

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“C” BENCH, MUMBAI**

**BEFORE SHRI VIKAS AWASTHY, JUDICIAL MEMBER &  
SHRI AMARJIT SINGH, ACCOUNTANT MEMBER**

**ITA No.7771/Mum/2019  
(A.Y. 2011-12)**

Credo Brands Marketing Pvt. Ltd. Plot No. B-8, MIDC Central Road, Marol, Andheri (East), Mumbai – 400093	Vs.	Addl. CIT, Range 9(1) Aayakar Bhavan, Churchgate, Mumbai - 400020
स्थायी लेखा सं./जीआइआर सं./PAN/GIR No: AABCC5073H		
Appellant	..	Respondent

Appellant by :	M. Subramanian
Respondent by :	Love Kumar

Date of Hearing	12.09.2022
Date of Pronouncement	20.09.2022

आदेश / O R D E R

**Per Amarjit Singh (AM):**

The present appeal filed by the assessee is directed against the order passed by the ld. CIT(A)-20, Mumbai which in turn arises from the order passed by the A.O u/s 143(3) of the Income Tax Act, 1961, for A.Y. 2011-12. The assessee has raised the following grounds before us:

- “1. *On appreciation of the facts and circumstances of the case, the ld. Commissioner of Income Tax(A) erred in upholding the entire addition made by the ld. Assessing Officer of Rs.22,08,434/- on account of purported bogus bills. The said addition is against facts and in law.*
2. *On appreciation of the facts and circumstances of the case, the ld. Commissioner of Income Tax(A) has further erred in upholding the entire addition made by the learned Assessing Officer of Rs.2,16,543/- on account of an eligible claim of hotel/air ticket expenses, which ought on facts alone, ought to have been allowed.*
3. *The appellant craves leave to alter, amend or add to the aforesaid grounds of appeal.*

2. The fact in brief is that return of income declaring total income of Rs.18,08,57,900/- was filed on 29.09.2011. The case was subject to scrutiny assessment and notice u/s 143(2) of the Act was issued on 01.08.2012. The assessee company is engaged in the business of selling man’s garments under the brand name mufti

3. On the basis of information received from the Investigation Wing of the Department about the parties indulged in providing bogus bills of purchases, during the course of assessment the A.O observed that assessee has made purchase of material from the following three parties:

Name of the party	PAN	Amount (in Rs.)
M/s Spice Trading Co.	AUEPM2015R	Rs.16,64,909/-
M/s Amee Enterprises	AZPPP4568E	Rs.1,65,877/-
M/s Rajshree Enterprises	AQG PB7825G	Rs.22,08,434/-

Therefore, the assessee was show caused to explain as to why purchases claimed from aforesaid three parties should not be disallowed on the basis of information received from the Investigation Wing of Income Tax Department. To substantiate the genuineness of the purchases, the assessee furnished copies of purchase bills, ledger account of the parties maintained in its books of accounts and claimed that payment to these three parties were made through bank account and no element of bogus

transaction involved. However, the A.O has not accepted the submission of the assessee on the ground that the aforesaid 3 parties have already accepted before the Sale Tax Department that they have provided bogus bills to various parties and the assessee failed to produce documentary evidence such as delivery challan etc. Therefore, the A.O treated the alleged purchases amounting of Rs.22,08,434/- as bogus purchases and added to the total income of the assessee.

4. During the course of assessment proceedings the A.O also noticed that assessee has incurred Travelling Expenditure/sale promotion expenses of Rs.77,26,291/-. On perusal of the detailed filed in support of the said claim the A.O noticed that assessee has also claimed hotel booking/air ticket cancellation charges for Hongkong trip to the amount of Rs.2,16,543/-. The assessee was asked to justify its claim of expenses to the extent of Rs.2,16,543/-. The assessee explained that the said expenses were incurred for the purpose of business and amount of Rs.2,16,543/- was pertained to the cancellation charges of air ticket and hotel booking of dealers who could not attend the dealers conference held in Hongkong. However, A.O has not accepted the claim of the assessee and held that expenses of Rs.2,16,543/- was not incurred for the purpose of business. Therefore, same was disallowed and added to the total income of the assessee.

5. Aggrieved, the assessee filed the appeal before the Id. CIT(A). In respect to addition of Rs.22,08,434/- on account of bogus purchases the Id. CIT(A) after reiterating the facts reported by the A.O confirmed the disallowance.

6. The Id. CIT(A) has also confirmed the disallowance of Rs.2,16,543/- pertaining to the cancellation of Air Tickets and hotel bookings charges for Hongkong trip by reiterating the facts reported by the A.O.

7. Heard both the sides and perused the material on record. During the course of assessment to substantiate its claim of purchase of accessories of Rs.22,08,434/- in garment manufacturing the assessee has submitted copies of bills evidencing the purchases, copies of ledger account detail of payment made through banking channels and detail of goods sent to the garments vendors for using as accessory in the garments manufactured by the assessee etc. Regarding claim of cancellation charges, hotel booking, air fare etc, the assessee has furnished the corresponding detail and evidences. However, it is observed that A.O has not controverted the relevant supporting material/evidences produced by the assessee during the course of assessment proceedings. The Id. CIT(A) has neither called any remand report from the A.O to disprove the supporting material/evidences furnished by the assessee nor recorded any reason in support of his conclusion. Therefore we restore both the issues to the file of the Id.CIT(A) for deciding de novo on merit after verification/examination of relevant supporting material to be furnished by the assessee after affording adequate opportunity to the assessee. The assessee is directed to make compliance without any failure before the Id. CIT(A) during the course of set aside appellate proceedings. It is needless to say that observation made by us will not injure or impair the case of the A.O and will not cause any prejudice to the defence explanation of the assessee. Accordingly, both the grounds of appeal of the assessee are allowed for statistical purposes.

8. In the result, the appeal of the assessee is allowed for statistical purposes.

Order pronounced in the open court on 20.09.2022

Sd/-

(VIKAS AWASTHY)  
JUDICIAL MEMBER

Sd/-

(AMARJIT SINGH)  
ACCOUNTANT MEMBER

Mumbai, Dated 20.09.2022

PS: Rohit

**आदेश की प्रतिलिपि अग्रेषित/Copy of the Order forwarded to :**

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / The CIT(A)
4. आयकर आयुक्त(अपील) / Concerned CIT
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, अहमदाबाद / DR, ITAT, Mumbai
6. गार्ड फाईल / Guard file.

आदेशानुसार / BY ORDER,  
सत्यापित प्रति // True Copy //

(Asst. Registrar)  
ITAT, Mumbai