

**IN THE INCOME TAX APPELLATE TRIBUNAL, DELHI 'E' BENCH,  
NEW DELHI**

**BEFORE SHRI N.K. BILLAIYA, ACCOUNTANT MEMBER, AND  
SHRI ANUBHAV SHARMA, JUDICIAL MEMBER**

ITA No. 2585/DEL/2016 [A.Y. 2011-12]

Vikas Strips Limited  
10, Ashoka Park  
Main Rohtak Road, Delhi

Vs. The A.C.I.T  
Circle - 26(2)  
Delhi

PAN: AABCV 7134 J

(Applicant)

(Respondent)

Assessee By : Shri Kapil Goel, Adv

Department By : Shri M.P. Dwivedi, Sr. DR

**Date of Hearing : 23.11.2023**

**Date of Pronouncement : 28.11.2023**

**ORDER**

**PER N.K. BILLAIYA, ACCOUNTANT MEMBER:-**

This appeal by the assessee is preferred against order of the Id.  
CIT(A) - 9, New Delhi dated 10.03.2016 pertaining to Assessment Year  
2011-12.

2. Solitary grievance of the assessee is that the Id. CIT(A) erred in confirming the addition of Rs. 52,06,801/- on account of misconception towards purchase return.

3. Representatives of both the sides were heard at length. Case records carefully perused.

4. Briefly stated, the facts of the case are that the assessee filed its return of income on 20.09.2011 declaring an income of Rs. 44,81,210/. Return was selected for scrutiny assessment and, accordingly, statutory notices were issued and served upon the assessee.

5. During the course of scrutiny assessment proceedings, the assessee was called upon to furnish copy of accounts of creditors alongwith their confirmations from whom purchase of goods has been made exceeding Rs. 10 lakhs.

6. Necessary details were furnished.

7. On perusal of such detail, the Assessing Officer noticed that in the account M/s Sail Authority of India Limited, there is an entry of Rs. 52,06,801/- on account of purchase return.

8. The Assessing Officer was of the opinion that the said purchase return pertains to earlier year. Therefore, the same should have been accounted for in the earlier year. The Assessing Officer, accordingly, added Rs. 52,06,801/-.

9. The assessee challenged the addition before the Id. CIT(A) but without any success.

10. We have carefully considered the observations of the Assessing Officer. Whether purchase returns pertain to earlier year or the current year, we fail to understand how purchase return can become income of the assessee. Even otherwise, the said purchase return has not been charged to the Profit and Loss Account. Therefore, it cannot be disallowed.

11. Considering the facts from all possible angles, we do not find any merit in the addition made by the Assessing Officer and accordingly, direct to delete the same.

12. In the result, the appeal of the assessee in ITA No. 2585/DEL/2016 is allowed.

The order is pronounced in the open court on 28.11.2023 in the presence of both the rival representatives.

Sd/-

**[ANUBHAV SHARMA]  
JUDICIAL MEMBER**

Sd/-

**[N.K. BILLAIYA]  
ACCOUNTANT MEMBER**

Dated: 28<sup>th</sup> NOVEMBER, 2023.

VL/

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar,  
ITAT, New Delhi

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