

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

BEFORE SHRI R.S. SYAL, AM & MS SUCHITRA KAMBLE, JM

ITA No.8/Del/2014
Assessment Year : 2009-10

DCIT,
Circle 22(1),
New Delhi.

Vs. System & Telecom Services,
A-33, Flatted Factory,
Okhla Estate, Phase-III,
New Delhi.

PAN: ABDFS8799J

(Appellant)

(Respondent)

Assessee By : None
Department By : Smt. Anima Barnwal, Sr. DR

Date of Hearing : 18.05.2016
Date of Pronouncement : 18.05.2016

ORDER

PER R.S. SYAL, AM:

This appeal by the Revenue arises out of the order passed by the CIT(A) on 17.10.2013 in relation to the assessment year 2009-10.

2. We have heard the ld. DR and perused the relevant material on record. There is no appearance from the side of the assessee despite notice. As such, we are proceeding to decide this appeal *ex parte qua* the assessee.

3. The only issue raised by the Revenue is against the deletion of addition of Rs.38,63,165/- made on account of trade creditors. Succinctly, the fact of the case are that the assessee is engaged in setting up of BTS sites, mainly involved in the civil work apart from electrical work for the setting up of mobile tower sites. It filed its return declaring income of Rs.21,80,990/-. Total creditors amounting to Rs.38,63,165/- were shown in the books of account. Since the assessee could not produce the creditors as directed by the AO, the addition was made. The Id. CIT(A) deleted the addition.

4. Having regard to the facts of the instant case, it is noticed that the creditors of Rs.38,63,165/- are trade creditors. All the purchases made by the assessee have been accepted by the AO inasmuch as there is no disallowance of any purchase. The AO has accepted the returned income as declared and the only addition made is for sundry creditors of Rs.38.63 lac. This shows that all the items of Trading and Profit & Loss Account have been accepted by the AO as genuine. Once the purchases have been accepted as *bona fide*, there cannot be any question of making addition u/s 68 of the Act on account of trade creditors emanating from such purchases.

The obvious reason is that the sundry creditors are credit entry of purchases, which are the debit entry. Once purchases have been accepted, the trade creditors have also to be accepted.

5. On merits, we find that the case was initially being assessed to tax by ACIT, Circle 22(1) who issued a questionnaire u/s 142(1) dated 15.7.2011. Thereafter, the case was transferred to ITO, Ward 22(3) on 17.10.2011. The assessee submitted ledger account of all the trade creditors along with purchase bills of major trade creditors, namely, M/s Harman Electric Co., M/s Jalani Enterprises, M/s S.R. Traders, M/s Sharma Electricals and M/s Mittal Iron Stores. The AO did not consider it expedient to carry out any further inquiries to verify the veracity of these creditors. Under such circumstances, there can be no question of treating the trade creditors as bogus and non-genuine, calling for an addition u/s 68 of the Act.

6. In the ultimate analysis, we uphold the impugned order.

7. In the result, the appeal is dismissed.

The order pronounced in the open court on 18.05.2016.

Sd/-

Sd/-

[SUCHITRA KAMBLE]
JUDICIAL MEMBER

[R.S. SYAL]
ACCOUNTANT MEMBER

Dated, 18th May, 2016.

dk

Copy forwarded to:

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

AR, ITAT, NEW DELHI.