**(2008) 08 BOM CK 0161**

**In the Bombay High Court**

**Case No :** Income Tax A. No''s. 341 of 2006 and 128 of 2008 and I.T.A. (Lod) No. 1098 of 2007

Commissioner of Income Tax — APPELLANT

Vs

Hinditron Services P. Ltd. — RESPONDENT

**Date of Decision :** 08-08-2008

**Acts Referred:**

**Citation :** (2010) 321 ITR 263

**Hon'ble Judges :** J.P. Devadhar, J;D.K. Deshmukh, J

**Bench :** Division Bench

**Advocate :** R. Ashokan, for the Appellant; A. Vissanji, for the Respondent

**Final Decision :** Dismissed

## Judgement

1. The Revenue is aggrieved by the orders of the Tribunal wherein it is held that the provision for estimated costs of rendering warranty services debited to the profit and loss account was not a contingent liability and that the said expenditure was allowable expenditure.

2. Admittedly, the expenditure in question has been consistently allowed in the case of the assessee since the assessment year 1989-90. The Tribunal has recorded a finding that there is a full scale service department run by the assessee and there is a particular method by which the expenses are estimated by the assessee. The authorities below have also relied upon a decision of the apex court in the case of Calcutta Company Ltd. Vs. The Commissioner of Income Tax, West Bengal, wherein it is held that where the assessee is following the mercantile system of accounting, estimate of accrued liability to be discharged at a future date is an allowable expenditure. Moreover, the appeal filed by the Revenue against the decision of the Tribunal for the assessment year 1989-90 has already been dismissed for default and no efforts have been made to restore the said appeal.

3. In these circumstances, we see no merit in these appeals and accordingly, all

the appeals are dismissed with no order as to costs.

 