

IN THE INCOME TAX APPELLATE TRIBUNAL
(DELHI BENCH 'A' : NEW DELHI)

BEFORE SHRI MAHAVIR SINGH, HON'BLE VICE PRESIDENT
AND
SMT. RENU JAUHRI, HON'BLE ACCOUNTANT MEMBER

ITA No. 1491/Del/2022
Asstt. Year : 2014-15

PUSHPA SALUJA,
C/O MR. KANISHK RANA,
ADVOCATE,
B-8, SPRING LANE,
GREEN AVENUE, VASANT KUNJ,
NEW DELHI – 110 070
(PAN: ALOPP4728R)
(Appellant)

VS. ITO, WARD 45(4)
NEW DELHI

(Respondent)

Appellant by : Sh. Kanishk Rana, Adv. & Ms. Nisha
Bhardwaj, Adv.
Respondent by : Sh. Ajay Kumar Arora, Sr. DR

Date of Hearing	08.01.2026
Date of Pronouncement	08.01.2026

ORDER

PER MAHAVIR SINGH, VP:

This appeal by the assessee is arising from the order of the Ld. CIT(A)-15, New Delhi in appeal No. 322/16-17 dated 23.9.2019. Assessment was framed by the AO u/s. 143(3) of the Income Tax Act, 1961 dated 12.03.2024 relating to assessment year 2014-15.

2. At the outset, Id. Counsel for the assessee drew our attention to the judgment of the Hon'ble Delhi High Court in assessee's own case in ITA No. 281/2024 & CM No. 28759/2024 dated 15.4.2025 wherein, the Hon'ble Delhi High Court has given a specific direction that ITAT will examine whether the additions were made

u/s. 68 of the Act are sustainable or not and also to consider whether any allowance is required to be made for purchases in the event it is held that the same is sundry creditors as reflected by the assessee in the books of accounts and had not supplied the goods on credit. Relevant directions given in para 13 of the judgment in the said case, are as under:-

“13. In view of the above, we set aside the impugned order and remand the matter to learned ITAT to consider afresh. The learned ITAT will examine whether the additions were made under Section 68 of the Act as held by the learned CIT(A) and if so whether the same are sustainable. The learned ITAT shall also consider the question whether any allowance is required to be made for purchases in the event it is held that the sundry creditors as reflected by the assessee in the books, had not supplied the goods on credit.”

3. In view of the above directions, Ld. Counsel for the assessee took us through the assessment order and stated that the AO has doubted the bogus purchases amounting to RS. 55,54,382/-. Ld. Counsel for the assessee has filed complete details including confirmations from sundry creditors, which are in dispute namely Ambey Farbric, Dabur Exclusive, Meenu Fashions and Unique creations. The AO require the assessee to produce these creditors as he was having suspicion about the genuineness of these creditors. The assessee produced the complete confirmations, bills and vouchers of purchase. The assessee also produced Shri Ritesh Kukreja of M/s Dabur Exclusives who denied having any transaction with the assessee and the relevant statement of Sh. Ritesh Kukreja is reproduced in the assessment order. The AO noted that assessee failed to produce the other sundry creditors and hence, according to him the above stated sundry creditors are bogus and accordingly he treated this amount as bogus purchases amounting to Rs. 55,54,382/. Aggrieved, assessee preferred the appeal before the Ld. CIT(A).

4. Ld. CIT(A) relying on his predecessor's orders for assessment years 2012-13 and 2013-14 confirmed the additions vide para no. 4.7 as under:-

“4.7 Therefore, in the light of the present set of facts and circumstances of the case it is inferred that the appellant had largely failed on all accounts, as and when it comes to establishing the creditworthiness of the third party to whom the various amounts were recorded as payable in the books of accounts. It is further notice from para 4.3 of the order of the AO that the assessee is having a history of bogus purchases. (a) in AY 2012-13, the order u/s. 143(3) of the Act was passed and an addition of RS. 36,24,768/- on account of bogus purchases was made which was confirmed by me predecessor the Ld. CIT(A)-XV, New Delhi vide order dated 21.7.2016. (b) in AY 2013-14 the assessment u/s. 143(3) of the Act was made an addition of RS. 8,12,560/- on account of bogus purchase was made. The said additions were also confirmed by the CIT(A)-XV, New Delhi (as submitted by the AR vide order sheet entry dated 17.01.2018).

