

**Accrual of expense arising from Arbitral award: Arises when same made rule of Court**

Whether learned ITAT erred in allowing claim of the Assessee for breach of contract committed/claimed in 1995 in the Assessment year 2003-04? In so far as question No.1 is concerned, we are of the opinion that Tribunal rightly held that merely on making award under the Arbitration Act, 1940, no liability could be ascertained till the said award was made rule of the Court. The Tribunal has relied upon the judgment of this Court in Fazilka Electric Supply Co. Ltd., 143 ITR 551. Therefore this question is covered by the aforesaid judgment.