

आयकर अपीलीय अधिकरण, चण्डीगढ़ न्यायपीठ, चण्डीगढ़
IN THE INCOME TAX APPELLATE TRIBUNAL
'SMC' BENCH, CHANDIGARH

BEFORE SHRI SANJAY GARG, JUDICIAL MEMBER

आयकर अपील सं./ITA No. 353/CHD/2024

निर्धारण वर्ष / Assessment Year : 2021-22

Shri Jatinder Jain, C/o VV Bhalla & Company, E-64, Rishi Nagar, Ludhiana	बनाम	The ITO, Ward 2(1), Chandigarh
स्थायी लेखा सं./PAN NO: AERPJ7857D		
अपीलार्थी/Appellant		प्रत्यर्थी/Respondent

(VIRTUAL HEARING)

निर्धारित की ओर से/Assessee by : Shri Pankaj Bhalla, CA

राजस्व की ओर से/ Revenue by : Shri Vivek Vardhan, JCIT

सुनवाई की तारीख/Date of Hearing : 29.10.2024

उद्घोषणा की तारीख/Date of Pronouncement : 12.11.2024

आदेश/Order

The present appeal has been preferred by the assessee against the order dated 13.02.2024 passed by the Ld. Commissioner of Income Tax, National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as 'CIT(A)'], for the Assessment Year 2021-22.

2. The sole issue involved in the present appeal is relating to estimation of profits on the alleged bogus purchases.

3. The brief facts of the case are that the Assessee made certain purchases from M/s Diksha Yarn Traders, genuineness of which was doubted by the Assessing Officer (A.O.). Though the case of the Assessee is that the Assessee has duly furnished all the documents to prove the genuineness of the purchases. The Assessing Officer, however, held the same as bogus and estimated the profit element /ad hoc disallowance @ 15% of the said purchases and thereby making the addition of Rs. 18,23,918/-. The Id. CIT(A) confirmed the addition so made by the A.O.

4. It has been held time and again that where the purchases have been made out of the known sources of income and the sales have been accepted, only the profits element embedded in such purchases can be added. The Assessing Officer has estimated the same at the rate of 15%, whereas, the Assessee has offered the NP @ 1.14%

5. Before us, the Id. Counsel for the Assessee, inter alia, has furnished a data relating to the net profit rate of the Assessee for four consecutive years, the details of which are as under: -

Assessment year	Net profit rate
2018-19	1.33%
2019-20	1.22%

2020-21	0.79%
2021-22	1.14%

6. The average of the aforesaid net profit for four consecutive years come to 01.12%, however, the Assessee has already offered the NP @ 1.14%. In view of this, no additions are warranted in this case. The same are ordered to be deleted.

In the result, the appeal of the Assessee stands allowed.

Order pronounced on 12.11.2024.

Sd/-
(SANJAY GARG)
Judicial Member

Dated : 12.11.2024

“आर.के.”

आदेशकीप्रतिलिपिअग्रेषित/ Copy of the order forwarded to :

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent
3. आयकरआयुक्त/ CIT
4. विभागीयप्रतिनिधि, आयकरअपीलीयआधिकरण, चण्डीगढ़/ DR, ITAT, CHANDIGARH
5. गार्डफाईल/ Guard File

आदेशानुसार/ By order,
सहायकपंजीकार/ Assistant Registrar