

**IN THE INCOME TAX APPELLATE TRIBUNAL (VIRTUAL COURT)
"SMC" BENCH, MUMBAI**

BEFORE SHRI C.N. PRASAD, HON'BLE JUDICIAL MEMBER

ITA NO. 635/MUM/2020 (A.Y: 2011-12)

Asst. CIT – 22(1) Room No. 322, 3 rd Floor Piramal Chambers, Lalbaug, Mumbai – 400 012	v.	M/s. Amolraj Printers 352, A to Z Industrial Estate GANpatrao Kadam Marg, Lower Parel, Mumbai -400013 PAN: AAFA1576F
(Appellant)		(Respondent)

Assessee by	:	Shri Vimal Punmiya
Department by		Smita Verma
Date of Hearing	:	13.07.2021
Date of Pronouncement	:	13.07.2021

ORDER

PER C.N. PRASAD (JM)

1. This appeal is filed by the revenue against order of the Learned Commissioner of Income Tax (Appeals) – 33, Mumbai [hereinafter in short "Ld.CIT(A)"] dated 15.11.2019 for the A.Y. 2011-12 in restricting the disallowance to 25% of purchases of ₹.92,663/- as against the entire purchases disallowed as non-genuine/bogus by the Assessing Officer.
2. Briefly stated the facts are that, the assessee engaged in the business of offset printing and allied activities, trading in printing machinery and parts, filed return of income for the A.Y.2011-12 on

29.09.2011 declaring income of ₹.20,90,468/- and the return was processed u/s. 143(1) of the Act. Subsequently, Assessing Officer received information from the Sales Tax Department, Mumbai about the accommodation entries provided by various dealers and assessee was also one of the beneficiary from those dealers. The assessment was reopened U/s. 147 of the Act based on the information received from Sales Tax Department, Mumbai, that the assessee has availed accommodation entries from M/s. Liberty Trading Corporation who is said to be providing accommodation entries without there being transportation of any goods. In the reassessment proceedings, the assessee was required to prove the genuineness of the purchases made from M/s. Liberty Trading Corporation. Assessee furnished details of purchases from M/s. Liberty Trading Corporation of ₹.92,663/- and bank statements reflecting payment made through banking channels submitted that the transactions are genuine. Assessee further submitted that the payments are made through account payee cheques as such contended that all the purchases are genuine.

3. Not convinced with the submissions of the assessee the Assessing Officer treated the purchases as non-genuine and he was of the opinion that assessee had obtained only accommodation entries without there being any transportation of materials and the assessee might have made

purchases in the gray market. It is the finding of the Assessing Officer that the assessee failed to produce the parties in support of its claim that purchases are genuinely made from the party and failed to furnish documents indicating actual delivery of goods i.e. delivery challans, transportation details, stock register. Therefore, Assessing Officer treated purchases of ₹.92,663/- as non-genuine and added to the income of the assessee. On appeal the Ld.CIT(A) considering the evidences and various submissions of the assessee restricted the disallowance to the extent 12.5% of the non-genuine purchases.

4. Ld. Counsel for the assessee supported the order of the Ld.CIT(A) and submitted to uphold the order of the Ld.CIT(A).

5. Ld. DR vehemently supported the orders of the Assessing Officer.

6. Heard both sides, perused the orders of the authorities below. On a perusal of the order of the Ld.CIT(A), we find that the Ld.CIT(A) considered this aspect of the matter elaborately with reference to the submissions of the assessee and the averments in the Assessment Order and restricted the disallowance to 25% of the non-genuine purchases of ₹.92,663/-, while holding so, the Ld.CIT(A) observed as under: -

"12. I have carefully gone through the findings given in the assessment order and the written submissions of the appellant on the issue and material available on record. As the facts and

*issue involved during the AY 2011-12 are same as in AY 2010-11, my findings in appeal for AY 2010-11 is also applicable to the present appeal for Ay 2011-12. Therefore, I am of the view that 25% disallowance out of purchase of Rs. 92,663/-will meet the ends of justice. **In view of above, disallowance @ 25% % of purchase of Rs. 92,663/- = Rs. 23,166/- is hereby sustained and balance disallowance being 75% of Rs.92,663/- = Rs.69,497/- is hereby deleted. The grounds of appeal on merits are partly allowed.***

7. On a careful perusal of the order of the Ld.CIT(A) and the reasons given therein, I do not find any infirmity in the order passed by the Ld.CIT(A) in restricting the addition/disallowance to the extent of 25% of the purchases, as the Ld.CIT(A) has followed the principle of consistency in restricting the disallowance to 25% of bogus purchases. Grounds raised by the revenue are dismissed.

8. In the result, appeal of the Revenue is dismissed.

Order pronounced in the virtual court on 13.07.2021

Sd/-
(C.N. PRASAD)
JUDICIAL MEMBER
Mumbai / Dated 13.07.2021
Giridhar, Sr.PS

Copy of the Order forwarded to:

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

//True Copy//

BY ORDER

(Asstt. Registrar)
ITAT, Mum