

**THE INCOME TAX APPELLATE TRIBUNAL
DEHRADUN BENCH "SMC", NEW DELHI
BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL
MEMBER AND
SHRI M. BALAGANESH, ACCOUNTANT MEMBER**
(Through Video Conferencing)

ITA No. 23/DDN/2024
(Assessment Year: 2015-16)

Regalia Jewels Pvt. Ltd, Shop No. 05, DLF Shopping Complex, Near Savitri Cinema, GK-2, Delhi- 110048	Vs.	DCIT/ACIT, Central Circle, Dehradun
(Appellant)		(Respondent)
PAN:AACCR9572R		

Assessee by :	Shri D. C. Agarwal, Adv
Revenue by:	Shri A. S. Rana, Sr. DR
Date of Hearing	21/03/2025
Date of pronouncement	09/04/2025

O R D E R

PER M. BALAGANESH, A. M.:

1. The appeal in ITA No.23/DDN/2024 for AY 2015-16, arises out of the order of the Commissioner of Income Tax (Appeals)-3, Noida [hereinafter referred to as 'Id. CIT(A)', in short] dated 05.01.2024 against the order of assessment passed u/s 147 of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated 22.03.2022 by the Assessing Officer, DCIT, Central Circle, Dehradun (hereinafter referred to as 'Id. AO').
2. Though the assessee has raised several grounds before us, the primary issue to be decided is as to whether the Id AO was justified in valid assumption of jurisdiction u/s 147 of the Act in the facts and circumstances of the instant case.
3. We have heard the rival submissions and perused the material available on record. The assessee company filed its regular return of income for AY 2015-16 on

29.11.2015 declaring taxable income of Rs. 26,73,826/- which was duly processed u/s 143(1) of the Act. No assessment was framed on the same. A search and seizure operation u/s 132 of the Act was conducted on 06.11.2019 in the case of Shri Deepak Jain who was found to be an accommodation entry provider. It was noticed that Shri Deepak Jain through his 5 entities had provided certain accommodation entries to the assessee company thereby making the assessee company as beneficiary for obtaining bogus purchase bills. Accordingly, the case of the assessee was reopened for the issuance u/s 148 of the Act on 30.03.2021. The assessee participated in the reassessment proceedings and sought for reasons recorded for reopening the assessment which were duly supplied to it. The assessee filed objections for the reasons recorded and the said objections were duly disposed of separately by a speaking order of the Id AO.

4. The issue in dispute was purchases made from M/s. Surya Diamond Pvt. Ltd by the assessee during the year to the tune of Rs. 1,15,83,620/-. The assessee furnished the complete details of purchase made from the said party such as purchase bills, ledger of the said entity in the books of accounts of the assessee, confirmation of balance from the said entity, stock register duly recording the purchase made from the said party, bank statements evidencing the payment made to the said party through regular banking channels, by way of documentary evidences to prove the veracity of the purchases. The assessee also clarified before the Id AO that no purchases were made during the year under consideration from the said party and that the purchases were made in earlier years and payments for the same were made during the year. As such it was submitted that there was no debit to the profit and loss account with regard to purchase made from Surya Diamond Pvt. Ltd for the year. Despite this explanation, the Id AO proceeded to conclude that assessee had failed to prove the transaction of purchase of Rs. 1,43,83,620/- from M/s. Surya Diamond Pvt. Ltd and proceeded to treat the same as bogus purchase and added to the total income of the assessee. This action of the Id AO was upheld by the Id CIT(A).

5. On perusal of the ledger account of M/s. Surya Diamond Pvt. Ltd as appearing in the books of account of the assessee, it is found that no purchases were made

during the year under consideration from the said party by the assessee. During the year under consideration, the assessee merely made payment through RTGS to M/s. Surya Diamond Pvt. Ltd to the tune of Rs. 1,43,83,620/- for the purchase made in the earlier years. Since no purchase was made during the year, there was no debit to the profit and loss account to that effect. Hence, it could be safely concluded that the entire reasons recorded were based on incorrect assumption of fact and hence, the Id AO could not have had formed a reasonable belief that income of the assessee had escaped for the year under consideration by way of obtaining bogus purchase bills. Since, the reopening is based on incorrect assumption of fact, the same becomes fatal to entire assumption of jurisdiction u/s 147 of the Act and hence, we have no hesitation to quash the reassessment proceedings as void ab initio. Since, the reassessment was quashed as void ab initio, there is no need to go into the other legal ground and other grounds on merits raised by the assessee as they become academic and they are left open.

6. In the result, the appeal of the assessee is allowed.

Order pronounced in the open court on 09/04/2025.

-Sd/-
(SATBEER SINGH GODARA)
JUDICIAL MEMBER

-Sd/-
(M. BALAGANESH)
ACCOUNTANT MEMBER

Dated:09/04/2025
A K Keot

Copy forwarded to

1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR
ITAT, New Delhi