

**IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH 'E': NEW DELHI  
BEFORE SHRI MAHAVIR SINGH, VICE PRESIDENT  
AND  
SHRI MANISH AGARWAL, ACCOUNTANT MEMBER**

ITA No.7835/Del/2019  
(ASSESSMENT YEAR 2010-11)

ITA No.7836/Del/2019  
(ASSESSMENT YEAR 2011-12)

ITA No.7837/Del/2019  
(ASSESSMENT YEAR 2012-13)

ACIT, Central Circle-II, Gurugram.	Vs.	Smt. Hema Sharma, Flat No.504, Karamyogi Apartment, Sector-10A, Gurugram.  PAN-BCUPS5820D
<b>(Appellant)</b>		<b>(Respondent)</b>

ITA No.7838/Del/2019  
(ASSESSMENT YEAR 2010-11)

ITA No.7839/Del/2019  
(ASSESSMENT YEAR 2011-12)

ITA No.7840/Del/2019  
(ASSESSMENT YEAR 2012-13)

Dy. CIT, Central Circle-II, Gurugram.	Vs.	Sh. Harinder Sharma, Flat No.504, Karamyogi Apartment, Sector-10A, Gurugram.  PAN-ABQPH4090L
<b>(Appellant)</b>		<b>(Respondent)</b>

C.O.No.165/Del/2019  
Arising out ITA No.7839/Del/2019  
(ASSESSMENT YEAR 2011-12)

And

C.O.No.166/Del/2019  
Arising out ITA No.7840/Del/2019  
(ASSESSMENT YEAR 2012-13)

Sh. Harinder Sharma, Flat No.504, Karamyogi Apartment, Sector-10A, Gurugram.  PAN-ABQPH4090L	Vs.	ACIT, Central Circle-2, Gurgaon
<b>(Appellant)</b>		<b>(Respondent)</b>

Assessee by	Dr. Rakesh Gupta, Adv. & Sh. Deepesh Garg, Adv.
Department by	Shri Sujit Kumar, CIT-DR
Date of Hearing	29/04/2025
Date of Pronouncement	09/05/2025

### **ORDER**

#### **PER BENCH:**

The above captioned appeals are filed by the Revenue against the common order of Ld. Commissioner of Income Tax (Appeals)-3, Gurugaon dated 23/07/2019 in appeal No.326, 321,314, 307,324, 323, 318/CIT(A)-3/GGN/2017-18 in following cases:

<b>Sl. No.</b>	<b>Name of the appellant</b>	<b>Asst. Year</b>	<b>ITA No.</b>
I	Smt. Hema Sharma	2010-11	7835/Del/2019
II	Smt. Hema Sharma	2011-12	7836/Del/2019
III	Smt. Hema Sharma	2012-13	7837/Del/2019
IV	Sh. Harinder Sharma	2010-11	7838/Del/2019
V	Sh. Harinder Sharma	2011-12	7839/Del/2019
VI	Sh. Harinder Sharma	2012-13	7840/Del/2019

2. The assessee has also filed Cross Objection in the case of Harinder Sharma for Assessment Year 2011-12 and 2012-13 bearing Nos. 165/Del/2019 and 166/Del/2019 respectively, which are not pressed thus, are dismissed.

3. Since all these appeals are decided by ld. CIT(A) by a common order having identical issue, therefore, these are taken together for consideration. First we take revenue's appeal in the case of Hema Sharma in ITA No. 7835/Del/2019 for AY 2010-11.

4. Briefly stated the facts are that assessee is proprietor of M/s Palwal Enterprises and M/s Aam Bee Clothing. A search and seizure action was

carried out in the case of M/s Orient Craft Ltd. on 29.04.2015. search was also carried out at premises of the assessee as she was also part of the Orient Craft group. During the course of search in the case of Orient Craft Ltd it was found that the company M/s Orient Craft has booked bogus expenses which include job charges paid to the proprietary concerns of the assessee. It was also observed that payments were made to the assessee on which TDS was deducted by M/s Orient Craft on account of job work expenses. The AO further observed that from the perusal of the income tax returns of assessee, it was found that the assessee was having a turnover running into Crores but nominal profit was declared. Further whole turnover of the assessee was with M/s Orient Crafts only and TDS deducted was claimed as refund. Therefore, the AO concluded that company M/s Orient Craft Limited booked bogus expenses of Job charges in the name of its trusted persons including the assessee and her husband Shri Harinder Sharma for the suppression of profits. Thereafter the entire expenses claimed by the assessee against the receipts from M/s Orient Crats Ltd. was disallowed and made the addition of the same in the hands of the assessee on protective basis as gross receipts of the assessee was added in the case of M/s Orient Crafts on substantive basis.

