



ITA.No.1000/Mum/2018
Stripco Springs Private Limited
Assessment Year- 2011-12

आयकर अपीलीय अधिकरण “एक-सदस्य मामला” न्यायपीठ मुंबई में।

**IN THE INCOME TAX APPELLATE TRIBUNAL
“SMC” BENCH, MUMBAI**

श्री शक्तिजीत दे, न्यायिक सदस्य एवं
श्री मनोज कुमार अग्रवाल, लेखक सदस्य के समक्ष।

**BEFORE SHRI SAKTIJIT DEY, JM AND
SHRI MANOJ KUMAR AGGARWAL, AM**

आयकर अपील सं./I.T.A. No.1000/Mum/2018
(निर्धारण वर्ष / Assessment Year:2011-12)

Stripco Springs Private Ltd. 7/8, Neelkamal Roshan Nagar Borivali-400 092	बनाम/ Vs.	Income Tax Officer-13(3)(3) Room No.412 4 th Floor, Aaykar Bhavan M.K.Road, Mumbai- 400 020
स्थायी लेखा सं./जीआइआर सं./PAN/GIR No.		AAACS-7984-A
(पीलार्थी / Appellant)	:	(प्रत्यर्थी / Respondent)

Assessee by	:	None
Revenue by	:	N. Hemalatha, Ld. DR

सुनवाई की तारीख / Date of Hearing	:	22/05/2018
घोषणा की तारीख / Date of Pronouncement	:	22/05/2018

आदेश / ORDER

Per Manoj Kumar Aggarwal (Accountant Member)

1. The captioned appeal by assessee for Assessment Year [AY] 2011-12 contest the order of Ld. Commissioner of Income-Tax (Appeals)-21 [CIT(A)], Mumbai, *Appeal No. CIT(A)-21/ITO-13(2)(4)/IT-149/2016-17 dated 20/11/2017 qua* confirmation of certain additions on account of *alleged bogus purchases*. The assessment for impugned AY was framed by Ld. *Income Tax Officer-13(2)(4), Mumbai [AO] u/s 143(3)*



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read with section 147 of the Income Tax Act,1961 on 21/03/2016 wherein the income of the assessee has been determined at Rs.9.40 Lacs after certain additions as against 'Nil' revised return filed by the assessee on 14/01/2012 which was processed u/s 143(1). The issue under appeal is quantum addition against certain *alleged bogus purchases*. None has appeared for assessee despite notice and therefore, left with no option, we proceed to dispose-off the same on the basis of material available on record and after hearing Ld. Departmental Representative [DR].

2.1 The reassessment proceedings were initiated upon receipt of certain information from *Sales Tax Department, Maharashtra* regarding dealers indulging in *bogus purchase bills* and it was noted that the assessee stood beneficiary of such *bogus purchase bills* to the tune of Rs.28,41,238/- from two such parties. Consequently, statutory notice u/s 148 dated 11/03/2015 was issued to the assessee which was followed by notices u/s 143(2) and 142(1).

2.2 During assessment proceedings, the assessee, *inter-alia*, submitted ledger extracts bank statement evidencing payment to the suppliers, copies of invoices etc. to prove the genuineness of purchases. However, notices issued u/s 133(6) to both the suppliers to confirm the transactions elicited no response. The assessee also failed to produce any of the party to confirm the transactions. The factual matrix led the Ld. AO to treat the purchases as *bogus purchases* against which estimated additions @30% amounting to Rs.8.52 Lacs were made in the hands of the assessee.



3. Aggrieved, the assessee contested the same with partial success before Ld. CIT(A) vide impugned order dated 20/11/2017 wherein Ld. CIT, while upholding the reassessment proceedings, reduced the estimated additions to 12.5% against which the assessee is in further appeal before us. The Ld. DR has placed reliance on the stand of lower authorities.

4. In so far as the ground of validity of reassessment proceedings as raised by the assessee is concerned, we find no merit in the same since the return was processed u/s 143(1) and the new tangible material came into the possession of Ld. AO in the shape of information from concerned authorities which pointed at escapement of income and therefore, the jurisdiction was validly assumed by Ld. AO.

5. So far as quantum of additions is concerned, we are of the considered opinion that there could be no sale without purchase /consumption of material since the assessee was engaged as *manufacturer of sheet metal components*. The sales turnover achieved by the assessee has not been disputed by the revenue and the payments were through banking channels. The assessee was in possession of primary purchases documents. At the same time, the assessee could not conclusively substantiate the purchases made by him and failed to produce any of the party to confirm the transactions. All these factors cast a serious doubt on assessee's claim. Therefore, in such a situation, the addition, which could be made, was to account for profit element embedded in these purchase transactions to factorize for profit earned by assessee against possible purchase of material in the *grey market* and undue benefit of VAT against such bogus purchases,



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which Ld. CIT(A) has rightly done. Therefore, finding the same in order, we dismiss the assessee's appeal.

6. Resultantly, the assessee's appeal stands dismissed.

Order pronounced in the open court on 22nd May, 2018

Sd/-

(Saktijit Dey)

न्यायिक सदस्य / **Judicial Member**

Sd/-

(Manoj Kumar Aggarwal)

लेखा सदस्य / **Accountant Member**

मुंबई Mumbai; दिनांक Dated : 22. 05.2018

Sr.PS:- Thirumalesh

आदेश की प्रतिलिपि ञ ग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent
3. आयकर आयुक्त(अपील) / The CIT(A)
4. आयकर आयुक्त / CIT – concerned
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, मुंबई / DR, ITAT, Mumbai
6. गार्ड फाईल / Guard File

आदेशानुसार/ BY ORDER,

उप/सहायक पंजीकार (Dy./Asstt. Registrar)
आयकर अपीलीय अधिकरण, मुंबई / ITAT, Mumbai