

**IN THE INCOME TAX APPELLATE TRIBUNAL "SMC", BENCH  
MUMBAI**

**BEFORE SHRI R.C.SHARMA, ACCOUNTANT MEMBER**

**ITA No. 597/Mum/2019  
(Assessment Year: 2011-12)**

I.T.O.-26(2)(5), Room No. 506, 5 <sup>th</sup> Floor, C-11, Pratyakshakar Bhavan, Bandra Kurla Complex, Bandra (E), Mumbai-400051.	Vs.	M/s Ronak Trade Impex, 265/10, Sanjoli CHS, Sion- Matunga Road, Sion (W), Mumbai-400022.
<b>PAN/GIR No.AALFR 6702 R</b>		
<b>(Appellant)</b>	..	<b>(Respondent)</b>

**ITA No. 740/Mum/2019  
(Assessment Year: 2011-12)**

M/s Ronak Trade Impex, 265/10, Sanjoli CHS, Sion- Matunga Road, Sion (W), Mumbai-400022.	Vs.	I.T.O.-26(2)(5), Room No. 506, 5 <sup>th</sup> Floor, C-11, Pratyakshakar Bhavan, Bandra Kurla Complex, Bandra (E), Mumbai-400051.
<b>PAN/GIR No.AALFR 6702 R</b>		
<b>(Appellant)</b>	..	<b>(Respondent)</b>

Revenue by	Shri Giwase Anoop Sadashiv (Sr.DR)
Assessee by	Shri Manoj Mundra (AR)
<b>Date of Hearing</b>	<b>03/02/2020</b>
<b>Date of Pronouncement</b>	<b>04/02/2020</b>

**आदेश / O R D E R**

**PER: R.C. SHARMA, A.M.**

These are the appeal filed by the assessee and cross appeal filed by the revenue against the order of the Id. CIT(A)-38, Mumbai

dated 19/09/2018 for the A.Y. 2011-12 in the matter of order passed U/s 143(3) r.w.s. 147 of the Income Tax Act, 1961 (in short, the Act).

2. In these appeals, the revenue and the assessee are aggrieved for upholding addition on the alleged bogus purchases.

3. Rival contentions have been heard and record perused. Facts in brief are that the assessee is a firm engaged in the business of trading in Electrical Hardware and Pneumatic Items. The case was reopened as per the information available with the office from DGIT(Inv.), Mumbai that the assessee has obtained bills of bogus purchases of Rs. 61,45,781/-. After reopening the assessment, the A.O. observed that the purchases have been made by the assessee not from the parties from whom it is shown to have been purchases but from a different source which the assessee did not disclose to the department. Accordingly, he computed 15% of such purchases and added the same in assessee's income. By the impugned order, the Id. CIT(A) has restricted the addition to the extent of 12.5% in place of 15% added by the A.O.. Against the order of the Id. CIT(A), both the assessee and the revenue are in appeals before the ITAT.

4. I have considered the rival contentions and carefully gone through the orders of the authorities below and found from the record that the assessee is the proprietor and engaged in trading of electrical

hardware and Pneumatic items. The assessment was reopened on the information by the Sales Tax Department regarding the assessee is taking bogus purchase bills. While passing the reassessment order, the A.O. did not doubt the corresponding sales made by the assessee. Accordingly, the A.O. estimated profit of 15% on such bogus purchases which was reduced by the Id. CIT(A) to the extent of 12.5%. I found that the assessee is already showing G.P. of 12.95% for the A.Y. 2010-11, 2012-13 and 2013-14. As against the G.P. already declared at 12.95%, further addition of 12.5% is not justified in so far as the assessee was just a trader. Keeping in view the documentary evidence filed by the assessee before the lower authorities as also the G.P. declared by the assessee during the year under consideration and the earlier years, it will be justified to restrict addition to the extent of 10%. Accordingly, the A.O. is directed to restrict addition to the extent of 10%.

5. In the result, appeal of the revenue is dismissed and appeal of the assessee is allowed in part.

Order pronounced in the open court on 04<sup>th</sup> February, 2020.

**Sd/-**  
**(R.C.SHARMA)**  
**ACCOUNTANT MEMBER**

Mumbai; Dated 04/02/2020

\*Ranjan

**Copy of the Order forwarded to :**

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

सत्यापित प्रति //True Copy//

BY ORDER,

(Asstt. Registrar)  
**ITAT, Mumbai**