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T.C.A.No.55 of 2026

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 02.06.2026

CORAM

THE HONOURABLE MR. SUSHRUT ARVIND DHARMADHIKARI,  
CHIEF JUSTICE

AND

THE HONOURABLE MR.JUSTICE G.ARUL MURUGAN

T.C.A.No.55 of 2026

Principal Commissioner of Income Tax  
Madurai.

Appellant(s)

Vs

City Union Bank  
No.148-149, T.S.R. Big Street,  
Kumbakonam 612 001  
Tamil Nadu

Respondent(s)

For Appellant(s): Mr. V.Mahalingam  
Senior Standing Counsel



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ORDER

(Order of the Court was made by  
the Hon'ble Chief Justice)

Heard. Appeal is admitted on the following substantial questions of law:

(i) Whether the ITAT was right in holding that there was no finding of error by the PCIT in the order of AO while it is seen that there a deduction was allowed by the AO for non-rural bad debts u/s 36(i)(vii) without adjusting against the provision for Bad and Doubtful Debts', which leads to undue double benefit to the assessee and which is not in the conformity with the explanation 2 of section 36(i)(vii)?

(ii) Whether the ITAT was right in setting aside the order u/s 263 by holding that AO adopted a plausible view when there was no ambiguity on the issues and without examination of the issues on merits discussed in the order u/s 263?



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2. Notice to respondent, on payment of process fee within one week, returnable in four weeks.

(SUSHRUT ARVIND DHARMADHIKARI,CJ) (G.ARUL MURUGAN,J)  
02.06.2026

kpl