

| आयकर अपीलीय अधिकरण न्यायपीठ, कोलकाता |  
IN THE INCOME TAX APPELLATE TRIBUNAL  
"SMC" BENCH, KOLKATA

BEFORE SHRI SANJAY GARG, HON'BLE JUDICIAL MEMBER  
&  
DR. MANISH BORAD, HON'BLE ACCOUNTANT MEMBER

I.T.A. No. 257/Kol/2023  
Assessment Year: 2011-12  
&  
I.T.A. No. 258/Kol/2023  
Assessment Year: 2012-13

<b>Advance Engineering Corporation</b> C/o. S.N. Ghosh & Associates, Advocates 'Sagar Mansion' 2, Garstin Place 2 <sup>nd</sup> Floor, Suited Nos. 202, & 203 Hare Street Kolkata - 700001 <b>[PAN : AAFFA2585D]</b>	Vs	<b>Income Tax Officer, Ward - 34(2), Kolkata</b>
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अपीलार्थी/ (Appellant)	प्रत्यर्थी/ (Respondent)
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Assessee by :	Shri Somnath Ghosh, Advocate
Revenue by :	Shri B.K. Singh, JCIT, Sr. D/R

सुनवाई की तारीख/Date of Hearing : 01/12/2023  
घोषणा की तारीख /Date of Pronouncement: 12/12/2023

**आदेश/ORDER**

**Per Sanjay Garg, Judicial Member :**

Both these appeals are directed at the instance of the assessee against the order of the National Faceless Appeal Centre (hereinafter the "Id. CIT(A)") even dt. 27/01/2023, passed u/s 250 of the Income Tax Act, 1961 ("the Act") for the Assessment Year 2011-12 and 2012-13.

2. First we take up the appeal for Assessment Year 2011-12. The sole issue involved in this appeal is relating to the addition made by the Assessing Officer on account of unexplained purchases. The Assessing Officer observed that the assessee had failed to establish the

genuineness of some of the purchases, therefore, he made the addition of the said bogus purchases of Rs.18,41,576/-. Before us, the Id. Counsel for the assessee has submitted that the assessee is a trader and that the sales of the assessee have not been doubted by the Assessing Officer and the assessee has returned the gross profit on such sales @ 6.06%. The Id. Counsel for the assessee has relied upon various case-laws to submit that when the sales have been admitted, the entire purchases cannot be added. He has submitted that at the most, it can be presumed that the assessee had made the purchases from the grey market at some lower rate than shown in the books of accounts.

3. After hearing the Id. D/R, we are of the view that there is merit in the contention of the Id. Counsel for the assessee. In this case, admittedly, the assessee is a trader. The sales have not been doubted. Even the source of purchases has also not been doubted. The only dispute is that the genuineness of the actual purchases made has been doubted by the Assessing Officer. Considering the aforesaid facts, a reasonable conclusion will be that the assessee might have suppressed some profit element by showing the purchases at a higher rate. The Id. Counsel for the assessee has submitted that the assessee has returned gross profit for the subsequent year 2012-13 @ 5.09%, which was lesser than the profit shown for the year. However, considering that the assessee has failed to establish the genuineness of the actual purchases made and there is an element of undisclosed profit, in our view, the

interest of justice will be well served if the assessee's gross profit in respect of the alleged bogus purchases of Rs.18,41,576/- is considered @ 8% on the said amount. Addition is restricted to that extent. Accordingly, appeal of the assessee for Assessment Year 2011-12 is partly allowed.

4. Now, we take up the assessee's appeal in ITA No. 258/Kol/2023 for Assessment Year 2012-13.

5. In this appeal, the sole issue is relating to the alleged bogus purchase from one party of Rs. 1,68,827/-. The Assessing Officer whilst making this addition has failed to bring on record any evidence from which it can be established that the assessee has made any unaccounted purchase from any party. Thus, in our view, the impugned addition made by the Assessing Officer on account of bogus purchases, is hereby ordered to be deleted. Accordingly, appeal of the assessee for Assessment Year 2012-13 is allowed.

6. In the result, appeal of the assessee for Assessment Year 2011-12 is partly allowed and for Assessment Year 2012-13 is allowed.

**Order pronounced in the Court on 12<sup>th</sup> December, 2023 at Kolkata.**

*Sd/-*

**(DR. MANISH BORAD)  
ACCOUNTANT MEMBER**

*Sd/-*

**(SANJAY GARG)  
JUDICIAL MEMBER**

Kolkata, Dated 12/12/2023

*SC S.P.*

**I.T.A. No. 257/Kol/2023****Assessment Year: 2011-12**

&amp;

**I.T.A. No. 258/Kol/2023****Assessment Year: 2012-13****Advance Engineering Corporation**

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

1. अपीलार्थी / The Assessee
2. प्रत्यर्थी / The Respondent
3. संबंधित आयकर आयुक्त / Concerned Pr. CIT
4. आयकर आयुक्त (अपील) / The CIT(A)-
5. विभागीय प्रतिनिधि , आयकर अपीलीय अधिकरण, कोलकाता/DR,ITAT, Kolkata,
6. गार्ड फाई/ Guard file.

आदेशानुसार/ BY ORDER,  
TRUE COPY

**Assistant Registrar**  
आयकर अपीलीय अधिकरण  
**ITAT, Kolkata**