5. In the case of M/s Orient Crafts Ltd. in whose case additions were made on account of job charges paid to assessee alleged as bogus were deleted by ld. CIT(A) by holding the same as genuine expenses. In further appeal, the coordinate of Tribunal in ITA No.3310/Del/2019 vide order dated 24.09.2021 also confirmed the orders of ld. CIT(A). Thus, in the case of the assessee, ld. CIT(A) based on these facts has deleted the additions by making following observations in para 7.3.2 of the order:-

*“7.3.2 I have gone through the assessment order and contentions of the appellant and following observations are made:-*

*In the case of M/s Orient Craft Ltd., additions were made on substantive basis by the AO on account of bogus job work done by the proprietorship firms owned by Sh. Harinder Sharma & Smt. Hema Sharma in different years under consideration. **However, in the appellate order of M/s Orient Craft Ltd, it has been held by the CIT(A) as discussed above that the contention of the AO with regard to this addition treating the job work charges paid as bogus expenses to Sh. Harinder Sharma & Smt. Hema Sharma cannot be accepted. Therefore, the addition made by the AO in the case of M/s Orient Craft Ltd. with***

**regard to the job work expenses booked by M/s Orient Craft Ltd. related to M/s Palwal Enterprises (Prop. Hema Sharma, M/s Aam Bee Clothing (Prop. Hema Sharma), M/s Palwal Craft (Prop. Harinder Sharma) and M/s Palwal Clothing (Prop. Harinder Sharma) were deleted holding that these job work expenses cannot be treated as bogus expenses.**

*As the addition made by the AO on substantive basis in case of M/s Orient Craft Ltd. in all the years under consideration on account of bogus job work charges has been deleted by CIT (Appeals) holding the same not to be bogus, the additions on protective basis in the hands of Sh. Harinder Sharma & Smt. Hema Sharma for all the years under consideration cannot be sustained and hence deleted.”*

5.1 From the perusal of the observations of the Ld. CIT(A), it is seen that the addition made in the case of M/s Orient Craft Ltd. by holding expenses incurred on account of job charges paid to the assessee as bogus made on substantive basis stood was deleted by the Co-ordinate Bench of the ITAT wherein the Co-ordinate Bench has held the expenses made incurred by Orient Craft Ltd is genuine. It is further seen that the following order of coordinate bench of Tribunal in the case of M/s Orient Crafts (supra), and further by relying upon the findings given in the case of Trendy Attire (P) Ltd. vs. DCIT in ITA Nos.7659-7660/2019 dated 30.06.2022, the Co-ordinate Bench under identical circumstances deleted the additions made on protective basis in the case of other job worker Shri Mohinder Kumar Garg.

6. As there is no change in the facts of the present case as also confirmed by the Ld. Sr. DR, we find no error in the order of the ld. CIT (A) deleting the additions made in the hands of the assessee by following the findings given by the Co-ordinate Bench in the case of M/s Orient Crafts Ltd (supra). Accordingly, grounds of appeal No.1,2,3 & 4 taken by the Revenue are dismissed.

7. As a result, appeal of the revenue in ITA No. 7835/Del/2019 is dismissed.

8. With respect to the other appeals in the case of Smt. Hema Sharma in ITA No. 7836/Del/2019 for AY 2011-12 and ITA No. 7837/Del/2019 for Assessment Year 2012-13, as admittedly the facts are identical with the facts in ITA No. 7835/Del/2019 for Assessment Year 2010-11, the observations

made therein are *Mutatis Mutandis* applied to these appeals also. Accordingly, the Revenue's appeals in ITA No. 7837/Del/2019 for Assessment Year 2011-12 and ITA No. 7838/Del/2019 for Assessment Year 2012-13 are dismissed.

9. In Revenue's appeals in ITA No. 7838/Del/2019 for Assessment Year 2010-11, ITA No. 7839/Del/2019 for Assessment Year 2011-12 and ITA No. 7840/Del/2019 for Assessment Year 2012-13 in the case of Harinder Sharma, admittedly the facts are identical with the facts in ITA No. 7835/Del/2019 for Assessment Year 2010-11 of Smt. Hema Sharma, the observations made therein are *Mutatis Mutandis* applied to these appeals also. Accordingly, the Revenue's appeals in ITA No. 7838/Del/2019 for Assessment Year 2010-11, ITA No. 7839/Del/2019 for Assessment Year 2011-12 and ITA No. 7840/Del/2019 for Assessment Year 2012-13 are dismissed. The Cross Objections filed by Shri Harinder Sharma bearing No. 165/Del/2019 for Assessment Year 2011-12 and 166/Del/2019 for Assessment Year 2012-13 are dismissed being not pressed.

10. As a result, all the appeals of the Revenue and the C.Os. of the assessee are dismissed.

Order pronounced on 09/5/2025.

Sd/-  
**(MAHAVIR SINGH)**  
**VICE PRESIDENT**

Sd/-  
**(MANISH AGARWAL)**  
**ACCOUNTANT MEMBER**

Dated: 09/05/2025

PK/Sr. Ps

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

ASSISTANT REGISTRAR  
ITAT, NEW DELHI