Form J(2)

In The High Court at Calcutta

Special Jurisdiction (Income Tax)
Original Side

Reserved on : 18.09.2026
Pronounced On : 22.09.2026

Coram:- ***The Hon'ble Justice Rajarshi Bharadwaj***

&

The Hon'ble Justice Sudip Deb

ITAT 174 of 2026
GA 2 of 2026

Principal Commissioner of Income Tax-13, Kolkata
... ... Appellant

- Vs –
-

Utkarsh Rai
... ... Respondent

Present :-

Mr. Prithu Dudhoria, Adv.
Ms. Sukanya Duta, Adv.

... ... for the Appellant

Rajarshi Bharadwaj, J :-

1. This appeal under Section 260A of the Income-tax Act, 1961, is directed against the order dated 9 August 2024 passed by the Income Tax Appellate Tribunal, Kolkata Bench, in I.T.A. No. 1277/Kol/2023 relating to the assessment year 2020–21.

2. The appellant herein being the Principal Commissioner of Income Tax-13, Kolkata proposed three (03) substantial question of law which are as under:

a) *Whether in facts and in the circumstances of the case the Ld. Income Tax Appellate Tribunal was not justified in law in quashing the order of CIT(A) without considering the circumstantial evidence brought on record by the Assessing Officer regarding the Vendors/Parties from whom the impugned Purchases were made whose business were not related to the business carrying out by the assessee?*

b) *Whether in facts and in the circumstances of the case the Ld. Income Tax Appellate Tribunal was not justified in law in quashing the order of CIT(A) without considering the circumstantial evidence brought on record by the Assesing Officer, regarding the Vendors/parties from whom the impugned Purchases were made whose various business details e.g. GST returns, delivery conformations with respect to the impugned purchases etc. were found fabricated by the Assessing Officer during the assessment proceedings ?*

c) *Whether in facts and in the circumstances of the case the Ld. Income Tax Appellate Tribunal was not justified in law in determining the*

> *Gross Profit rate @ 0.15% where the Assessing Officer has proved the corresponding purchases as bogus as held in the assessment order as well as the appellate order of CIT(A)?*

3. The respondent-assessee is an individual carrying on the business of dealing in bullion through his proprietorship concern, namely, M/s. Shewpujan Rai Indrasen Rai and Grandsons.

4. During the assessment proceedings, the Assessing Officer treated purchases amounting to Rs.85,13,92,096/- as bogus and made an addition under Section 69C of the Act. The addition was principally founded on the grounds that the concerned vendors had not filed their income-tax returns, their business activities were allegedly unrelated to the assessee's business, the notices issued under Section 133(6) of the Act were not complied with, and certain discrepancies were noticed in the documents and bank transactions though the assessee before the assessing officer submitted that the purchases were duly supported by purchase invoices, ledger accounts, confirmations, banking transactions, GST records, stock registers and other documents. It was further noticed that the corresponding sales had not been disputed and that, in the bullion trade, the profit margin was ordinarily very low.

5. The learned Commissioner of Income-tax (Appeals) confirmed the addition. On further appeal, however, the learned Tribunal examined the material on record and found, inter alia, that:

a) the assessee was engaged in the trading of bullion;
b) the corresponding sales and closing stock had not been rejected or disputed;
c) the payments to the vendors had been made through banking channels;
d) the transactions were reflected in the GST records during the relevant period;
e) the assessee had maintained stock records showing the movement of goods;
f) and the gross-profit rate disclosed by the assessee was consistent with the nature of the bullion business.

6. The learned Tribunal consequently held that the entire purchases could not be treated as bogus merely because the vendors subsequently failed to file income-tax returns, cancelled their GST registrations, or were allegedly engaged in a different line of business. At the same time, taking into consideration the discrepancies noticed by the Assessing Officer, the Tribunal directed that the gross-profit rate in respect of the disputed purchases be taken at 0.15%.

7. We have heard learned counsel for the appellant and considered the materials placed before us.

8. The findings recorded by the learned Tribunal are findings of fact based upon an appreciation of the evidence placed before the Assessing Officer and the appellate authorities. The Tribunal took note of the allegations made by the

Assessing Officer and also considered the documents relied upon by the assessee, including the purchase invoices, confirmations, bank statements, GST records and stock register.

9. The Tribunal also considered the peculiar nature of the assessee's business. The assessee was trading in bullion, where the purchase and sale prices are largely governed by prevailing market rates and the profit margin is ordinarily narrow. The Tribunal found that the corresponding sales had not been disputed and that treating the entire purchases as bogus would result in an unrealistic and commercially incongruous gross-profit rate.

10. The Revenue has not been able to demonstrate that the findings of the Tribunal are perverse, that they are based on no evidence, or that any material piece of evidence has been ignored in a manner giving rise to a substantial question of law. The mere fact that the Assessing Officer or the Commissioner of Income-tax (Appeals) had taken a different view of the evidence does not justify interference under Section 260A of the Act.

11. The question whether the vendors were genuine, whether the documents produced by the assessee were sufficient to establish the purchases, and what gross-profit rate should reasonably be applied are essentially questions of fact in the circumstances of the present case. The determination of the gross-profit rate at 0.15% was made by the Tribunal after considering the nature of the bullion trade, the assessee's disclosed profit margins and the materials on record.

12. No question of law, much less a substantial question of law, arises for consideration in this appeal.

13. Accordingly, the appeal is dismissed.

14. The application being G.A. No. 2 of 2026 is also disposed of.

15. There shall be no order as to costs.

16. Urgent photostat certified copy of this order, if applied for, be supplied to the parties upon compliance with all requisite formalities.

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(Rajarshi Bharadwaj, J)

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(Sudip Deb, J)