

**IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD BENCH "SMC-B", HYDERABAD**

BEFORE SMT P. MADHAVI DEVI, JUDICIAL MEMBER

**ITA No. 520/Hyd/2018
Assessment Year: 2008-09**

Meena Jewellers Pvt. Ltd. Part IX, Hyderabad.	vs.	Asst. Commissioner of Income-tax, Circle – 16(2), Hyderabad.
PAN – AAFCM1756R (Appellant)		(Respondent)

Assessee by :	Shri P. Murali Mohan Rao
Revenue by :	Smt. M. Narmada

Date of hearing	12-03-2020
Date of pronouncement	30-04-2020

ORDER

This is an appeal of the Assessee against the order of the learned Commissioner of Income-tax - 4, Hyderabad, dated 18/12/2017 for AY 2008-09

2. Brief facts of the case are that the assessee company engaged in the business of trading in bullion, gold ornaments, diamonds and diamond etc., filed its return of income for the AY 2008-09 for 30/09/2008 admitting total income of Rs. 32,06,360/-. The assessment was initially completed by making disallowances of belated payment of employees contribution of PF & ESI amounting to Rs. 1,39,472/- and disallowance of FBT amounting to Rs. 37,907/-. Thereafter, the case was reopened u/s 147 of the Act on the ground that the assessee is one of the beneficiaries was taken

accommodation entries in the nature of bogus unsecured and bogus purchases during FY 2007-08 relevant to AY 2008-09 and the total value of transaction is Rs. 10,08,993/- from Shri Rajendra Jain Group, Sanjeev Choudhary Group and Dharmi Chand Group, who are in nature of bogus sales and unsecured loan operation across India.

2.1 The assessee vide its letter dated 25/08/2015 submitted that it has no business connection whatsoever with these groups during the relevant period. The AO, however, observed that the assessee has made purchases of Diamonds from M/s Mouli Mani Impex Pvt. Ltd., which is belonging to Shri Rajendra Jain Group, Sanjeev Choudhary Group and Dharmichand Group. He observed that according to the information received from the DCIT (Inv.), these persons are some of the entry providers operating in Mumbai and Surat, indulging in providing accommodation entries in nature of bogus sales. The assessee was therefore asked to produce purchase registers, sales registers and bank account statement in order to verify the bogus purchases from these groups. The assessee did not appear and not submitted any information. The AO, therefore, treated the entire sum of Rs. 10,08,993/- as bogus purchases and brought it to tax. Aggrieved, the assessee preferred an appeal before the CIT(A) challenging the validity of the reopening and against the merits of the addition.

3. Before the CIT(A) the assessee contended the validity of the reopening and submitted that all the purchases had been made through cheques only and, therefore, cannot be treated as bogus purchases, particularly, when the AO has not doubted the genuineness of the sales.

3.1 The CIT(A), however, observed that during the course of appeal proceedings, the assessee has not provided any additional evidence to counter the reasons pointed out by the AO while making the addition. She, therefore, confirmed the addition.

4. The Id. Counsel for the assessee submitted that though the assessee has made detailed submissions before the CIT(A) on merits, the CIT(A) has summarily confirmed the addition. He, therefore, sought that the issue should be set aside to the file of the AO for reconsideration of the issue on merits.

5. The Id. DR, however, supported the orders of the revenue authorities.

6. Having regard to the rival submissions and perusing the material on record, I find that before the AO assessee did not appear and submit any details, but, before the CIT(A), the assessee had made detailed submissions. The CIT(A) summarily confirmed the assessment order. Therefore, in the interest of justice, I deem it fit and proper to remand the issue to the file of the AO with a direction

to reconsider the issue in accordance with law after giving the assessee a fair opportunity of hearing. The assessee is directed to file all the relevant material/evidence to substantiate its claim.

7. In the result, appeal of the assessee is treated as allowed for statistical purposes.

Pronounced in the open court on 30th April, 2020.

Sd/-
(P. MADHAVI DEVI)
JUDICIAL MEMBER

Hyderabad, Dated: 30th April, 2020

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Copy to:-

- 1) *M/s Meena Jewellers Pvt. Ltd. Part IX, C/o P. Murali & Co., CAs., 6-3-655/2/3, 1st Floor, Somajiguda, Hyderabad - 82*
- 2) *ACIT, Circle – 16(2), Hyderabad.*
- 3) *CIT(A) – 4, Hyderabad*
- 4) *Pr. CIT - 4, Hyderabad*
- 5) *The Departmental Representative, I.T.A.T., Hyderabad.*
- 6) *Guard File*

S.No.	Description	Date	Intls	
1.	Draft dictated on			Sr.P.S./P.S
2.	Draft placed before author			Sr.P.S/PS
3	Draft proposed & placed before the second Member			JM/AM
4	Draft discussed/approved by second Member			JM/AM
5	Approved Draft comes to the Sr.P.S./PS			Sr.P.S./P.S
6.	Kept for pronouncement on			Sr. P.S./P.S.
7.	File sent to the Bench Clerk			Sr.P.S./P.S
8	Date on which file goes to the Head Clerk			
9	Date of Dispatch of order			