

**IN THE INCOME TAX APPELLATE TRIBUNAL,  
KOLKATA 'SMC' BENCH, KOLKATA**

**Before Shri P.M. Jagtap, Accountant Member**

**I.T.A. No. 286/KOL/ 2013  
Assessment year : 2007-2008**

***M/s. B.M. Chandra & Sons Jewellers,.....Appellant  
73B/1, Pioneer Park,  
Barrackpur Road,  
Barasat,  
24-Parganas (North),  
Pin Code No. 700 124  
[PAN : AAGFB 0975 K]***

**-Vs.-**

***Income Tax Officer,.....Respondent  
Ward-50(1), Kolkata,  
Uttrapan Building,  
Ultadanga,  
Kolkata-700 054***

**Appearances by:**

*Shri Manab Ray Chaudhuri, C.A., for the assessee*

*Shri Budhadeb Mukhopadhyay, JCIT, Sr. D.R., for the Department*

Date of concluding the hearing : September 14, 2015

Date of pronouncing the order : September 18, 2015

**O R D E R**

This appeal filed by the assessee is directed against the order of Id. Commissioner of Income Tax (Appeals)-XXXII, Kolkata dated 30.11.2012 for the assessment year 2007-08 and the main issue involved therein as raised in Ground No. 1 relates to the addition of Rs.5,77,773/- made by the Assessing Officer and confirmed by the Id. CIT(Appeals) on account of disallowance made out of purchases.

2. The assessee in the present case is a partnership firm, which is engaged in jewellery business. The return of income for the year under consideration was filed by it on 24.12.2007 declaring total income of

Rs.25,025/-. The said return was initially processed by the Assessing Officer under section 143(1). Subsequently, the assessment, however, was reopened by him and a notice under section 148 was issued to the assessee by him after recording the reasons. In reply, the assessee stated that the return filed by him originally on 24.12.2007 may be treated as the return filed in response to notice under section 148. During the course of assessment proceedings, it was noticed by the Assessing Officer that the assessee has purchased old gold ornaments from unregistered sellers weighing 2450.220 gm. for the value of Rs.21,45,913/-. According to him, the density of such gold ornaments is generally of 18 Ct. gold keeping in view the alloy of 1.50 gm. required to be added per 10 gm. of 24 ct. Gold to prepare old gold ornaments. Accordingly, applying the prevailing market rate of 18 ct. Gold, as worked out by him at Rs.640/- per gm., the value of purchase of old gold jewellery of 2450.220 gm. was arrived at by him to Rs.15,68,140/- as against the purchase value of Rs.21,45,913/- shown by the assessee. In this regard, the explanation offered by the assessee that the old gold ornaments purchased from unregistered sellers were of 22 ct. Gold, was not found acceptable by the Assessing Officer and the difference of Rs.5,77,773/- (Rs.21,45,913/- minus Rs.15,68,140/-) was added by him to the total income of the assessee as fictitious /inflated purchases.

3. The addition of Rs.5,77,773/- made by the Assessing Officer on account of alleged fictitious /inflated purchases was disputed by the assessee in the appeal filed before the Id. CIT(Appeals). Before the Id. CIT(Appeals) it was contended on behalf of the assessee that the general practice followed in the jewellery business is to reduce the gross quantity of old ornaments by 10-15% at the time of purchase and only the net quantity is entered into the stock after such reduction. It was contended that the jewellery of 2450.220 gm. purchased by the assessee thus represented net weight and not gross weight as assumed by the Assessing Officer. This contention of the assessee, however, was not found acceptable by the Assessing Officer in the absence of any evidence to

support and substantiate the same. He, therefore, rejected the same and confirmed the addition of Rs.5,77,773/- made by the Assessing Officer on account of alleged inflated purchases. Aggrieved by the order of the Id. CIT(Appeals), the assessee has preferred this appeal before the Tribunal.

4. I have heard the arguments of both the sides and also perused the relevant material available on record. Ld. counsel for the assessee has prepared and furnished before me the details of purchases of old gold ornaments showing the gross and net weight of the ornaments purchased. He has also filed copies of some purchase vouchers as samples to show that what is taken into consideration in stock is the net weight of ornaments purchased by the assessee and not the gross weight as assumed by the Assessing Officer. He has submitted that if this gross weight is taken into consideration and the rate of Rs.640/- per gram worked out by the Assessing Officer is applied, it will certainly match with the value of purchases shown by the assessee. Ld. D.R., on the other hand, has submitted that all these details furnished by the assessee for the first time before the Tribunal require verification. He has contended that an opportunity may, therefore, be given to the Assessing Officer to verify the same before accepting the claim of the assessee based on the difference between gross and net value of old jewellery purchased. I find merit in the contention of the Id. D.R. and since the Id. counsel for the assessee has also no objection in this regard, I restore this issue to the file of the Assessing Officer for deciding the same afresh after verifying the claim of the assessee that the quantity of old jewellery purchased and taken into account is only the net weight and not the gross weight as assumed by the Assessing Officer. I, therefore, set aside the order of Id. CIT(Appeals) and restore this issue to the file of Assessing Officer with a direction to decide the same afresh after verifying the details furnished by the assessee and after giving the assessee proper and sufficient opportunity of being heard.

5. Although there are other grounds raised by the assessee in this appeal relating to disallowance of labour charges, levy of interest and penalty, the ld. counsel for the assessee at the time of hearing before me has not raised any contention in support of the same. I, therefore, treat these grounds as not pressed and dismiss the same.

**6. In the result, the appeal of the assessee is treated as partly allowed for statistical purposes.**

Order pronounced in the open Court on September 18, 2015.

**Sd/-  
(P.M. Jagtap)  
Accountant Member**

**Kolkata, the 18<sup>th</sup> day of September, 2015**

*Copies to :* (1) **M/s. B.M. Chandra & Sons Jewellers,  
73B/1, Pioneer Park,  
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24-Parganas (North),  
Pin Code No. 700 124**

(2) **Income Tax Officer,  
Ward-50(1), Kolkata,  
Uttrapan Building,  
Ultadanga,  
Kolkata-700 054**

(3) *Commissioner of Income-tax (Appeals)-XXXII, Kolkata*  
(4) *Commissioner of Income Tax, Kolkata*  
(5) *The Departmental Representative*  
(6) *Guard File*

*By order*

*Assistant Registrar,  
Income Tax Appellate Tribunal,  
Kolkata Benches, Kolkata*

**Laha/Sr. P.S.**