

आयकर अपीलीय अधिकरण, सूरत न्यायपीठ, सूरत ।
IN THE INCOME TAX APPELLATE TRIBUNAL
SURAT 'SMC' BENCH, SURAT
[conducted through Hybrid mode at Ahmedabad Bench]

श्री संजय गर्ग, न्यायिक सदस्य एवं
श्री नरेन्द्र प्रसाद सिन्हा लेखक सदस्य के समक्ष।

Before Shri Sanjay Garg, Judicial Member And
Shri Narendra Prasad Sinha, Accountant Member

आयकर अपील सं./ITA No.860/SRT/2025
निर्धारण वर्ष /Assessment Year : 2018-19

Siddheshwar Gems Plot No.263 First Floor Gayatrinagar Housing Society Nr. Rachna Soc. L.H. Road Kapodra, Surat - 395 006	<u>बनाम</u> / <u>v/s.</u>	The ITO Ward-3(3)(1) Surat - 395 001
स्थायी लेखा सं./PAN: ACTFS 1753 M		

(अपीलार्थी/ Appellant)		(प्रत्यर्थी/ Respondent)
------------------------	--	--------------------------

Assessee by :	Shri P.M. Jagasheth, CA
Revenue by :	Shri Ajay Uke, Sr.DR

सुनवाई की तारीख/Date of Hearing : 10/12/2025
घोषणा की तारीख /Date of Pronouncement: 09/03/2026

आदेश/ORDER

Per Sanjay Garg, Judicial Member:

The present appeal has been preferred by the assessee against the order of the Learned Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as 'CIT(A)'] dated 20/06/2025 passed u/s.250 of the Income Tax Act, 1961 (hereinafter referred to as 'the Act') for the Assessment Years (AYs) 2018-19.

2. The assessee, in this appeal, has raised the following grounds of appeal:

"1. On the facts and in the circumstances of the case as well as law on the subject, the learned commissioner of the Income Tax (Appeals) has erred in confirming the action of the assessing officer in re-opening the assessment u/s.147 of the Act and issuing notice u/s. 148 of the Income Tax Act.

2. On the facts and in the circumstances of the case as well as the law on the subject, the learned Commissioner of the Income Tax (Appeals) has erred in confirming the action of the Assessing Officer in making addition of Rs.22,85,010/- on account of alleged unverified purchases treated alleged as unexplained credit u/s.68 rws.115BBE of the Income Tax Act, 1961.

3. On the facts and in the circumstances of the case as well as the law on the subject, the learned Commissioner of the Income Tax (Appeals) has erred in confirming the action of the Assessing Officer in initiating penalty proceedings u/s. 271AAC(1) of the Income Tax Act, 1961.

4. On the facts and in the circumstances of the case as well as the law on the subject, the learned Commissioner of the Income Tax (Appeals) has without considered submission and passed ex-parte order and hence the case may please be set aside and restored back to the CIT(A) or AO for sake of the interest of natural justice.

5. It is therefore prayed that the above addition may please be deleted as learned members of the tribunal may deem it proper.

6. Appellant craves leave to add, alter or delete any ground(s) either before or in the course of the hearing of the appeal."

3. The brief facts of the case are that the assessee has filed his return of income on 17/10/2018 of Rs.84,780/- for the year under consideration. As per information through Insight Portal of the Department in respect of enquiry conducted by Investigation Wing for the Financial Year (FY) 2017-18 relevant to AY 2018-19, the assessee had entered into transactions of Rs.22,85,010/- with M/s.Namo Diamonds Pvt.Ltd., who was allegedly engaged in bogus purchase/sale transactions during the FY 2017-18 relevant

to AY 2018-19. The Assessing Officer (AO) reopened the assessment of the assessee u/s.147 of the Act and finally, determined the total income of the assessee at Rs.23,69,790/- making the addition of Rs.22,85,010/- on account of alleged fictitious purchases from M/s.Namo Diamonds Pvt.Ltd.

4. Aggrieved order of the AO, the assessee preferred the appeal before the Ld. CIT(A). The Ld. CIT(A) confirmed the additions, so made by the AO.

5. We have heard the rival contentions of the Ld. Representatives of the parties and gone through the record. At the outset, the Ld. Counsel for the assessee has submitted that, in this case, the AO had made the impugned additions merely on the basis of submissions without verifying the records observing that the assessee had made bogus purchases from M/s.Namo Diamonds Pvt. Ltd. He has further demonstrated that, in fact, the assessee did not make the alleged purchases. The assessee, in fact, had made sales of the said amount and the profit earned thereupon was duly offered for taxation in the return of income.

6. We note that in this case, the AO had made the impugned addition without application of mind and without correlating the information on Insight Portal with the Income-tax return of the assessee. The AO had made the addition on account of bogus purchases, whereas, the assessee, in fact, had not made any such purchases. The profit element earned on the sales has already been offered for taxation. Therefore, the impugned additions made by the AO are not legally sustainable and the same are, accordingly, ordered to be deleted.

7. In the result, the appeal of the assessee stands allowed.

Order pronounced in the Open Court on 09/03/2026.

**Sd/-
(Narendra Prasad Sinha)
Accountant Member**

**Sd/-
(Sanjay Garg)
Judicial Member**

अहमदाबाद / Ahmedabad, दिनांक / Dated 09/03/2026

टी. सी. नायर, व. नि. स. / T.C. NAIR, Sr. PS

आदेश की प्रतिलिपि अग्रेषित / Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. संबंधित आयकर आयुक्त / Concerned CIT
4. आयकर आयुक्त (अपील) / The CIT(A) -
5. विभागीय प्रतिनिधि, आयकर अपीलीय अधिकरण, सूरत / AR, ITAT, Surat / Ahmedabad.
6. गार्ड फाईल / Guard file.

आदेशानुसार / BY ORDER,

सत्यापित प्रति // True Copy //

सहायक पंजीकार (Asstt. Registrar)
आयकर अपीलीय अधिकरण, ITAT, Surat / Ahmedabad