

IN THE INCOME TAX APPELLATE TRIBUNAL
MUMBAI BENCH "SMC ", MUMBAI
BEFORE SHRI VIKAS AWASTHY, JUDICIAL MEMBER
AND
SHRI RAJESH KUMAR, ACCOUNTANT MEMBER
ITA NO.6185/MUM/2018(A.Y. 2010-11)

Income Tax Officer,
Ward-3(4), Kalyan,
2nd Floor, Rani Mansion,
Murbad Road,
KALYAN(W) 421 301.

..... Appellant

Vs.

Shri Satyanarayanan S. Kombil,
Flat No.A-6, Bldg. No.10,
Saptastar CHS, Star Colony,
Manpada Road, Dombivili(E)-421 201
PAN:ALEPS 3819G

..... Respondent

Appellant by : Shri R. Bhoopathi
Respondent by : Ms. Rutuja Pawar

Date of hearing : 12/09/2019
Date of pronouncement : 12/09/2019

ORDER

PER VIKAS AWASTHY, JM:

This appeal by the Revenue is directed against the order of CIT(A) -
1, Thane dated 28/08/2018 for the assessment year 2010-11.

2. The Revenue in appeal has raised as many as seven grounds,
assailing the findings of CIT(A) in restricting the addition on account of
alleged bogus purchases by the assessee to 25% of total such purchases

3. The brief facts as emanating from the records are; the assessee is
engaged in the business of trading in Hydraulic Equipments, Jacks, Hose

Pipes & providing labour services. Assessee filed his return of income for the impugned assessment year on 26/09/2010 declaring total income of Rs.6,63,840/-. The return of the assessee was processed under section 143(1) of the Act . Thereafter, on the basis of information received from Maharashtra Sales Tax Department, the assessment in the case of assessee was reopened. In reassessment proceedings the Assessing Officer held that the assessee has indulged in bogus purchases from declared hawala dealer M/s. New Zone Multitrade Pvt. Ltd. and made addition of the entire purchases i.e. Rs.5,18,625/- made from the said party. Aggrieved by the assessment order dated 16/10/2014 passed under section 143(1) r.w.s.147 of the Act, the assessee filed appeal before the CIT(A). The CIT(A) after considering the facts of the case and documents on record restricted the addition to 25% of alleged bogus purchases. Against the finding of the CIT(A), Revenue is in appeal before the Tribunal.

4. Shri R.Bhoopathi represented the Department vehemently defended the assessment order and prayed for reversing the finding of CIT(A).

5. On the other hand, Ms. Rutuja Pawar appearing on behalf of the assessee submitted that the sales made by the assessee have been accepted by the Department, hence, the entire purchases cannot be held to be bogus. The assessee furnished various documents to prove genuineness of the purchases, however, the Assessing Officer has not accepted the same. The Ld. Authorized Representative submitted that the assessee has accepted the addition to the extent confirmed by the CIT(A).

6. Both sides heard. Orders of the authorities below perused. The solitary issue raised in the appeal by Revenue is against restricting the addition in respect of alleged bogus purchases made by the assessee from suspicious dealer. The Assessing Officer made addition of the entire purchases of Rs.5,18,625/- made by the assessee from M/s. New Zone Multitrade Pvt. Ltd. holding the same to be bogus. The CIT(A) restricted the addition to 25% of the said bogus purchases i.e. Rs.1,29,656/-. It is an undisputed fact that the Revenue has not raised any doubt over the sales made by the assessee. Without purchases there cannot be sales. The CIT(A) has estimated GP at 25% after considering the GP declared by the assessee at 21.11%. Taking into consideration, entirety of facts we find that the order of the CIT(A) is reasonable and justified. We see no reason to interfere with the same. Consequently, the same is upheld.

7. In the result, appeal of the Revenue is dismissed being devoid of any merit.

Order pronounced in the open court after hearing the appeal on Thursday, the 12th day of September 2019.

Sd/-
(RAJESH KUMAR)
ACCOUNTANT MEMBER

Sd/-
(VIKAS AWASTHY)
JUDICIAL MEMBER

Mumbai, Dated 12/09/2019
Vm, Sr. PS(O/S)

Copy of the Order forwarded to :

1. The Appellant ,
2. The Respondent.
3. The CIT(A)-
4. CIT
5. DR, ITAT, Mumbai
6. Guard file.

//True Copy//

BY ORDER,

(Dy./Asstt. Registrar)
ITAT, Mumbai