

**| आयकर अपीलीय अधिकरण न्यायपीठ, मुंबई |**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**"SMC" BENCH, MUMBAI**

**BEFORE SHRI NARENDRA KUMAR BILLAIYA, HON'BLE ACCOUNTANT MEMBER**  
**&**

**SHRI RAHUL CHAUDHARY, HON'BLE JUDICIAL MEMBER**

**I.T.A. No. 1242/Mum/2024**

**Assessment Year: 2009-10**

<b>Income Tax Officer, Ward -20(3)(2), Mumbai</b>	Vs	<b>Royal Steel Traders</b> 127-B, 3 <sup>rd</sup> Lane, Darukana Mazgoan Mumbai - 400003 <b>[PAN: AAFFM6932J]</b>
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<b>अपीलार्थी/ (Appellant)</b>		<b>प्रत्यर्थी/ (Respondent)</b>
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Assessee by :	None
Revenue by :	Shri Himanshu Sharma, CIT, D/R

सुनवाई की तारीख/Date of Hearing : 04/07/2024  
घोषणा की तारीख /Date of Pronouncement: 09/07/2024

**आदेश/ORDER**

**PER NARENDRA KUMAR BILLAIYA, AM:**

This appeal by the revenue is preferred against the order dt. 19/01/2024 by NFAC, Delhi pertaining to Assessment Year 2009-10.

2. The grievance of the revenue reads as under:-

1. "Whether on the facts and in circumstances of the case and in law, the Ld. CIT(A) was correct in restricting the addition made on account of bogus purchase from Rs. 29,87,661/-to Rs. 7,45,275/- of total bogus purchases ignoring the fact that the Sales Tax Department has proved beyond doubt that the parties declared as hawaia traders were involved in providing accommodation entry of purchases and the assessee was one of the beneficiary of accepting accommodation entry for the purchases".

2. "Whether on the facts and in circumstances of the case and in law, the Ld. CIT(A) has failed to appreciate that the assessee failed to produce the parties for verification, in spite of opportunity provided by the Assessing Officer".

3. *"Whether on the facts and in circumstances of the case and in law, the 14. CIT(A) erred in restricting the addition made on account of bogus purchase to Rs. 7,45,275/- taking into consideration the bogus bills against which no goods have been received?"*.

4. *"Whether on the facts and in circumstances of the case and in law, the 1A. CIT(A) erred in restricting the addition made by the Assessing Officer to Rs. 7,45,275/- in presuming that the purchase have been made from unknown parties whereas bills have been received from hawala traders"*.

5. *The appellant prays that the order of the National Faceless Appeal Centre (NFAC), Delhi on the above grounds be reversed and that of the AO be restored. 6. The appellant craves leave to amend or alter any ground or submit additional ground which may be necessary."*

3. Briefly stated, the facts of the case are that the assessee is dealing in steel and allied products and the assessment proceedings were duly completed u/s 143(3)/147 of the Act vide order dt. 16/12/2016, assessing the total income at Rs.42,39,290/- which includes addition of Rs. 29,87,661/- being 7% of Rs.4,26,80,873/- in respect of the alleged bogus purchases.

3.1. When the matter was agitated before the ld. CIT(A), the ld. CIT(A) found that the bogus purchases were of Rs.4,23,92,290/-. The ld. CIT(A) found that instead of making addition on account of bogus purchases, the Assessing Officer made the addition by computing 7% of the entire turnover of the assessee amounting to Rs.4,26,80,873/-. After considering the submissions of the assessee, the ld. CIT(A) was convinced that sales from the parties amounting to Rs. 3,20,05,505/-, need not be treated as bogus purchases. Insofar as, the element of extra profit is concerned, on finding that the assessee himself is offering an

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additional profit of 5%, the Id. CIT(A) upheld the application of net profit rate of 7% and accordingly applied the same on the bogus purchase of Rs. 1,06,75,368/- and restricted the disallowance to Rs. 7,47,275/-.

4. We have given a thoughtful consideration to the findings of the Id. CIT(A). The Id. D/R could not point out any factual error in the findings of the Id. CIT(A) and we are of the considered opinion that it is correct to restrict the disallowance only to the purchases alleged to be bogus. On facts of the case, we decline to interfere with the findings of the Id. CIT(A).

5. In the result, appeal of the revenue is dismissed.

**Order pronounced in the Court on 9<sup>th</sup> July, 2024 at Mumbai.**

*Sd/-*

(RAHUL CHAUDHARY)  
JUDICIAL MEMBER

*Sd/-*

(NARENDRA KUMAR BILLAIYA)  
ACCOUNTANT MEMBER

Kolkata, Dated 09/07/2024

*SC S/P*

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

1. ँ पीलर्ी / The Appellant
2. प्रत्यर्ी / The Respondent
3. संबंघित आयकर आयुक्त / Concerned Pr. CIT
4. आयकर आयुक्त (ं पील) / The CIT(A)-
5. विभर्ीय प्रतिनिधि ,आयकर अपीलीय अधिकरण, मुंबई /DR,ITAT, Mumbai,
6. गार्ड फाई/ Guard file.

आदेशानुसार/ BY ORDER,  
TRUE COPY

Assistant Registrar  
आयकर अपीलीय अधिकरण  
ITAT, Mumbai