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**IN THE HIGH COURT OF DELHI AT NEW DELHI**

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**ITA 172/2014**

COMMISSIONER OF INCOME TAX-VI ..... Appellant  
Through: Mr. Rohit Madan, Senior Standing  
counsel with Mr. Akash Vajpai, Advocate.

versus

VIDEO ELECTRONICS PVT. LTD. .... Respondent  
Through: Mr. Gaurav Mittal and Mr. Deepanshu  
Jain, Advocates.

**WITH**

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**ITA 174/2014**

COMMISSIONER OF INCOME TAX-VI ..... Appellant  
Through: Mr. Rohit Madan, Senior Standing  
counsel with Mr. Akash Vajpai, Advocate.

versus

VIDEO ELECTRONICS PVT. LTD. .... Respondent  
Through: Mr. Gaurav Mittal and Mr. Deepanshu  
Jain, Advocates.

**AND**



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**ITA 175/2014**

COMMISSIONER OF INCOME TAX-VI ..... Appellant  
Through: Mr. Rohit Madan, Senior Standing  
counsel with Mr. Akash Vajpai, Advocate.

versus

VIDEO ELECTRONICS PVT. LTD. .... Respondent  
Through: Mr. Gaurav Mittal and Mr. Deepanshu  
Jain, Advocates.

**CORAM:**  
**HON'BLE DR. JUSTICE S. MURALIDHAR**  
**HON'BLE MR. JUSTICE VIBHU BAKHRU**

**ORDER**

**03.08.2015**

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1. These appeals under Section 260A of the Income Tax Act, 1961 ('Act') are directed against an order dated 13<sup>th</sup> September 2013 passed by the Income Tax Appellate Tribunal ('ITAT') in ITA Nos. 2020/2021 & 2013/Del/2011 for the Assessment Years ('AYs') 1996-97, 1997-98 & 1995-96 respectively.

2. At the hearing of these appeals on 6<sup>th</sup> February 2015, the Respondent was asked to respond to two queries. One related to the treatment of the reversing of the lease rentals of the machinery in the books of accounts of the Respondent Assessee and second to the treatment of the unrecovered

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advance to purchase the machinery.

3. Pursuant thereto an affidavit was filed by the Respondent placing on record the relevant details.

4. From the details provided it appears that the monies advanced to the two entities for the purposes of their purchasing machinery in the name of the Assessee did not fructify in the actual purchase of machinery. The Assessee filed a suit against one of the entities for recovery of the monies. When the Assessee learnt that no machinery was actually purchased, a revised return was filed. It is stated that the lease rental income was reversed and tax of the said amount was paid during the Assessment Year ('AY') 1995-96. For the year 1996-97, the lease rental was credited to the Profit & Loss Account and was treated as income. In 1997-98, the Assessee stopped crediting lease rental and, therefore, did not show it in the accounts.

5. Therefore, in the facts and circumstances, with the Assessee not having claimed the benefit of Section 32AB of the Act, the question of treating lease rental as income on accrual basis did not arise.



6. Consequently, the question urged by the Revenue does not arise for consideration. The appeals are dismissed.

**S. MURALIDHAR, J**

**VIBHU BAKHRU, J**

**AUGUST 03, 2015/dn**