

IN THE INCOME TAX APPELLATE TRIBUNAL
“B” BENCH, CHANDIGARH

HYBRID HEARING

**BEFORE HON’BLE SHRI RAJPAL YADAV, VICE PRESIDENT
AND
HON’BLE SHRI MANOJ KUMAR AGGARWAL, AM**

- 1. आयकरअपीलसं./ ITA No.445/CHANDI/2024
(निर्धारणवर्ष / Assessment Year: 2020-21)
&
2. आयकरअपीलसं./ ITA No.437/CHANDI/2024
(निर्धारणवर्ष / Assessment Year: 2021-22)**

ITO Ward - 3 Aaykar Bhawan, Sector-17, Huda, Jagadhari, Haryana – 135003	<u>बनाम/</u> Vs.	Raman Kohli C/o Rama Rolling & General Mills Old Ambala Road Opp. Hindu Girls College Jagadhari (Haryana) - 135003
स्थायीलेखासं./जीआइआरसं./PAN/GIR No. ACTPK-8263-A		
(अपीलार्थी/ Appellant)	:	(प्रत्यर्थी / Respondent)

Assessee by	:	Ms. Ekta Kumari (Advocate), Ms. Mehak Dhiman (Advocate), Sh. B.M. Monga (Advocate)&Sh. Rohit Kaura (Advocate) – Ld. ARs
Revenue by	:	Sh. Bharat Bhushan Garg (CIT) – Ld. DR (Virtual Mode)

सुनवाईकीतारीख/ Date of Hearing	:	10-11-2025
घोषणाकीतारीख / Date of Pronouncement	:	13-01-2026

आदेश / O R D E R

Manoj Kumar Aggarwal (Accountant Member)

1. Aforesaid appeals by revenue for Assessment Years 2020-21 & 2021-22 have been preferred on identical facts and issues. First, we

take up appeal for AY 2020-21 which arises out of an order of Ld. Commissioner of Income Tax (Appeals), NFAC [CIT(A)] dated 21-02-2024 in the matter of an assessment framed by Ld. AO u/s 143(3) r.w.s. 144B of the Act on 23-09-2022. The registry has noted delay of one day in the appeal which stands condoned. The grounds of appeal reads as under: -

1. Whether on facts and circumstances of the case, Ld. CIT(A)/NFAC was justified in deleting the addition of Rs. 10,15,06,765/- made by the AO on account of unverified/unexplained purchases not appreciating that the case had been selected from scrutiny on the ground that as per information available with the department, the assessee had made substantial purchases from such suppliers who were either Non filers or had filed non business ITRs or had shown substantially lower turnover in their ITRs as compared to turnover shown in GSTR-1 return. Hence the genuineness of expenses related to these parties was to be verified. Ld. CIT(A) has deleted the addition in the absence of any verification made from these parties /any confirmation made by these parties.
2. Whether on facts and circumstances of the case, Ld. CIT(A)/NFAC was justified in holding 100% of the purchases to be genuine ignoring the fact that only two parties replied, had responded to notices u/s 133(6) of the Act but did not furnish complete details and one of the parties did not reply. Hence the identity of these parties and the genuineness of the transactions had not been established (Total purchases Rs. 1,90,87,113/-).
3. Whether on facts and circumstances of the case, Ld. CIT(A)/NFAC was justified in holding 100% of the purchases to be genuine ignoring the fact that it was duly conveyed to the assessee that parties pertaining to the purchases of Rs. 8,24,19,652/- did not have email IDs and did not file their returns of income. Under these circumstances, the onus lay upon the assessee to produce these parties or to furnish requisite confirmations from these parties verifying the sales made by them to the assessee. The assessee never discharged this onus.
4. Whether on facts and circumstances of the case, Ld. CIT(A)/NFAC was justified in passing a cryptic and non-speaking order in which no names of the specific sellers which were found to be genuine have been mentioned by him nor the details furnished in respect each seller by the assessee on the basis of which the sales were accepted as genuine have been mentioned.

5. Whether on facts and circumstances of the case, Ld. CIT(A)/NFAC was justified in deleting the addition made by the AO at Rs. 10,15,06,765/- on account of non-genuine purchase on the ground that the sales aspect has not been questioned by the AO.

6. Whether on fact and circumstances of the case, the Ld. CIT(A)/NFAC was justified in deleting the addition made by the AO at Rs. 10,15,06,765/- on account of non-genuine purchases as the vendors had failed to provide the relevant details as called for by the AO.

