

IN THE INCOME TAX APPELLATE TRIBUNAL  
"SMC" Bench, Mumbai  
Before Shri Shamim Yahya, Accountant Member

I.T.A. Nos. 5806 & 5808/Mum/2019  
(Assessment Years 2010-11 & 2011-12)

Sharad Chimanlal Shah 77/79, Room No.207 2 <sup>nd</sup> Floor, Patel House Nagdevi Cross Lane Mumbai-400 003  PAN : AACPS1994H (Appellant)	Vs.	ITO-17(3)(3) Room No.127, 1 <sup>st</sup> Floor Kautilya Bhawan BKC, Bandra(E) Mumbai-400 051  (Respondent)
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Assessee by	None
Department by	Shri T. Sankar, Sr.AR
Date of Hearing	30.12.2021
Date of Pronouncement	02 .03.2022

O R D E R

Per Shri Shamim Yahya (AM) :-

These appeals by the assessee are directed against the order of learned Commissioner of Income Tax (Appeals) for the respective assessment years as above. The common issue raised is that Id.CIT(A) erred in confirming the addition of Rs. 2,91,742/- for AY 2011-12 and Rs. 6,15,610/- for AY 2010-11 both being @12.5% of alleged bogus purchases.

2. Since, the facts are common and connected. The facts and orders of the authorities below for AY 2010-11 are referred herein.

3. Brief facts of the case are that assessee is a reseller in industrial goods and items. The assessment was reopened upon information from sales tax authority regarding bogus purchases amounting to Rs. 49,24,880/- from '19' parties. The assessee

furnished copy of ledger account and copy of bills to the AO. It was submitted that assessee is not maintaining regular stock books and showed his inability to produce the parities. The AO estimated disallowances @12.5% of G.P.

4. Upon assessee's appeal, Id.CIT(A) confirmed the addition.
5. Against the above order, assessee is in appeal before the ITAT.
6. I have heard the Ld. DR and perused the records. Despite notice, none appeared on behalf of the assessee. I note that facts of the case indicate that information from sales tax department was obtained that assessee was obtaining bogus purchase bills. Assessee did not produce delivery challans and stock records. Assessee has also showed its inability to produce the suppliers. These facts clearly indicate that assessee has made the purchases from grey areas. Making purchases from grey market enriches the assessee at the expenses of the ex-chequer. In these circumstances 12.5% disallowances of the bogus purchases, serves the interest of justice. Hence, I do not find any infirmity in the order of authorities below.
7. Since, facts are similar, the above order applies mutatis mutandis for AY 2011-12 also.
8. In the result, these appeals by the assessee stand dismissed.

Pronounced in the open court on 02.03.2022

Sd/-  
(SHAMIM YAHYA)  
ACCOUNTANT MEMBER

Mumbai; Dated :02 /03/2022

*Thirumalesh, Sr.PS*

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,

(Assistant Registrar)  
ITAT, Mumbai