

THE INCOME TAX APPELLATE TRIBUNAL
"SMC" Bench, Mumbai
Before Shri Shamim Yahya (AM) & Shri Amarjit Singh (JM)

I.T.A. No. 4905/Mum/2018 (Assessment Year 2011-12)

Akshar Enterprises (Prop. Haresh M. Valia) Flat No. 104, Kartkey CHSL Plot No. 05, MIDC, Pieri Zone Dombivali East Pin : 421 201. PAN : AFBPV5151: (Appellant)	Vs.	ITO Ward 3(4) Mumbai (Respondent)
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Assessee by	None
Department by	Shri Chaitanya Anjaria
Date of Hearing	04.09.2019
Date of Pronouncement	02.12.2019

ORDER

Per Shamim Yahya (AM) :-

This appeal by the assessee is directed against the order of learned CIT(A) dated 20.2.2017 and pertains to A.Y. 2011-12.

2. The issue raised is :

1. The Hon'ble CIT-(A) erred in holding 8% net profit on turnover of Rs. 1,64,07,006/- without any base and contrary to the provisions of Income Tax Act, 1961.
2. The Hon'ble CIT (A) erred in rejecting the books of accounts u/s 145(3) without considering the facts and contrary to the provisions of the Income Tax Act, 1961.
3. The Assessing Officer erred in disallowing whole unproved purchases of Rs. 2,79,547/- without considering the facts and contrary to the provisions of the Income Tax Act, 1961.
4. The Assessing Officer erred in making addition of Rs. 31,61,459/- on adhoc basis, being 20% of all the expenses on log stock barrel without any base and contrary to the provisions of the Income Tax Act, 1961.

3. Brief facts of the case are that the assessee was dealing in electrical goods. Upon information from the sales tax department that the assessee has engaged in obtaining bogus purchases from two parties amounting to Rs. 2,79,547/-, assessment was reopened. In the reassessment, the Assessing Officer noted that the assessee was given various opportunities but nobody attended. The Assessing Officer noted that the assessee has credited gross receipts/sales of Rs. 1,60,86,846/- against which expenditures were debited to Rs. 1,60,86,846/-. The Assessing Officer noted that the expenses were not supported by documentary evidence. The Assessing Officer proceeded to disallow bogus purchases amounting to Rs. 2,79,547/- and 20% expenditure amounting to Rs. 31,61,459/-.

4. Upon assessee's appeal learned CIT(A) upheld the rejection of books of account. He noted that if books of account are rejected, guidance can be taken from section 44AD of the Act and net profit rate of 8% can be applied. By applying this ratio he found that the net profit should be Rs. 11,89,411/- on turnover of Rs. 1,48,67,648/-. Since the assessee had already shown net profit at Rs. 2,85,640/-, he directed that the balance of Rs. 9,03,771/- be added.

5. Against this order assessee is in appeal before us.

6. We have heard learned Departmental Representative and perused the record. None appeared on behalf of the assessee. Upon careful consideration we note that the assessee has not at all cooperated before the Assessing Officer. No documentary evidence for expenditure of Rs. 1,60,86,846/- was produced. Furthermore the assessee has obtained bogus accommodation entries for the purchases. Hence, in our considered opinion there is no infirmity in rejection of books of account. After rejection of accounts 8% net profit has been estimated by learned CIT(A). This in our considered opinion is very reasonable. Hence, overall disallowance of Rs. 90,377/- is reasonable and meets end of justice. Hence, we uphold the order of learned CIT(A).

7. In the result, this appeal by the assessee stands dismissed.
Order has been pronounced in the Court on 02.12.2019.

Sd/-
(AMARJIT SINGH)
JUDICIAL MEMBER

Sd/-
(SHAMIM YAHYA)
ACCOUNTANT MEMBER

Mumbai; Dated : 2/12/2019

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,

(Assistant Registrar)
ITAT, Mumbai

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