

THE INCOME TAX APPELLATE TRIBUNAL  
“H” Bench, Mumbai  
Before Shri Shamim Yahya (AM) & Shri Ramlal Negi (JM)  
I.T.A. No. 6059/Mum/2018 (Assessment Year 2010-11)

ACIT -19(2) 2 <sup>nd</sup> Floor Matru Mandir Tardeo Road Mumbai-400 007.	Vs.	Late Mrs. Kaniz Fatima Saqqai Abdi 3 <sup>rd</sup> Floor, 304 Corneliem Building, 104 August Kranti Marg, Mumbai-36.  PAN : AADPA6492R
(Appellant)		(Respondent)

Assessee by	None
Department by	Shri Pankaj Kumar
Date of Hearing	05.12.2019
Date of Pronouncement	6.02.2020

ORDER

Per Shamim Yahya (AM) :-

This is an appeal by the revenue wherein the revenue is aggrieved that the learned CIT-A has deleted the addition by sustaining only 12.5% disallowance on account of bogus purchases, vide order dated 21.6.2018 pertaining to A.Y. 2010-11.

2. The assessee in this case is engaged into the business of civil and plumbing works. The assessment was reopened upon information from sales tax department that assessee has made purchases from bogus dealers. The assessing officer in this case has made hundred percent addition on account of bogus purchase amounting to Rs. 9,20,322/-.

3. Upon assessee's appeal learned CIT-A has noted that the sales has not been doubted. Accordingly placing reliance upon several case laws and up on the facts of the case he sustained 12.5 % disallowance out of the bogus purchases.

4. Against above order revenue is in appeal before the ITAT. We have heard both the counsel and perused the records. We find that in this case the sales have not been doubted it is settled law that when sales are not doubted, hundred percent disallowance for bogus purchase cannot be done. The rationale being no sales is possible without actual purchases. This proposition is supported from honourable jurisdictional High Court decision in the case of Nikunj Eximp Enterprises (in writ petition no 2860, order dt. 18.6.2014). In this case the honourable High Court has upheld hundred percent allowance for the purchases said to be bogus when sales are not doubted. However the facts of the present case indicate that assessee has made purchase from the grey market. Making purchases through the grey market gives the assessee savings on account of non-payment of tax and others at the expense of the exchequer. In such situation in our considered opinion on the facts and circumstances of the case the 12.5 % disallowance out of the bogus purchases done by the learned CIT-A meets the end of justice. Accordingly we uphold the order of learned CIT-A.

5. The decision of N K Proteins Ltd. (250 ITR 22) referred by revenue in grounds of appeal has already been distinguished by honble Bombay high court in the case of M. Haji Adam & Co. (ITA no 1004 of 20016 dt. 11/2/2019).

6. In the result this appeal filed by the revenue stands dismissed.

Order has been pronounced in the Court on 6.2.2020.

Sd/-  
(RAMLAL NEGI)  
JUDICIAL MEMBER

Sd/-  
(SHAMIM YAHYA)  
ACCOUNTANT MEMBER

Mumbai; Dated : 6/02/2020

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//

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BY ORDER,

(Assistant Registrar)  
ITAT, Mumbai