is a narrow cross-check, not a comprehensive later-treatment certificate.

Keep the remedy precise in pleadings and publication: these orders remand the write-off issue and do not themselves award a quantified deduction. Preserve the separately signed AY 1994-95 order as a linked disposition. The remand result has not been verified.

Source: [official signed order bundle / paragraphs Statutory subject-to qualification and write-off-only inquiry / PDF pages 2, 3, 4 / judgment; bounded later authority / paragraphs 12-17 / PDF pages 7, 8, 9, 10, 11 / bounded later authority](#)

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

36(2)

PROVISION-SPECIFIC SCOPE

1.

Act: Income-tax Act, 1961

Section: 36(1)(vii)

Role: Principal post-1 April 1989 rule

Basis: The order contrasts pre- and post-amendment text on pages 1-2 and remits actual write-off verification on page 3.

2.

Act: Income-tax Act, 1961

Section: 36(2)

Role: Express qualification in reproduced statutory text

Basis: Both quoted versions are subject to subsection (2). Its substantive conditions are not analysed or erased by this order; bounded Khyati paragraphs 12-17 confirm the continuing independent requirement.

INDIVIDUAL APPEAL OUTCOMES

1.

Case number: Civil Appeal Nos. 5293-5294 of 2003

Assessment years: 1990-91; 1993-94

Disposition: Disposed of; remitted solely to examine actual write-off and its extent; no costs

Source

Source url: [Open cited source](#)

Paragraphs: Unnumbered common order; signed on physical page 3

Pdf pages: 1; 2; 3

Source role: judgment

2.

Case number: Civil Appeal No. 5292 of 2003

Assessment years: 1994-95

Disposition: Separately disposed of; AY 1994-95 remitted to examine write-off under the lead order; no costs

Source

Source url: [Open cited source](#)

Paragraphs: Complete separately signed companion order

Pdf pages: 4

Source role: judgment

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Court order; no individual author expressly identified

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SPECIFIED LATER DECISION AND LIMITS OF THE CHECK

Status: specific later qualification verified

Case id: sc-2022-08-25-khyati-realtors

Title: Pr. Commissioner of Income Tax 6 v. Khyati Realtors Pvt. Ltd.

Date: 2022-08-25

Finding: Khyati paragraphs 12-17 expressly discuss T.R.F. and preserve actual-write-off accounting and the independent section 36(2) eligibility conditions. This bounded qualification does not establish the outcome of T.R.F.'s remand or amount to a citator audit.

Pinpoints

1.

Source url: [Open cited source](#)

Paragraphs: 12-17

Pdf pages: 7; 8; 9; 10; 11

Source role: judgment

SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(official signed order bundle\)](#)

Identified source rendition: 4 PDF pages; SHA-256

4cdc70d07a41e532cffdc738f06bb9623a6e0fb8dc60ba7c0abbec1c882083ad. Original bytes preserved.

Two separately signed orders dated 9 February 2010: common reasoned order in Civil Appeal Nos. 5293 and 5294 of 2003 on physical pages 1-3, followed by a distinct consequential order in Civil Appeal No. 5292 of 2003 on physical page 4. All judicial paragraphs are unnumbered.

[Open cited source rendition](#)

Official PDF contains two separately signed orders; physical page 4 is not a continuation page of the common order.

AYs 1990-91 and 1993-94 belong jointly to the two lead appeals; no unsupported one-to-one assignment is made.

AY 1994-95 is expressly assigned to Civil Appeal No. 5292 of 2003 by the companion order.

The paragraphs are unnumbered in the official PDF; numbers used in later reported quotations are not imported.

No debt amount, transaction facts, lower-court details, reported citation or remand result are supplied by the source.

The law test favours the assessee, but the orders do not finally allow a deduction.

No reported or neutral citation is added without source verification.

The common order on physical pages 1-3 concerns AYs 1990-91 and 1993-94 without assigning each to a particular appeal.

The separately signed order on page 4 expressly identifies AY 1994-95 for Civil Appeal No. 5292 of 2003.

STATUTORY SCOPE

Historical Income-tax Act, 1961 provisions applied or discussed in this judgment; any identified later qualification is a bounded check, not a full statutory-version audit.

No automatic Income-tax Act, 2025 crosswalk, comprehensive later-treatment audit or present-law certification.

LATER TREATMENT

Source checked 2026-10-04. Subsequent judicial treatment and later statutory changes have not been comprehensively verified. Any separately identified authority is a bounded check, not a citator or current-law certificate.

IDENTIFIED SOURCE LINKS

[official signed order bundle - PDF pages: 4](#)

SHA-256: 4cdc70d07a41e532cffdc738f06bb9623a6e0fb8dc60ba7c0abbec1c882083ad

[bounded later authority - PDF pages: 15](#)

SHA-256: d2a63423236ecb4d2ebd7100f8f644e284a2b4d0265dd83e7deac4090dd48620

[Related note: Pr. Commissioner of Income Tax 6 v. Khyati Realtors Pvt. Ltd.](#)

[Related note: M/s. Vijaya Bank v. Commissioner of Income Tax and Anr.](#)

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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