

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'B', NEW DELHI**

Before Sh. H. S. Sidhu, Judicial Member

Dr. B. R. R. Kumar, Accountant Member

ITA No. 6015/Del/2016 : Asstt. Year : 2012-13

Carnation Insurance Broking Company Pvt. Ltd., 3/16, Second Floor, Shanti Niketan, New Delhi-110021	Vs	Deputy Commissioner of Income Tax, Circle-5(2), New Delhi
(APPELLANT)		(RESPONDENT)
PAN No. AAEC1772A		

Assessee by : None

Revenue by : Sh. Saras Kumar, Sr. DR

Date of Hearing: 16.12.2019

Date of Pronouncement: 07.01.2020

ORDER

Per Dr. B. R. R. Kumar, Accountant Member:

The present appeal has been filed by the assessee against the order of Id. CIT (A)-35, New Delhi dated 21.09.2016.

2. During the course of hearing today, nobody was present on behalf of the assessee, neither any adjournment was sought, hence the matter being decided on merits based on the facts available on record.

3. Following grounds have been raised by the assessee:

"On the facts and circumstances of the case, the Id. CIT (A) is not justified in sustaining the disallowance of Rs.63,10,273/-, being the aggregate of all the expenses debited to Profit and Loss Account on the ground that the business of the appellant had not commenced as it had not generated any revenue. The Id. CIT (A) has failed to make a distinction between "Set up of Business" and "Commencement of Business."

4. The assessee incurred expenses of salaries, staff welfare, local conveyance & travelling expenses and claimed them as business expenditure during the year. The Id. CIT (A) confirmed disallowance of expenses as business has not commenced. The assessee has applied for license from IRDA to carry out business of direct insurance broker for life insurance and general insurance. No license has been granted during the year. Hence, it can be said that business has not taken place. The cases relied by the assessee have been perused and found that they are not applicable to the facts of the present case. Placing reliance on the judgment of Hon'ble High Court of Delhi in Hughes Scotts Communications in ITA No. 1687 of 2006 wherein the placing of purchase order is treated as commencement of business and keeping in view the facts that the assessee has not embarked any business activity during the year and in the absence of even the license to do so, the expenditure claimed by the assessee cannot be treated as business expenditure. We decline to interfere with the order of the Id. CIT (A).

5. In the result, the appeal of the assessee is dismissed.

Order Pronounced in the Open Court on 07/01/2020.

Sd/-

(H. S. Sidhu)
Judicial Member

Dated: 07/01/2020

Subodh

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

Sd/-

(Dr. B. R. R. Kumar)
Accountant Member

ASSISTANT REGISTRAR