

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

BEFORE SHRI VIKAS AWASTHY, JUDICIAL MEMBER
AND SHRI MANOJ KUMAR AGGARWAL, ACCOUNTANT MEMBER

ITA NO.5620/MUM/2018(A.Y.2011-12)

Dy. Commissioner of Income Tax 5(2)(1)
Room No.571, 5th Floor,
Aaykar Bhavan, M.K.Road,
Mumbai 400 020

..... Appellant

Vs.

M/s. Iora Diamonds Pvt. Ltd.
EC 3010, Bharat Diamond Bourse,
Bandra Kurla Complex, Bandra (E)
Mumbai 400 051
PAN: AABCI7082G

..... Respondent

Appellant by : Shri Amit Pratap Singh
Respondent by : Shri Shubham Patel

Date of hearing : 13/02/2020
Date of pronouncement : 14/02/2020

ORDER

PER VIKAS AWASTHY, JM:

This appeal by the Revenue is directed against the order of Commissioner of Income Tax(Appeals)-10 Mumbai (in short 'the CIT(A)) dated 29/06/2018 for the assessment year 2011-12.

2. The brief facts of the case as emanating from the records are : The assessee is engaged in trading, polishing and cutting of diamonds. On the basis of information received from Investigation Wing of the Department, assessment for assessment year 2010-11 was reopened on the ground that the assessee has indulged in obtaining bogus

purchase bills amounting to Rs.15,72,654/- from M/s. Aadi Impex. The Assessing Officer estimated GP @ 12.5% on such bogus purchases and thus, made addition of Rs.1,96,582/-. Aggrieved against the assessment order dated 29/11/2016 passed under section 143(3) r.w.s 147 of the Income Tax Act, 1961 (in short 'the Act'), the assessee filed appeal before the CIT(A). The CIT(A) restricted the addition on account of bogus purchases at 8% of such purchases i.e. Rs.1,25,812/-. Against this finding of the CIT(A), the Revenue is in appeal before the Tribunal .

3. Shri Shubham Patel Appearing on behalf of the assessee vehemently defended the impugned order and prayed for dismissing the appeal of the Revenue.

4. Per contra Shri Amit Pratap Singh representing the Department submitted that order of Assessing Officer in estimating GP at 12.5% is fair and reasonable. The Id. Departmental Representative prayed for reversing the findings of CIT(A) and restoring the addition made in assessment order.

5. Both sides heard. Orders of authorities below perused. The solitary issue in this appeal by the Revenue is against estimation of GP on bogus purchases at reduced rate. The Assessing Officer estimated GP @ 12.5% on the alleged bogus purchases, the first appellate authority restricted the addition to 8% of the bogus purchases. After examining the facts, we find the order of CIT(A) reasonable. We see no infirmity in the impugned order, hence, the same is upheld.

6. In the result, appeal of the revenue is dismissed being devoid of any merit.

Order pronounced in the open court on Friday the 14th day of February, 2020.

Sd/-
(MANOJ KUMAR AGGARWAL)
ACCOUNTANT MEMBER

Sd/-
(VIKAS AWASTHY)
JUDICIAL MEMBER

Mumbai, Dated 14 /02/2020
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