

आयकर अपीलिय अधिकरण, 'ए' न्यायपीठ, चेन्नई  
**IN THE INCOME TAX APPELLATE TRIBUNAL  
'A' BENCH: CHENNAI**

श्री एबी टी. वर्की, न्यायिक सदस्य एवं  
सुश्री पद्मावती. एस., लेखा सदस्य के समक्ष  
**BEFORE SHRI ABY T. VARKEY, JUDICIAL MEMBER AND  
MS. PADMAVATHY. S, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.2322/Chny/2025  
निर्धारणवर्ष/Assessment Year: 2016-17

Eastern Chrome Tanning – Corp. P. Ltd., No.1, Mashkur Third Floor, Krishnamma Road, Nungambakkam Road, Chennai-600 034. [PAN: AAACE 9098 H]	v.	The ACIT, Corporate Circle-2(1), Chennai.
(अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)
अपीलार्थी की ओर से/ Appellant by	:	Mr. Raghav Rajeev Menon, Advocate
प्रत्यर्थी की ओर से /Respondent by	:	Dr. M.D. Vijay Kumar, JCIT
सुनवाईकीतारीख/Date of Hearing	:	17.02.2026
घोषणाकीतारीख /Date of Pronouncement	:	08.04.2026

**आदेश / ORDER**

**PER ABY T. VARKEY, JM:**

This is an appeal preferred by the assessee against the order of the Learned Commissioner of Income Tax (Appeals)/NFAC, (hereinafter referred to as "the Ld.CIT(A)"), Delhi, dated 23.06.2025 for the Assessment Year (hereinafter referred to as "AY") 2016-17.

2. The main grievance of the assessee is against the action of the Ld.CIT(A) dismissing the appeal of the assessee by refusing to condone the delay of '2097' days.



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**3.** The brief facts of the case are that the assessee company filed its return of income (RoI) for AY 2016-17 on 30.09.2016 declaring current year loss of (-) ₹23,16,64,045/-. Subsequently, the case was selected for scrutiny and the AO noted from the P&L A/c that the assessee had claimed a sum of ₹7,46,46,697/- towards bad debts under the head 'other-expenses'. The AO asked the assessee to submit the details of 'bad debts written off'. Pursuant to it, the assessee filed the break-up details of 'bad debts written off', but according to the AO, the assessee didn't produce evidence to substantiate its claim of 'bad debts written off' and didn't file the relevant ledger accounts of the concerned parties, etc. Hence, according to the AO, the assessee didn't fulfill the conditions stipulated under sub-clause (2) of Section 36 of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') and hence, he completed the assessment on 24.12.2018 by disallowing of ₹7,46,46,697/- u/s.36(1)(vii) of the Act and thereafter the AO is noted to have initiated penalty proceedings u/s.271(1)(c) of the Act on 24.12.2018 and issued notice on 12.06.2019 and thereafter has levied penalty of ₹2,23,94,009/- vide order dated 28.06.2019. Aggrieved, the assessee preferred an appeal before the Ld.CIT(A) with a delay of more than '2097' days. The Ld.CIT(A) refused to condone the delay and dismissed the appeal of the assessee by holding it to be non-maintainable.

**4.** Aggrieved, the assessee is in appeal before this Tribunal.



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**5.** We have heard both the parties and perused the material available on record; we note that the main grievance of the assessee is against the action of the Ld.CIT(A) refusing to condone the delay of '2097' days in filing of appeal against the penalty levied by the AO u/s.271(1)(c) of the Act. The assessee has filed affidavit along with medical documents and other relevant documents with respect to condonation of delay. Having gone through the contents of the affidavit, it is noted that Late Mr. Ameenur Rahaman, Ex-Director was running the business of the assessee company. In the year 2018, due to stroke, he was paralyzed and incapacitated and was under treatment of the Department of Neurology [refer Page No.8 of the Paper Book]. A perusal of the same reveal that he was diagnosed with 'Acute-Ischemic' stroke on 03.07.2018 and was undergoing treatment from then onwards; and thereafter, Covid-19 pandemic struck, and then, due to medical complications he passed away on 06.05.2021. Meanwhile, the AO is noted to have passed the impugned penalty order on 28.06.2019. According to the Ld.AR, the assessee has filed the appeal before the Ld.CIT(A) on 25.04.2025 only when the assessee received telephonic message from the JAO raising demand pursuant to the penalty order, then only the assessee came to know about the existence of the penalty order. According to the Ld.AR, if the Covid-19 pandemic period from 15.03.2020 to 02.05.2022 is excluded as per the *suo-moto* directions of the Hon'ble Supreme Court, the delay



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caused in filing of appeal would be drastically reduced to '1200' days from '2097' days. Considering the fact that the assessee was in dark about the existence of the impugned order as well as the fact that the director's father (MD) was handling the tax-matters, who is noted to be suffering from various illness/stroke etc was bed-ridden and had passed away due to complications arising from Covid, which facts are supported by medical records, the Ld.AR pleads that an opportunity be granted to the assessee. Per contra, the Ld.DR doesn't want us to give one more innings to the assessee. Considering the overall facts of the case, we note from the contents of the affidavit and medical reports placed before us, the Ex-Managing Director of the assessee company was bed-ridden from 2018 till his demise in May, 2021. After exclusion of the Covid-19 period, the delay works out to approximately '1200' days in filing of appeal before the Ld.CIT(A). We note that the AO has disallowed the claim of 'bad debts written off' to the tune of ₹7,46,46,697/- and thereafter levied penalty by alleging concealment of income and imposed penalty of ₹2,23,93,009/-. The assessee doesn't gain any benefit from not filing the appeal. Considering the reasons/cause for delay as stated in the affidavit, we are inclined to condone the delay of '1200' days provided the assessee deposits cost of ₹20,000/- to the State Legal Aid Authority, Hon'ble Madras High Court within three (3) months of receipt of this order; and produce necessary proof of depositing of the same before the Ld.CIT(A).



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Eastern Chrome Tanning Corp. P. Ltd.

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The Ld.CIT(A) is directed to decide the grounds of appeal raised by the assessee as per sub-section (6) of Section 250 of the Act/law, after hearing the assessee. The assessee has undertaken to appear and file the written submissions and other relevant documents before the Ld.CIT(A) which we expect him to do so without fail. The Ld.CIT(A) is directed to decide the appeal on merits after hearing the assessee.

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

Order pronounced on the 08<sup>th</sup> day of April, 2026, in Chennai.

**Sd/-**  
(पद्मावती .एस)  
(**PADMAVATHY. S**)

लेखा सदस्य/**ACCOUNTANT MEMBER**

**Sd/-**  
(एबी टी. वर्की)  
(**ABY T. VARKEY**)

न्यायिक सदस्य/**JUDICIAL MEMBER**

चेन्नई/Chennai,  
दिनांक/Dated: 08<sup>th</sup> April, 2026.

**TLN**

आदेश की प्रतिलिपि अग्रेषित/Copy to:

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकर आयुक्त/CIT, Chennai / Madurai / Salem / Coimbatore.
4. विभागीय प्रतिनिधि/DR
5. गार्डफाईल/GF