Deduction allowed on bonus provision reversal since amount was already taxed u/s 43B: ITAT

Where bonus provision had already been subjected to tax under section 43B in earlier years and was reversed on cessation of liability during current year, deduction of reversal amount was allowable to avoid double taxation. Where assessee created year-end provision for brokerage and commission expenses based on identifiable transactions and contractual rates for services already rendered by empanelled sub-brokers, such provision was an accrued business liability and not a contingent one, and estimation of exact payable amount at year-end did not alter its accrued nature under mercantile accounting system. Where assessee made donation to an approved institution qualifying under section 80G, and did not claim CSR expenditure as business expense but as a deduction under section 80G, such deduction could not be denied merely because donation also formed part of assessee's CSR obligation, so long as all statutory conditions for section 80G are satisfied.

1. **Reversal of Bonus Provision (Section 43B)**
   - If a bonus provision was already disallowed and taxed under **Section 43B** in earlier years, and the liability is later reversed because it no longer exists, the reversal amount should be allowed as a deduction.
   - This prevents the same income from being taxed twice (**avoids double taxation**).
2. **Provision for Brokerage and Commission**
   - A year-end provision for brokerage/commission based on identified transactions and agreed contractual rates for services already rendered by sub-brokers is an **accrued liability**, not a contingent liability.
   - Merely because the exact amount payable is estimated at year-end does not make the liability uncertain under the **mercantile system of accounting**.
   - Therefore, the provision is allowable as a business expenditure.
3. **CSR Donation and Section 80G Deduction**
   - Where an assessee makes a donation to an institution approved under **Section 80G**, the deduction under Section 80G cannot be denied merely because the donation also forms part of the assessee's **CSR obligation**.

    - If the assessee has **not claimed the amount as a business expense** and all Section 80G conditions are satisfied, the deduction remains admissible.

Key Takeaways

- Reversal of previously taxed bonus provision is deductible to avoid double taxation.
- Brokerage/commission provision for services already received is an allowable accrued liability.
- CSR-related donations to eligible institutions can still qualify for deduction under Section 80G, provided statutory conditions are met.