



ITA.Nos.650-653/Mum/2018  
Jewelry Unlimited  
Assessment Years- 2007-08 to 2010-11

**आयकर अपीलिय 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. Nos.650-653/Mum/2018  
(निर्धारण वर्ष / Assessment Years: 2007-08 TO 2010-11)

<b>Jewelry Unlimited</b> 401, Samudra Seema Dr.Ambedkar Road Bandra (West) Mumbai – 400 050	<b>बनाम/ Vs.</b>	<b>Income Tax Officer-23(2)(1)</b> Matru Mandir Opp.Bhatia Hospital Grant Road Mumbai- 400 007
स्थायी लेखा सं./जीआइआर सं./PAN/GIR No. <b>AAEFJ-8736-A</b>		
(पीलार्थी / <b>Appellant</b> )	:	(प्रत्यर्थी / <b>Respondent</b> )

<b>Assessee by</b>	:	Pradip N. Kapasi, Ld.AR
<b>Revenue by</b>	:	N. Hemalatha, Ld. DR

<b>सुनवाई की तारीख / Date of Hearing</b>	:	21/05/2018
<b>घोषणा की तारीख / Date of Pronouncement</b>	:	23/05/2018

**आदेश / ORDER**

**Per Bench**

1. Aforesaid appeals by assessee for Assessment Years [AY] 2007-08 to 2010-11 contest common order of Ld. Commissioner of Income-Tax (Appeals)-33 [CIT(A)], Mumbai, Appeal No.CIT(A)-33/Rg.23/17/89/90/91/2015 dated 14/11/2017 qua confirmation of certain additions on account of *alleged bogus purchases*. The assessment for all



these years has been framed u/s 143(3) *read with Section 147* of the Income Tax Act, 1961. Since common issue of estimation of addition against *alleged bogus purchase* is involved in all the appeals, the same are being disposed-off by way of this common order for the sake of convenience & brevity.

2. The facts as emerging from quantum assessment order dated 30/03/2015 for AY 2007-08 are that the assessee being *resident firm* engaged in the business of *Gold, Diamonds, Jewellery & Precious Stones* has been saddled with addition of Rs.3 Lacs on account of *alleged bogus purchases* in the reassessment proceedings. Pursuant to receipt of certain information from the investigation wing regarding certain groups / entities indulging in providing accommodation entries in the nature of bogus bills, it was found that that the assessee stood beneficiary of such accommodation purchase bills for Rs.3 Lacs from an entity namely *Avi Exports*. The said firm was being controlled & managed by a person namely *Rajendra Jain* against which search & seizure action were carried out by the department on 03/10/2013 wherein the said group admitted to be indulging in carrying out paper transactions only without doing any actual business. Consequently, the assessee was asked to substantiate the purchases stated to be made from the said entity through documentary evidences. The assessee defended the purchases made by him but could not produce the party for confirmation of transaction. Further, the assessee failed to substantiate the delivery of material and reconcile the quantitative details. Notices issued u/s 133(6) to the said entity elicited no response which led the Ld. AO to treat the aforesaid purchases as *bogus*



*purchases* and therefore the same was added to the income of the assessee.

3. Aggrieved, the assessee contested the same without any success before Ld. CIT(A) vide impugned order dated 14/11/2017 wherein Ld. CIT(A) confirmed the stand of Ld. AO. Aggrieved, the assessee is in further appeal before us.

4. The Ld. Authorized Representative for assessee, *Shri Pradip N.Kapasi*, by way of written submissions, drew our attention to the *Gross Profit / Net profit rates* reflected by the assessee over several years. The attention was drawn to the fact that *quantitative details* of the stock were duly submitted by the assessee to the lower authorities and all the payment to the supplier was through banking channels. Our attention is further drawn to the fact that the revenue in AY 2012-13, estimated the similar additions @5% and therefore, the assessee deserve relief on factual matrix. On the other hand, the Ld. Departmental Representative [DR], *Ms.N.Hemalatha*, submitted that the assessee miserably failed to prove the aforesaid purchases, which justifies the stand of lower authorities.

5. We have heard the rival contentions and perused relevant material on record. We are of the considered opinion that there could be no sale without purchase of material keeping in view the assessee's nature of business. The turnover achieved by the assessee has not been disputed by the revenue and the payments were through banking channels. The assessee reconciled quantitative details also to certain extent. However, at the same time, the assessee failed to prove the purchases through requisite documentary evidences. The search on the supplier group



revealed that the said group, through web of numerous entities, indulged in providing *bogus purchase bills* without carrying out any business activity. The assessee could not substantiate the delivery of material and could not produce the supplier for confirmation of 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 element earned by assessee against possible purchase of material in the *grey market* and undue benefit of VAT against *alleged* bogus purchases. Therefore, on totality of facts, we estimate the additions @6% of *alleged bogus purchases*, which for various AYs work out to be as follows:-

No.	AY	Alleged Bogus Purchase	Estimated Rate of Addition	Addition as confirmed by us
1.	2007-08	3,00,000/-	6%	18,000/-
2.	2008-09	9,05,078/-	6%	54,305/-
3.	2009-10	5,39,902/-	6%	32,394/-
4.	2010-11	3,05,486/-	6%	18,329/-

6. Resultantly, all the appeals stand partly allowed.

*Order pronounced in the open court on 23<sup>rd</sup> May, 2018*

Sd/-

**(Saktijit Dey)**

न्यायिक सदस्य / **Judicial Member**

Sd/-

**(Manoj Kumar Aggarwal)**

लेखा सदस्य / **Accountant Member**

मुंबई Mumbai; दिनांक Dated : 23.05.2018  
Sr.PS:- Thirumalesh



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**आदेश की प्रतिलिपि ँ त्रेषित/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**