

**INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH "A": NEW DELHI
BEFORE SHRI C. N. PRASAD, JUDICIAL MEMBER
AND
SHRI M. BALAGANESH, ACCOUNTANT MEMBER**

ITA No. 2354/Del/2025
(Assessment Year: 2021-22)

Vinod Kumar Goyal, 231, Sector-11d, Faridabad 121 001	Vs.	NFAC, Assessment Unit, Delhi
(Appellant)		(Respondent)
PAN:ACGPG7686J		

Assessee by :	None
Revenue by:	Shri Ajay Kumar Arora, Sr. DR
Date of Hearing	16/09/2025
Date of pronouncement	10/12/2025

O R D E R

PER M. BALAGANESH, A. M.:

1. The appeal in ITA No.2354/Del/2025 for AY 2021-22, arises out of the order of the Id National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as 'Id. NFAC', in short] in Appeal No. ITBA/NFAC/S/250/2024-25/1074228293(1) dated 08.03.2025 against the order of assessment passed u/s 143(3) r.w.s. 144B of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated 31.12.2022 by the Assessing Officer, ITO, NFAC, Delhi (hereinafter referred to as 'Id. AO').
2. None appeared on behalf of the assessee. Notice of hearing sent to the assessee's address mentioned in Form 36 has been returned unserved with the postal remark "party left". Hence, we proceed to dispose of the appeal by hearing the Id DR and based on materials available on record.
3. The only issue to be decided in this is whether the Id CIT(A) was justified in confirming the addition made u/s 69C of the account of bogus purchase by estimating the profit @ 12.5% of value of purchases.

4. We have heard the Id DR and perused the materials available on record. The assessee is engaged in the business of Trading of iron and steel. The total purchase shown by the assessee in his profit and loss account was ₹8,26,85,437/-. The assessee for the year under consideration had declared gross loss @ 0.61% in its trading account, whereas he had declared gross profit @1.99 % in the immediately preceding assessment year. During the course of assessment proceedings, assessee was requested to substantiate the genuineness of the purchases made during the year. The assessee vide reply dated 08.02.2022 submitted the copy of ledger account in respect of sundry creditors and sundry debtors, stock register, purchase register, sales register, details of sundry debtors and details of sundry creditors. The assessee also furnished purchase invoices for the whole year commodity-wise and party-wise vide letter dated 21.12.2022. Notice u/s 133(6) of the Act stood issued to the suppliers of the assessee from whom purchases were made. These notices were not complied by the 3rd party suppliers. Accordingly, Id AO concluded that the purchases made by the assessee could not be considered as genuine and proceeded to bring to tax only the profit element embedded in the value of such purchases @12.5 % and addition to the extent of ₹1,03,35,679/-. (₹82685437 X 12.5%) was made on the pretext that assessee could not conclusively establish the delivery of goods by supporting documents. The assessee contended that all the purchases made are genuine and had been duly reflected in the audited books of account and payment to the suppliers were made through regular banking channels and the sales made out of such purchases were also reflected in the books of account and the sales had not been doubted by the revenue. However, Id CIT(A) without giving any independent finding dismissed the appeal of the assessee.

5. At the outset, we find that the addition on account of profit element embedded in the value of purchase had been sought to be added by the revenue in the instant case by invoking the provisions of section 69C of the Act. In our considered opinion, the provisions of section 69C of the Act, per se cannot be

applied at all as the purchase had been accounted already in the books of account of the assessee. The assessee on his part has furnished the complete details of purchase party-wise and commodity-wise, corresponding sales made out of purchase together with the purchase register, sales register and stock register, among other books of account. Admitted the books of account and other registers submitted by the assessee had not been rejected by the Id AO by invoking the provisions of section 145(3) of the Act. For the purpose of invoking Section 69C of the Act, the revenue should first bring on record that there is an expenditure which has been genuinely incurred by the assessee and assessee was not able to prove the source of such expenditure. In the instant case, the purchase recorded and reflected in the books of account of the assessee had been properly met out of various sources emanating from the books of account itself. The assessee had also furnished the bank statement before the revenue authority wherein the sufficient balance to make payment to its suppliers stood established. Hence, the source of incurrence of such expenditure on account of purchase is not doubted at all by the revenue in the instant case. Hence, the provision of Section 69C of the Act per se cannot be applied and addition made by the lower authorities deserves to be deleted on this limited count itself. Reliance in this regard is made on the decision of the coordinate bench of Delhi tribunal in the case of Garg Acrylics Ltd in ITA No. 2562/Del/2021 for AY 2011-12 dated 30.09.2024 wherein, it was held as under:-

"7. First of all, we find that the entire purchases made from these two concerns had been duly recorded in the books of accounts of the assessee company and payments made to them were through regular banking channels out of disclosed bank accounts of the assessee. The sources for making such payments are duly drawn from the books of accounts of the assessee and available bank balances. Once the purchase transactions are disclosed by the assessee and payments made thereon are out of disclosed sources, nothing there could be treated as unexplained to warrant an addition u/s 69C of the Act. It is not the case of the revenue that the assessee had made bogus purchases and hence the same would be liable for disallowance u/s 37 of the Act as not incurred for the purpose of business of the assessee company. Hence the addition made u/s 69C of the Act deserves to be deleted.

8. *Since the entire addition made u/s 69C of the Act cannot be sustained in the eyes of law, the other arguments advanced by the Id. AR on the validity of reopening and also on merits need not be gone into and they are left open."*
6. Hence Grounds raised by the assessee are allowed on this limited ground.
7. In the result, the appeal of the assessee is allowed.

Order pronounced in the open court on 10/12/2025.

-Sd/-

(C. N. PRASAD)
JUDICIAL MEMBER

-Sd/-

(M. BALAGANESH)
ACCOUNTANT MEMBER

Dated: 10/12/2025
A K Keot

Copy forwarded to

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

ASSISTANT REGISTRAR
ITAT, New Delhi