The history of the case and the enquiries and investigations carried out by the AO detailed in para 4.4 to 4.7 of his order clearly do not inspire confidence as being genuine and are shrouded in mystery, as to why the so-called creditors, were not produced for verification and the purchases remained unverified. In the absence of the same, the creditors fail the test of creditworthiness and the transactions fail the test of genuineness. Therefore, considering the facts and circumstances of the case, I do not find any reason to interfere with the findings of the AO and accordingly, the addition of Rs. 55,54,382/- made by the AO while disallowing the sundry creditors as genuine, is hereby confirmed.”

5. Aggrieved, assessee is in appeal before the Tribunal. Before us, Ld. Counsel for the assessee stated that all the sundry creditors are genuine as the assessee has produced complete bills and vouchers and the only party who denied the transaction i.e. namely Ritesh Kukreja, Proprietor of Dabur Exclusives, nor any opportunity of cross examination was provided to the assessee. Ld. Counsel for the assessee stated that the entire purchases are booked in books of accounts and he has produced the complete bills, vouchers before the AO which can be verified. He also produced

the evidence in the shape of ledger accounts of these parties in its paper book. On the question of directions of the Hon'ble Delhi High Court, he stated that these additions cannot be made u/s. 68 of the Act because in case these are treated as bogus purchases only deduction in respect of purchases can be disallowed from trading results. He argued that the entire purchases are genuine and the additions made is without any basis. As regards one party i.e. Rish Kukreja, Dabur Exclusives, he is ready to examine in case an opportunity is being provided.

6. On the other hand, Ld. Sr. DR relied on the orders of the authorities below and argued that assessee is a habitual in taking bogus bills and similar additions of bogus purchases were made in earlier years AY 2012-13 and 2013-14 and on that basis this year addition be confirmed.

7. We have heard the rival contentions and gone through the facts and circumstances of the case. We noted that Hon'ble Delhi High Court has categorically given a direction whether these additions can be made u/s. 68 of the Act, we are of the view that this is a case of disallowance of purchase and in case disallowance of purchases can be sustained, thus cannot be added u/s. 68 of the Act. At the best, this can be deducted from trading account. However, another direction of Hon'ble Delhi High Court is that whether any allowance is required to be made for purchases in the event it is held that the sundry creditors as reflected by the Assessee in the books had not supplied the goods on credit. We are of the view that the assessee has explained the purchases by filing bills and vouchers of purchases and entire purchases are recorded in the books of accounts. As apprehension was casted by the AO that these are not genuine on the basis of the statement of one of the creditor namely Sh. Ritesh Kukreja, that creates suspicion. However, it is also a fact that the revenue has not allowed opportunity of cross examination of this creditor to the assessee. In the entirety of facts and the matter of fact that this matter has travelled upto Hon'ble High Court and this is a second round, we feel that a balanced approach of estimating the profit at bogus purchases will meet the end of justice. The assessee is engaged in garment manufacturing and

trading and going by the nature of business, we are of the view that the disallowance of @10% by estimating the same as profit on the above bogus purchases will meet the end of justice. The reasons for this is that the sales are already accepted by the AO and the Ld. CIT(A). Once this is a fact that sales are accepted, there is no alternative except to estimate the profit. Accordingly, we direct the AO to estimate the profit @10% on the above bogus purchases and assess the income accordingly.

8. In the result, the Assessee's appeal is partly allowed.

Order pronounced in the Open Court on 08.01.2026.

Sd/-
(RENU JAUHRI)
ACCOUNTANT MEMBER
Date: 13.01.2026

SD/-
(MAHAVIR SINGH)
VICE PRESIDENT

SRBhatnagar

Copy forwarded to: -

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

TRUE COPY

By Order,

Assistant Registrar, ITAT, Delhi Bench