

**IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'C': NEW DELHI**

**BEFORE SHRI S. RIFAUR RAHMAN, ACCOUNTANT MEMBER
AND SHRI VIMAL KUMAR, JUDICIAL MEMBER**

ITA No.4631/Del/2024
Assessment Year: 2014-15

Income Tax Officer, Ward -1, Jind (Haryana) PIN: 126 102	Vs.	Kulbhushan Kansal, H. No.106, Model Town, Narwana PIN: 126 116 PAN: ADSPK5710E
(Appellant)		(Respondent)

Appellant by	Sh. B.K. Anand, CA
Respondent by	Om Prakash, Sr. DR

Date of Hearing	27/05/2025
Date of Pronouncement	30/05/2025

ORDER

PER VIMAL KUMAR, JUDICIAL MEMBER

The appeal of Revenue is against order dated 29.08.2024 National Faceless Appeal Centre (NFAC) (hereinafter referred as "Ld.CIT(A)") under Section 250 of the Income Tax Act, 1961 (hereinafter referred as "the Act") arising out of order dated 31.03.2022 of National Faceless Appeal Centre, Delhi (referred as "the Ld. AO" under Section 147 read with section 144B of the Act for assessment year 2014-15

2. Brief facts of case are that assessee filed return of income for assessment year 2014-15 declaring total income of Rs.3,11,080/-. As per information received from ITO, Investigation, Raipur and from insight portal, it was noticed that assessee made bogus purchases of Rs.1,80,50,000/- with M/s. Shri Kapil Kumar Jain, proprietor of M/s. Shri Vaishno Devi Exim. Action under Section 147 of the Act was initiated against assessee after recording reasons and with prior approval from competent authority. Notice under Section 148 of the Act dated 31.03.2021 was issued to the assessee. In response to notice under Section 148 of the Act, assessee filed his return of income of Rs.3,37,153/- on 26.04.2021. Notice under Section 143(2) of the Act dated 15.06.2021 along with reasons was issued to assessee. Notices under Section 142(1) along with questionnaire was issued to the assessee from time to time. On completion of reassessment proceedings, Ld. AO vide order dated 31.03.2022 made addition of Rs.1,80,50,000/- under Section 69A of the Act. Against order dated 31.03.2022, assessee filed appeal before the Ld.CIT(A) which was allowed vide order dated 29.08.2024.

3. Being aggrieved, appellant/revenue preferred present appeal.

4. Learned Authorized Representative for Revenue submitted that Ld.CIT(A) erred in deleting addition of Rs.1,80,50,000/- ignoring the fact that assessee failed

to furnish relevant documentary evidence to prove the genuineness of transactions with M/s. Vaishno Devi Exim.

5. Learned Authorized Representative for respondent/assessee relied on order of Ld.CIT(A).

6. From examination of record in light of aforesaid submissions, it is crystal clear that Ld. AO in para 16 of assessment order stated that “on perusal of bank account statement maintained by the assessee in SBI, it has been noticed that there are so many cash credit and debit entries which endorse the statement of Shri Kapil Kumar Jain. In the statement he clearly admitted that" **the bank account of M/s. Shri Vaishno Devi Exim was used by him for showing bogus purchases. All the transactions made through this account number 134905500281 were not related to any business. He further admitted that different purchase parties used to deposit amounts in the said bank account showing bogus purchases and Shri Kapil Kumar Jain used to either withdrawn the cash from his account or transfer the amounts to other concerns, which were generally also bogus. Shri Kapil Kumar Jain returned the cash to those purchase parties as stated by him. Shri Kapil Kumar Jain also admitted that he used to receive commission in cash from such purchase parties for the transactions routed**

through his bank account." Therefore, transactions to the tune of Rs.1,80,50,000/ is out of books and remains unexplained undisclosed income for A.Y. 2014-15 and proposed to be added back in the total income of the assessee under Section 69A of the Act."

7. Ld.CIT(A) deleted the addition of Rs.1,80,50,000/- by observing in paras 9 & 10 as under:

"9. The appellant has stated before the AO that he is engaged in the job work of milling of Rice wherein he has to deliver 67% of his production to government and the balance Rice produced and bye products are traded. The purchase of appellant consists of "Bardana" (Packing Material) only which are old gunny bags usually purchased in cash. Thus, the observation of AO that "appellant has purchased only in cash" does not in any way suggest that appellant has taken bogus purchase bill. The observation of AO- "On perusal of bank account statement maintained by the appellant in SBI, it has been noticed that there are so many cash credit and debit entries which endorse the statement of Sh. Kapil Kumar Jain." also does not in any way suggest that appellant, has taken bogus purchase bill. There could be entries in the bank statement of the appellant but until or unless any nexus with the entry operator is established, no addition can be made on account of bogus purchase in the hands of the appellant. In any case, if the appellant has taken bogus bill, there would have been "clearing debit entry" either for cheque given or RTGS done in the bank statement of the appellant. Cash entries in the bank statement of the appellant does not in any way prove bogus purchase transaction.

10. The AO has not found any defect in the books of accounts of the appellant and the same are not rejected by him. The AO has accepted the sales of the appellant. Thus no addition on account of bogus purchase can be sustained.

10. In view of the facts and circumstances of the case, the addition of Rs. 1,80,50,000/- made by the AO u/s 69A of the Act is deleted."

8. From the perusal of above findings, it is evident that assessee claimed before the Ld. AO that he is engaged in a work of milling of rice wherein he has to deliver 67% of his production to government and the balance rice produced and the bye products are traded. Purchases of assessee are consisted of packaging material in cash. Cash entries in the bank statement in absence of any nexus with entry-operator cannot be made on account of bogus purchase. Ld. AO did not find any defect in books of account. Ld. AO accepted sales, so, no addition on account of bogus purchase could be sustained. Therefore, the discussion, reasons and findings recorded by Ld.CIT(A) being just, fair, reasonable and legal, deserves to be upheld. There are no reason to interfere with the process of reasoning and findings of Ld.CIT(A).

9. In the result, the appeal of Revenue is dismissed.

Order pronounced in open Court on 30.05.2025.

**Sd/-
(S. RIFAUR RAHMAN)
ACCOUNTANT MEMBER**

**Sd/-
(VIMAL KUMAR)
JUDICIAL MEMBER**

Dated: 30 /05/2025

Mohan Lal

Copy forwarded to:

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

ASSISTANT REGISTRAR
ITAT, NEW DELHI