

**IN THE INCOME TAX APPELLATE TRIBUNAL DELHI****(DELHI BENCH 'B' : NEW DELHI)****BEFORE SH. R.K.PANDA, ACCOUNTANT MEMBER  
AND  
SH. ANUBHAV SHARMA, JUDICIAL MEMBER**ITA No.6016/Del/2016  
(Assessment Year : 2013-14)

<b>M/s. Carnation Auto India Private Limited 11/3 Second Floor, Park Road, Diamoni 5 East Patel Nagar, New Delhi- 110 008 PAN – AABCH9733K</b>	<b>Vs.</b>	<b>DCIT, Circle-5(2), New Delhi</b>
<b>(APPELLANT)</b>		<b>(RESPONDENT)</b>

Assessee by	None
Revenue by	Sh. Rajesh Kumar Dhanesta, Sr. DR

Date of hearing:	21.04.2022
Date of Pronouncement:	21.04.2022

**ORDER****PER ANUBHAV SHARMA, JM:**

The assessee has filed the appeal against order dated 15.09.2016 in appeal no. 151/16-17 passed by the Commissioner of Income Tax (Appeals)-35, new Delhi for the assessment year 2013-14 in appeal before him against order dated 13.01.2016 u/s. 143(3) of the Income Tax, 1961 passed by DCIT, Circle 5 (2) , New Delhi.

2. The brief facts are the assessee company had filed its return declaring loss of Rs. 65,10,56,199/-. Assessee had made provision of rent equalization amounting to Rs. 2,67,47,337/-. Case was selected for scrutiny and amongst other grounds an addition on account of provision for rent equalization was made by the Ld. AO and same was sustained by the Ld. CIT(A).

3. Now before the Tribunal the assessee has raised following ground of appeal :-

*“On the facts and circumstances, the Learned CIT(A) is not justified in sustaining the disallowance of Rs. 2,67,47,337/-, being the amount of rent equalization, on the ground that it is not an ascertained liability even though liability to pay the rent is definitely an ascertained liability and equalization is done to comply with the Accounting Standards issued by the Institute of Chartered Accountants of India in accordance with the guidelines of the Central Government.”*

4. The case was called for hearing on 21.04.2022 but non-appeared for the assessee. The record shows that after presentation of the appeal, none has appeared for the assessee on eight occasions when the matter was listed for hearing. Notices have been repeatedly issued to the assessee. The record shows that there is an order dated 9.10.2019 on record in ITA no. 5972/Del/2016 for Assessment Year 2013-14 wherein the department's appeal against the order dated 15.09.2016 of the Ld. CIT(A) was dismissed for low tax effect. At that time also none has appeared for the assessee. It appears that assessee is not interested to prosecute the appeal. Accordingly arguments of Ld. Sr. DR were heard who supported the findings of Ld. Lower Tax Authorities.

5. Giving thoughtful consideration to the matter on record, the Bench is of considered opinion that record makes it appear that assessee had simply made provision on account of rent to the tune of Rs. 2,67,47,337/- but the same was not payable or ascertained at all in the relevant year. It can be observed from the

matter on record that apart from making provision on the basis of accounting standards, no material was produced before the ld. Tax Authorities which would have shown that the rent equalization was required for any possible enhancement in the rent payable. Its reversal next year only goes to show that it was not based on any ascertainable liability.

6. The findings of Ld. Tax Authorities require no interference, **the appeal is dismissed ex parte.**

**Order pronounced in open court on conclusion of hearing on this 21st day of April, 2022.**

**Sd/-**

**(R.K.PANDA)  
ACCOUNTANT MEMBER**

**Sd/-**

**(ANUBHAV SHARMA)  
JUDICIAL MEMBER**

*Date:- 21.04.2022*

**\*Binita, SR.P.S\***

Copy forwarded to:

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

**ASSISTANT REGISTRAR  
ITAT, NEW DELHI**