

IN THE INCOME TAX APPELLATE TRIBUNAL

RANCHI, 'E' COURT, AT KOLKATA

BEFORE SHRI S.S. GODARA, JM & DR. A.L.SAINI, AM

आयकरअपीलसं./ITA No.54/Ran/2019

(निर्धारणवर्ष / Assessment Year:2011-12)

Sri Mulchand Jain	Vs.	ACIT, Circle-3, Ranchi
Prop. M/s M. S. Trading Company, Naya Bazar, Enginnering Road, Daltonganj, Palamu, Jharkhand- 822101		
स्थायीलेखासं./जीआइआरसं./PAN/GIR No.: ACJPJ 8205 F		
(Appellant)	..	(Respondent)

Appellant by : Shri Devesh Poddar, Advocate

Respondent by : Shri Indrajit Singh, CIT DR

सुनवाईकीतारीख/ Date of Hearing : 13/07/2020

घोषणाकीतारीख/Date of Pronouncement : 31/07/2020

आदेश / ORDER

Per Bench (Oral):

This assessee's appeal for assessment year 2011-12 is directed against the CIT(A)-Jharkhand's order dated 06/12/2018 in appeal no. CIT(A), Ranchi/10196/2017-18 involving proceedings u/s 143(3) r.w.s. 263 of the Income Tax Act, 1961 (in short the 'Act').

Heard both the parties. Case file perused.

2. The sole substantive issue that arises for our apt adjudication in the instant case is that of correctness of bogus purchases disallowance / addition amounting to Rs. 7,19,078/- made in both the lower proceedings. It is not in dispute that the impugned disallowance has been made because of profit that the assessee has been found to have made bogus purchases from hawala dealers based in Maharashtra

after a detailed investigation carried out in the said state. It is on the strength of the said investigation that the Assessing Officer as well as CIT(A) have disallowed the assessee's entire purchases whereas the corresponding sales already stand accepted. We quote hon'ble Bombay high court in the case of PCIT vs. Mohd. Haji Adam in ITA NO. 1013 of 2016 dated 11.02.2019 that only the profit element in such alleged bogus purchases has to be disallowed. We therefore direct the Assessing Officer to accept assessee's profit @ 7% as already declared in the consequential computation as per law.

3. In the result, the assessee's appeal is allowed in above terms.

Order pronounced in the Court on 31.07.2020

**Sd/-
(A.L.SAINI)**

लेखासदस्य / ACCOUNTANT MEMBER

कोलकाता /Kolkata;

दिनांक/ Date: 31 /07/2020

SB, Sr.PS

**Sd/-
(S.S.GODARA)**

न्यायिकसदस्य / JUDICIAL MEMBER

Copy of the order forwarded to:

1. Sri Mulchand Jain
2. ACIT, Circle-3, Ranchi
3. C.I.T(A)-
4. C.I.T.- Ranchi
5. CIT(DR), Ranchi Bench, Ranchi .
6. Guard File.

True copy

By Order

Assistant Registrar
ITAT, Ranchi Bench

I.T.A No.54/Ran/2019
Sri Mulchand Jain
A.Y. 2011-12