

**INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH "E": NEW DELHI**

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

ITA No.5225/DEL/2025
Assessment Year 2021-22

Ram Avtar Gupta, L 10 New Mandoli Industrial Area, Delhi, New Delhi PIN: 1100 93 PAN No. AAACY1767B	Vs.	Commissioner of Income- Tax (Appeals). National Faceless Appeal Centre(NFAC), New Delhi
(Appellant)		(Respondent)

Assessee by:	N o n e
Department by:	Ms. Ankush Kalra,, Sr. DR
Date of Hearing:	22.12.2025
Date of pronouncement:	07.01.2026

ORDER

PER VIMAL KUMAR, JUDICIAL MEMBER:

The appeal filed by the assessee is against the order dated 22.07.2025 of Learned Commissioner of Income Tax (Appeals)/National Faceless Appeal Centre(NFAC), Delhi [hereinafter referred to as 'Ld. CIT(A)] under Section 250 of the Income-Tax Act, 1961 (hereinafter referred to as 'the Act') arising out of assessment order dated 29.12.2022 passed by the Ld. Assessing Officer/Assessment Unit under Section 143(3) r.w.s. 144B of the Act for AY 2021-22.

2. The assessee has pleaded following grounds:

“GROUND NO. 1: PROCEDURAL VIOLATION & DENIAL OF NATURAL JUSTICE

1.1. That the learned CIT(A) has erred in dismissing the appeal for non-prosecution without considering the exceptional circumstances faced by the appellant.

1.2. That the appellant was unable to participate in the appellate proceedings due to:

- COVID-19 pandemic and subsequent lockdowns
- Serious illness of the directors making business operations difficult
- Financial distress caused by the pandemic affecting business continuity
- GST department search conducted on 08.04.2021 where all business documents were seized.

1.3. That the CIT(A) failed to consider that the delay in filing submissions was not wilful but due to circumstances beyond the control of the appellant.

GROUND NO. 2: MISAPPLICATION OF LAW REGARDING BOGUS PURCHASES

2.1. That the learned AO has erred in treating the purchases as "bogus" merely because no payments were made to two specific parties.

2.2. That non-payment to creditors does not automatically make the purchases bogus, especially when:

- The business is capital-intensive with long debt collection periods
- Commercial prudence often requires managing creditor payments strategically

2.3. That the addition of entire purchase amount under Section 69C is incorrect when the purchases are genuine but payments are delayed due to business exigencies.

GROUND NO. 3: COVID-19 IMPACT & FINANCIAL HARDSHIP

3.1. That the appellant's business was severely affected by the COVID-19 pandemic resulting in:

- Significant reduction in turnover from Rs. 20,25,68,825/- (FY 2020-21) to Rs. 75,40,290/- (FY 2021-22)
- Cash flow problems preventing timely payment to creditors
- Inability to collect receivables from debtors

3.2. That the timing of purchases (July 2020 and March 2021) coincided with the peak COVID-19 period when business operations were severely disrupted.

GROUND NO. 4: INSUFFICIENT INVESTIGATION BY REVENUE

4.1. That the revenue authorities failed to conduct proper investigation to establish that the purchases were actually bogus.

4.2. That merely non-filing of ITR by suppliers and non-payment of dues cannot be the sole basis for treating purchases as bogus without examining the genuineness of transactions.

4.3. That the appellant had submitted bank statements, ledger accounts, and other documents during assessment proceedings which were not properly considered.

GROUND NO. 5: VIOLATION OF PRINCIPLES OF NATURAL JUSTICE

5.1. That the CIT(A) denied the appellant a fair hearing by not considering the genuine reasons for delay in filing submissions.

5.2. That the appellant should have been given adequate opportunity to present its case, especially considering the unprecedented circumstances of the pandemic.

GROUND NO. 6: REQUEST FOR TIME EXTENSION

6.1. That the appellant respectfully requests the Hon'ble Tribunal to grant a period of six months to clear the outstanding payments to creditors and demonstrate the genuineness of the transactions.

6.2. That this additional time will enable the appellant to:

- Regularize payments to the concerned parties
- Obtain confirmations from suppliers
- Collect all necessary documentary evidence
- Demonstrate the bona fide nature of the transactions.”

3. At the time of hearing, none appeared on behalf of appellant/assessee.

4. Learned Authorised Representative for the Revenue submitted that Ld. CIT(A) passed ex parte order.

5. From examination of record in light of above stated grounds of appeal and submissions of Learned Authorised Representative for Department, it is evident that Ld. CIT(A) has passed ex parte order. In view of the above material facts in the interest of justice, order of Ld. CIT(A) is set aside and matter is restored to the file of the Ld. CIT(A) for fresh decision in accordance with law after affording fair opportunity of hearing to the appellant/assessee.

6. In the result, the appeal of assessee is allowed for statistical purposes.

Order pronounced in the open court on 07/01/2026.

Sd/-

**(S RIFAUH RAHMAN)
ACCOUNTANT MEMBER**

Sd/-

**(VIMAL KUMAR)
JUDICIAL MEMBER**

Dated: 07 /01/2026
Mohan Lal

Copy forwarded to -

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

ASSISTANT REGISTRAR
ITAT, New Delhi