

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'G': NEW DELHI
BEFORE SHRI RAMIT KOCHAR, ACCOUNTANT MEMBER
AND
SHRI VIMAL KUMAR, JUDICIAL MEMBER**

**ITA No.1421/Del/2026
(ASSESSMENT YEAR: 2012-13)**

Diamond Piston and Rings Limited 16/867 , Ram Niwas, Joshi Road, Karol Bagh, -110005 PAN-AABCD3171D	v.	ACIT, Circle-7(2), C R Building, I P Estate New Delhi-110002.
(Appellant)		(Respondent)

Assessee by	Adjournment Application by Email -Rejected
Department by	Shri Pramod Kumar, Sr. DR
Date of Hearing	24.06.2026
Date of Pronouncement	25.06.2026

ORDER

PER RAMIT KOCHAR, AM:

This appeal in ITA No. 1421/Del/2026 for assessment year: 2012-13 has arisen from the appellate order dated 10.12.2025 passed by Id. CIT(A), NFAC, New Delhi u/s 250 of the Income-tax Act, 1961(in Short "Act") in DIN No: ITBA/NFAC/S/250/2025-26/1083534559(1), which appeal in turn has arisen from the assessment order dated 03.12.2019 passed by the AO u/s 147 read with Section 143(3) of the 1961 Act.

2. The brief facts of the case are that the assessee is engaged in the business of manufacturing and sale of piston ring and castings. Reassessment proceedings were initiated by the AO for reopening of the assessment u/s 147/148. The details of aforesaid proceedings are enumerated by the AO in its assessment order. The assessee filed return of income in response to notice issued u/s 148, declaring income of Rs. 2,37,88,400/-.

The assessee participated in reassessment proceedings, and filed replies. The AO observed that the assessee has not filed its return of income originally u/s 139 of the 1961 Act. The AO accepted return of income filed by the assessee in response to notice issued u/s 148 of the 1961 Act. While framing assessment, the AO assessed income at Rs. 2,37,88,400/- and directed interest u/s 234A, 234B, 234C and 234D be also levied.

3. Aggrieved, the assessee filed first appeal before the Ld. CIT(A). The main grievance of the assessee was wrt chargeability/levying of the interest u/s 234A and 234B. During appellate proceedings, the Ld. CIT(A) issued as many as five notices to the assessee as are recorded in the Ld. CIT(A) appellate order. The assessee did not submitted any response/reply before Ld. CIT(A) wrt notices dated 24.12.2020 and 26.02.2025, while sought adjournment on three occasions wrt notice dated 11.12.2020, 03.01.2024 and 18.07.2025. The assessee pleaded before Ld. CIT(A) that it is collating information/documents, and sought adjournment. The Ld. CIT(A) proceeded to decide the appeal ex-parte in the absence of reply of the assessee. The Ld. CIT(A) while dismissing appeal of the assessee, firstly observed that the assessee has not submitted any response/replies/submissions before Ld. CIT(A) and in the absence thereof, the Ld. CIT(A) could not adjudicate on the grievance raised by the assessee, and secondly the Ld. CIT(A) observed that the grievance of the assessee is wrt leviability of interest u/s 234A and 234B, and not against the additions made by the AO, and hence remedy lies in by making an application u/s 154 and not by filing appeal with Ld. CIT(A). Thus, the appeal of the assessee stood dismissed by Ld. CIT(A).

4. Still aggrieved, the assessee filed second appeal with the Tribunal. None appeared on behalf of the assessee when this appeal was called for hearing before the Bench. Adjournment application was filed through email, which was rejected by the Bench.

4.2 Ld. Sr. DR submitted that the assessee did not participated in the appellate proceedings before Ld. CIT(A), as the assessee sought adjournments and no response/reply was filed. He relied upon the orders of authorities below.

