

IN THE INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCHES : C : NEW DELHI

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

ITA No.696/Del/2025  
Assessment Year : 2018-19

ACIT,  
Room No.220,  
CR Building, IPEstate,  
Delhi.

Vs. RMS Power Solutions Private  
Limited,  
Flat No.204, 4327/3,Ansari Road,  
Daryaganj,  
Delhi – 110 002.

PAN: AAGCR9827H

(Appellant)

(Respondent)

Assessee by : None  
Revenue by : Shri Om Parkash, Sr. DR  
Date of Hearing : 27.10.2025  
Date of Pronouncement : 23.12.2025

ORDER

PER VIMAL KUMAR, JM:

The appeal filed by the Revenue Department is against the order dated 29.11.2024 of the Id. Commissioner of Income-tax (Appeals), NFAC, Delhi, [hereinafter referred to as the Ld. CIT(A)] u/s 250 of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') arising out of the assessment order dated 16.03.2023 of the Id. AO, Assessment Unit, IT Department (hereinafter referred to as 'the Id. AO') u/s 147 r.w.s. 144B of the Act for Assessment Year 2018-19.

2. The brief facts of the case are that the assessee filed the return of income on 16.02.2019 declaring the total income at Rs.12,72,933/-. As per specific information, the assessee had carried out transactions during the Financial Year 2017-18 relevant to AY 2018-19 and had taken bogus/non-genuine accommodation entries in the form of bogus purchase and sale/income-tax credit from dummy companies like RCI Industries & Technologies Limited amounting to Rs.68,56,872/-. The case was reopened u/s 147 of the Act. Notice u/s 148 of the Act dated 30.03.2022 with prior approval of the competent authority was issued. In response to the notice u/s 148 of the Act, the assessee company filed return of income on 27.04.2022 declaring total income at Rs.12,72,932/-. The proceedings were transferred to the National Faceless Assessing Officer. The assessee was intimated, vide intimation dated 17.08.2022. The assessee was issued notice u/s 143(2) dated 14.10.2022. Then, notices u/s 142(1) dated 04.01.2023 and 17.02.2023 along with the questionnaire were issued. Show cause notice dated 24.02.2023 was issued. The assessee furnished reply and documents. On completion of proceedings, the ld. AO, vide order dated 16.03.2023, made addition of Rs.80,91,108/-.

3. Against this order of the ld. AO, the assessee filed appeal before the ld.CIT(A) which was partially allowed vide order dated 29.11.2024.

4. Being aggrieved, the appellant-Revenue has preferred the present appeal with the following ground:-

*“Whether on the facts and circumstances of the case, the Ld. CIT(A) has erred in restricting the addition of Rs.80,91,105/- to Rs.4,85,467/-, i.e., 6% of Rs.80,91,105/- despite the fact that the assessee has taken accommodation entry in form of bogus purchases from M/s RCI Industries & Technologies Ltd. as clearly established by the assessing officer in the assessment order.”*

5. The Id. Departmental Representative submitted that the Id.CIT(A) failed to consider the fact that the assessee had taken accommodation entry in the form of bogus purchases from RCI Industries & Technologies Ltd., as was established by the Id. AO. Reliance was placed on the decision in the case of ***Narender Kumar Gupta (2015) 55 taxmann.com 371 (P&H)*** wherein the Hon’ble Punjab & Haryana High Court held that the Tribunal cannot delete addition u/s 69C and estimate the income. Where the Assessing Officer made addition to assessee’s income u/s 69C in respect of bogus purchases, in view of failure of assessee to even prove existence of suppliers, the Tribunal could not delete impugned addition and direct Assessing Officer to assess income at net profit rate of 6 percent. The reliance was also placed on the following decisions:

- (i) N.K. Industries Ltd. (2016) 72 taxmann.com 289 (Guj)/(2017) 292 CTR 354 (Guj);
- (ii) Choksi Vachharaj Makanji & Co. (2016) 76 taxmann.com 17 (Guj)/(2016) 243 Taxman 465 (Guj);
- (iii) Shoreline Hotel (P) Ltd. (2018) 98 taxmann.com 234 (Bombay); &
- (iv) On the decision of the Hon’ble Supreme Court in the case SEBI vs. Kishore R Ajmera decided on 23.02.2016.

6. From examination of the record in the light of the abovesaid submissions, it is crystal clear that the Id.CIT(A) in para No.7 has observed as under:-

*“7. Decision*

*(i) I have gone through the material on record including the contents of assessment order, grounds of appeal with statement of facts filed by the appellant.*

*(ii) The various grounds subjectively taken by the assessee seems to suggest that the assessee is assailing the addition on account of bogus purchase allegedly amounting to Rs. 80,91,108/- framed by the AO during the course of assessment u/s 148 of the Act.*

*(iii) On going through the submissions filed by the assessee and the observations made by the AO during the course of assessment it is seen that the assessee is engaged in trading of cables engaged in buying and selling of cables during the course of business during the year*

*(iv) That the AO has found certain notable deficiency in the Purchase function of the assessee whose credibility was questionable and based on which the additions on account of purchase amounting to Rs 80,91,108/- was made considering the same as unexplained u/s 69C of the Act.*

*(v) That it is learnt that the AO has not pointed any infirmity in the Sales of the Assessee reported in the financial statements relating to goods found to have been part of unexplained purchases The assessee has provided details of sales and purchases which on examination is found to be undertaken through banking channels*

*(vi) Through the coordinated understanding of the factual matrix of the case it is found that the assessee was engaged in sale of goods the backup purchase of which was found to be unsubstantiated and unreliable. The notable deficiency pointed out by the AO is enough to construe that the assessee was engaged in the business of trading of cables where purchase was infected with the shady coverage of paper bills purchased from suspect sources with a view to suppress the profit derived from the business.*

*(vi) In view of the above and the judicial precedents surrounding the circumstances of the case, I am of the considered view that there has been a desire on the part of the assessee to suppress the profit from the business through paper bills purchased from external sources and have brought in attention the profit percentage derived by the assessee in earlier years ranging between 2- 3 % which cannot be said to be having the requisite credibility of acceptance and thus hold a profit percentage of 6% of the*

*sales considering the nature of business and the undisclosed cost of arranging the paper bills as a fair estimate amounting to Rs.6% of Rs 80,91,108 = Rs. 4,85,467/-, thereby sustain the addition to Rs 4,85,467/-, being the excess of estimated addition over the income offered during the course of filing of return.”*

7. From perusal of the above, it is evident that the ld. AO made addition amounting to Rs.80,91,108/- on account of bogus purchases. The ld. AO had found certain deficiencies in purchase function of the assessee whose credibility was questionable. The AO had not pointed out any infirmity in the sales of the assessee reported in financial statements relating to the goods found to have been part of the unexplained purchases. Therefore, the ld.CIT(A) held that addition of Rs.4,85,467/- being the excess of estimated addition over the income offered by filing return was just, fair and proper. In view of the above material facts, the ground of appeal being devoid of merit is untenable.

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

Order pronounced in the open court on 23.12.2025.

Sd/-

(S. RIFAUR RAHMAN)  
ACCOUNTANT MEMBER

Dated: 23<sup>rd</sup> December, 2025.

dk

Sd/-

(VIMAL KUMAR)  
JUDICIAL MEMBER

Copy forwarded to:

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

Asstt. Registrar, ITAT, New Delhi