

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

**BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER
AND
SHRI MANISH AGARWAL, ACCOUNTANT MEMBER**

ITA No.2077/Del/2025
Assessment Year: 2018-19

Chaudhary Trading Co. Pvt. Ltd., Plot No. 121, Gali No.2, Assam Timber Market, Mundka, Delhi	Vs.	Income Tax Officer, Ward-6(1), Delhi
PAN: AACCC0648K		
(Appellant)		(Respondent)

Assessee by	Sh. R.R. Singla, CA
Department by	Sh. Mahesh Kumar, CIT(DR)

Date of hearing	09.09.2025
Date of pronouncement	09.09.2025

ORDER

PER SATBEER SINGH GODARA, JM

This assessee's appeal for assessment year 2018-19, arises against the Principal Commissioner of Income Tax [in short, the "PCIT"], Delhi's-1 DIN and order no. ITBA/REV/F/REV5/2024-25/1074610729(1), dated 18.03.2025 involving proceedings under section 263 of the Income-tax Act, 1961 (hereinafter referred to as 'the Act').

Heard both the parties at length. Case file perused.

2. We notice at the outset that the assessee/appellant herein is aggrieved against the learned PCIT's section 263 revision directions holding the Assessing Officer's assessment dated 23.03.2023 as an erroneous one causing prejudice to the interest of the Revenue. There is no dispute between the parties that the Assessing Officer had treated the assessee's purchases sourced from M/s. UT Overseas and M/s. TP Impex amounting to Rs.1,99,54,565/- and Rs.11,01,275/-; respectively, aggregating to Rs.2,10,55,931/- as bogus to disallow the same at a *lumpsum* rate of 12.5% in his assessment order. Learned PCIT, on the other hand, quotes N.K. Proteins Ltd. Vs. DCIT (2017) 84 taxmann.com 195 (SC) that the Assessing Officer's foregoing action disallowing only a portion of the assessee's bogus purchases than that in entirety is erroneous action causing prejudice to the interest of the Revenue. He has accordingly revised the foregoing assessment finding in very terms which leaves the assessee aggrieved who has filed the instant appeal before the tribunal.

3. We have given our thoughtful consideration to the assessee's and the Revenue's respective vehement submissions against and in support of the PCIT's impugned revision directions. We reiterate

that the learned PCIT's sole exception to the assessment findings hereinabove is only qua disallowance of the assessee's bogus purchases quantification i.e @ 12.5% made by the Assessing Officer. That being the case, learned CIT(DR) could hardly dispute that the hon'ble apex court landmark decision settling the contours of section 263 revision direction in Malabar Industrial Co. Ltd. vs. CIT (2000) 243 ITR 83 (SC) concluded long back that it is not each and every action of the Assessing Officer which warrants section 263 revision interference; and, that too, not in a case wherein an assessing authority takes one of the two possible views. We keep in mind the same to observe that various recent judicial precedents i.e. (2025) 173 taxmann.com 592 (Guj.) Ravjibhai Becharbhai Dhamelia vs. ACIT; (2024) 160 taxmann.com 110 (Bom) PCIT Vs. Hitesh Mody (HUF), (2024) 160 taxmann.com 93 (Del) PCIT Vs. Forum Sales (P) Ltd.; (2025) 172 taxmann.com 283 (Bom) PCIT Vs. Kanak Impex (India) Ltd; (2025) 178 taxmann.com 424 (Del. – Trib.) DCIT Vs. Kohinoor Foods Ltd.; and (2025) 177 taxmann.com 836 (Delhi-trib.) DCIT Vs. Tirupati Matsup (P.) Ltd. have taken divergent opinion for allowing purchases based on documentary evidences in entirety, disallowing the same in totality

and also restricting such bogus purchases to a certain amount of the profit element embedded therein after considering N. K. Proteins (supra). We thus conclude in this factual backdrop that once the assessing authority herein had taken one of the two possible views in disallowing the assessee's purchases @ 12.5%, the same could neither be termed as an erroneous action nor that causing prejudice to the interest of the Revenue which have to be simultaneously satisfied as per their lordships' foregoing landmark decision. We thus reverse the learned PCIT's impugned section 263 revision direction in very terms. Ordered accordingly.

4. This assessee's appeal is allowed.

Order pronounced in the open court on 9th September, 2025

Sd/-
(MANISH AGARWAL)
ACCOUNTANT MEMBER

Sd/-
(SATBEER SINGH GODARA)
JUDICIAL MEMBER

Dated: 19th November, 2025.

RK/-

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar, ITAT, New Delhi