5. We have considered rival submissions and perused the materials available on record. The brief facts are reproduced by us in the preceding para's of this order. The short issue before us is with respect to the chargeability of interest u/s 234A and 234B of the 1961 Act. The said interest has arisen from the directions given by the AO vide the assessment order. The leviability of interest u/s 234A and 234B is mandatory and automatic. The issue, if any wrt leviability of interest u/s 234A and 234B has arisen from the assessment order, and is subject to challenge before Id. CIT(A) vide first appeal. Thus, Id. CIT(A) is empowered to adjudicate on the issue of chargeability of interest u/s 234A and 234B as well its computational aspects. Thus, the Id. CIT(A) erred in holding that no appeal is maintainable against leviability of interest u/s 234A and 234B, and remedy lies in filing rectification application u/s 154. We have observed that during the course of appellate proceedings, the Ld. CIT(A) issued as many as five notices to the assessee. The assessee did not submitted any response to aforesaid five notices, while it sought adjournment on three occasions. . The Id. CIT(A) adjudicated appeal of the assessee ex-parte. The Ld. CIT(A) dismissed the appeal of the assessee for non prosecution as well by holding remedy lies in filing rectification application u/s 154 There is no dispute that the interest is statutory and mandatory, but working /computation could be subject to challenge, if the assessee is so aggrieved, which then need to be worked out as per mandate of the 1961 Act. It is observed that Ld. CIT(A) has dismissed the appeal without checking the computation of working of interest u/s 234A and 234B. We have observed that Ld. CIT(A) did not even call for the assessment records before dismissing the appeal of the assessee, as Id. CIT(A) could have verified the computational aspect of levying of interest u/s 234A and 234B. The Id. CIT(A) is required and obligated to pass appellate order in compliance with the provisions of section 250(6), as Id. CIT(A) is required to pass reasoned and speaking order on merits in accordance with law. Reference is drawn to provisions of Section 250(6), wherein Id. CIT(A) has to state point for determination, his decision and reasons thereof. The Id. CIT(A) did not called for the assessment records from the AO to verify the working of

computation of interest u/s 234A and 234B . If the Id. CIT(A) simply dismiss the appeal merely because the assessee did not comply with the notices issued by Id. CIT(A) without adjudicating issues arising in the appeal on merits , such order is not sustainable in the eyes of law keeping in view provisions of Section 250(6) , and also higher appellate authorities will be deprived to see what weighed in the mind of the Id. CIT(A) while adjudicating appeal as it will be an order passed without reasoning on the issues on merits. Thus, while adjudicating appeal of the assessee, the Id. CIT(A) has to make independent application of mind to arrive at his own decision/conclusion. The appellate order of the CIT(A) is clearly in violation of section 250(6) of the Act and liable to be set aside. Merely dismissing appeal of the assessee for non-appearance/non-prosecution is not sufficient., and that the assessee has not submitted details/documents during appellate proceedings is not sufficient. The Id. CIT(A) is not toothless as his powers are co-terminus with the powers of the AO, which even includes power of enhancement. The proceedings before Id. CIT(A) are extension of assessment proceedings. It is equally true that the assessee also did not complied with the notices issued by Id. CIT(A) and did not file the requisite details/documents to support his contentions, despite as many as five notices issued by Id. CIT(A). Thus, the assessee is equally responsible for its woes as the assessee did not comply with the notices issued by the Id. CIT(A). Keeping in view the entire factual matrix as culled out above in the preceding para's of this order, it will be fair to both the parties as well in the interest of justice, that the appellate order passed by Id. CIT(Appeals) be set aside and the matter be remanded back to the file of Id. CIT(Appeals) for fresh adjudication after giving proper opportunity of being heard to both the parties w.r.t. the issues arising in the appeal wrt chargeability of interest u/s 234A and 234B .The assessee is directed to comply with the notice issued by Id. CIT(Appeals) during the appellate proceedings in set aside remand proceedings, otherwise Id. CIT(A) shall be free to decide the appeal ex-parte on merits in accordance with law, after complying with provisions of Section 250(6). We clarify that we have not commented on merits of the issues. Thus, the appellate order passed by Id. CIT(A) is set

aside and matter is restored back to the file of ld. CIT(A) for fresh adjudication. The appeal of the assessee is allowed for statistical purposes. We order accordingly.

6. In the result, the appeal filed by the assessee is allowed for statistical purposes.

Order is pronounced in the Open Court on 25.06.2026

Sd/-
(VIMAL KUMAR)
JUDICIAL MEMBER

Sd/-
(RAMIT KOCHAR)
ACCOUNTANT MEMBER

Dated:25.06.2026

Copy forwarded to:

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

ASSISTANT REGISTRAR
ITAT NEW DELHI