

**IN THE INCOME TAX APPELLATE TRIBUNAL  
AMRITSAR BENCH, AMRITSAR.**

**BEFORE SH. UDAYAN DASGUPTA, JUDICIAL MEMBER  
AND SH. KRINWANT SAHAY, ACCOUNTANT MEMBER**

**(HYBRID HEARING)**

**I.T.A. No.462/Asr/2024  
Assessment Year: 2016-17**

Wani Iron Steel, Nowga, Nowgam Bye Pass Srinagar. Jammu & Kashmir. [PAN:-AAAFW6802G] <b>(Appellant)</b>	Vs.	ITO Ward-1, Srinagar.  <b>(Respondent)</b>
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**I.T.A. No.442/Asr/2024  
Assessment Year: 2016-17**

ITO Ward-1, Srinagar.  <b>(Appellant)</b>	Vs.	Wani Iron Steel, Nowga, Nowgam Bye Pass Srinagar. Jammu & Kashmir. [PAN:-AAAFW6802G] <b>(Respondent)</b>
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<b>Appellant by</b>	Sh. Vipul Arora, CA.
<b>Respondent by</b>	Sh. Manpreet Singh Duggal, Sr. DR

<b>Date of Hearing</b>	18.03.2025
<b>Date of Pronouncement</b>	11.04.2025

**ORDER**

**Per: Udayan Dasgupta, J.M. :**

Both the above appeals filed by the Assessee and the Department arises out of the order of the Ld. CIT (A) NFAC, dated, 19.06.2024 which has emanated

from the order of the AO, NWR-W-(88)(1), dated 01.05.2023 passed u/s 147/144B of the Act 61, for the Asst year 2016-17.

2. The brief facts emerging from records are that the assessee a partnership firm is engaged in the trading business of iron and steel materials and in absence of any regular return on record coupled with information of cash deposit in bank account amounting to Rs. 3.69 crores, the case was reopened vide notice u/s 148 of the Act 61.

2.1 Return was filed in response to notice u/s 148, and during scrutiny proceedings various notices were issued by the AO, submissions and explanations were filed by the assessee and enquiries were conducted by the AO for verification of genuineness of purchase and sales transactions.

2.2 Out of eleven parties from whom purchases were made and for which enquiries were conducted u/s 133(6) of the Act 61, all has confirmed except three, namely (i) *Jhelum Industries*, (ii) *Agarwal traders* and (iii) *Sapcon Steels Pvt Ltd*, and the total purchases from these three sellers for the year under appeal amounted to Rs. 2,43,70,225/-. In absence of any confirmation being received from the parties, the entire amount was disallowed and added back to the total income as unverifiable purchase u/s 69C of the Act 61.

3. In first appeal proceedings, the Ld. CIT (A), restricted the said disallowance to 10% (ten percentage) of the disputed purchases, considering the fact that the corresponding sales against such alleged bogus purchases has not been doubted and as such only a reasonable disallowance is called for.

4. Before the tribunal the Ld. AR of the assessee filed a short paper-book containing copies of purchase invoice of all three (*allegedly disputed*) parties, copies of ledger accounts of the assessee in the books of the respective sellers and copies of confirmations of sales made and payments received and replies filed by the said three parties in response to notice u/s 133(6) , with forwarding letters stating that replies could not be filed within stipulated time before AO , due to various reasons .

5. The assessee has also filed copies of VAT returns of all the three concerned sellers along with copies of excise cum VAT, invoices depicting sales made to the assessee by the three parties, along with an application under Rule – 29 of ITAT Rules '63, praying for admission of additional evidence.

6. The Ld. DR has no objection if the matter is sent back to the AO for verification of the additional evidences, which is being produced for the first time before the tribunal.

7. We have considered all the materials on record and we admit the additional evidences filed by the assessee because it goes to the very root of verification of

genuineness of purchases (*alleged as bogus*), and the same could not be filed before the AO at the first instance as admitted by the sellers and for rendering substantial justice the documents are admitted and the matter is remanded back to the jurisdictional AO, to consider the said documentary evidence for fresh adjudication on the issue.

7.1 As such we remand the matter back to the jurisdictional AO to accept the fresh documentary evidences and cause necessary verification as per provisions of law for fresh adjudication relating to the alleged bogus purchase and to pass appropriate orders.

8. The assessee shall be allowed reasonable opportunity of being heard.

In the result the appeal of the assessee is allowed for statistical purpose.

Departmental Appeal: ITA – 442/ ASR / 2024:

9. In this appeal the revenue has challenged the relief allowed by the Ld CIT(A) by restricting the disallowance on account of alleged bogus purchase to 10% (ten percentage) of gross.

10. Since we have already remanded the matter back to the AO, for admission of additional documentary evidences submitted by the assessee, as proof to establish genuineness of purchases, this appeal of the revenue is also set aside back to the

AO for fresh adjudication on the matter as per our observation in ITA – 462/ ASR / 2024, which applies *mutatis mutandis* to this appeal.

11. In the result, the appeal of the assessee as well as the appeal of the revenue are allowed for statistical purposes.

**Order pronounced on 11.04.2025 under Rule 34(4) of the Income Tax Appellate Tribunal Rules 1963.**

Sd/-

Sd/-

**(KRINWANT SAHAY)**  
**Accountant Member**

**(UDAYAN DASGUPTA)**  
**Judicial Member**

AKV

Copy of the order forwarded to:

- (1) The Appellant
- (2) The Respondent
- (3) The CIT
- (4) The CIT (Appeals)
- (5) The DR, I.T.A.T.

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By order