7. It is prayed that the order of the Ld. CIT(A) be set-aside and that of the AO be restored.

2. The Ld. CIT-DR advanced arguments supporting the assessment order whereas Ld. AR advanced arguments and drew attention to the supporting documents which are placed on record. Having heard rival submission and upon perusal of case records, the appeal is disposed-off as under.

Assessment Proceedings

3.1 From assessment order, it emerges that the assessee is engaged in manufacturing and trading of non-ferrous metals under its proprietorship concern M/s Rama Rolling and General Mills. For this year, the assessee filed regular return of income declaring income of Rs.10.29 Lacs which was subjected to scrutiny assessment proceedings. During the course of assessment proceedings, Ld. AO doubted the purchases made by the assessee for Rs.842.19 Lacs from 6 parties which are tabulated on Page Nos. 8 and 9 of the assessment orders. The reason was that these persons did not file their respective Income-tax returns and they did not possess valid email ids.

3.2 The assessee also made purchases of Rs.128.61 Lacs from Ish Rolling Mills to whom notice u/s 133(6) was issued by Ld. AO. Shri Ankush Kohli of that firm could not provide the requisite details as called for by Ld. AO. Similarly, the Assessee made purchases of Rs.62.25 Lacs from Shri Balaji Metal to whom similar notice was issued but the requisite details as called for by Ld. AO were not supplied by that firm. The Ld. AO alleged that the assessee failed to substantiate the purchases. Finally, aggregate purchases of Rs.1015.06 Lacs were added to the income of the assessee as alleged bogus purchases.

Appellate Proceedings

4.1 During first appeal, the assessee assailed the action of Ld. AO by way of elaborate written submissions and referred to various case laws on the issue of alleged bogus purchases. After due consideration of the same, Ld. CIT(A) made pertinent observations in the impugned order.

4.2 The assessee pointed out that it filed detailed replies to Ld. AO on various dates along with sufficient documentary evidences to substantiate these purchases. The same were simply ignored by Ld. AO. Further, the purchases were in regular course of business with suppliers which were having PAN, Bank Account and GST registration to conduct the business. All the payments to the suppliers were through banking channels. The assessee discharged its onus by filing detailed documentation along with point-wise replies and therefore, the action of Ld. AO in making the addition was not justified.

4.3 The Ld. CIT(A), *inter-alia*, concurred that Ld. AO did not allege any collusion between the suppliers and assessee. There was no allegation that the funds were routed back or the delivery of goods had not happened. The Assessee would have no control over the suppliers to provide the required documents/ details as called for by Ld. AO. The Ld. AO ignored the quantitative details and did not point out any defect in the purchase or sale as carried out by the assessee. The sales were accepted and therefore, purchases could not be disallowed. The AO disallowed purchases of Rs.10.15 Crores out of total purchases of Rs.14.99 Crores which resulted into substantial disallowance of purchases of more than 40%. However, the sales were not questioned by Ld. AO. Without purchases, there could not be any sales. Further, disallowance has been made only because certain parties have not responded to the notices as issued by Ld. AO and also merely because the suppliers did not have email Ids or did not file their respective Income Tax Returns. No case was made out that the parties have not undertaken the transactions with the Assessee. The assessee duly discharged its onus by providing complete details of purchases. Therefore, the disallowance was on assumptions rather on concrete evidences. On these facts, the impugned addition as made by Ld. AO was deleted. Aggrieved, the revenue is in further appeal before us.

Our findings and Adjudication

5. From the facts, it emerges that the assessee is engaged in manufacturing and trading of non-ferrous metal. It is quite logical that

without purchases, there could not be any sales. The sales turnover of the assessee has duly been accepted by Ld. AO. Merely because few of the suppliers have not filed their Income tax returns or the fact that they did not have any valid email Ids, the purchases could not be disallowed. In two cases, the purchases have been doubted merely because in response to notices u/s 133(6), requisite details were not filed by these two parties. However, none of the parties is found to be non-existent. The assessee would have no control over third party suppliers. When the transactions have been carried out, all the suppliers were having valid PAN, GST registrations and Bank Account. All the payments to the suppliers are through banking channels only. The assessee duly substantiated these purchases before Ld. AO by filing various documentary evidences which include purchase invoices. Ledger extracts and GST registration details of all the suppliers. The copies of bank statement would reveal that all the payments by the assessee are through banking channels only. The assessee has maintained quantitative details and no defect has been pointed out in the books of the assessee. The Ld. AO has made substantial disallowance of purchases which is more than 40% of total purchases as made by the assessee. The financial results of the assessee, for this year, are in line with financial results of earlier years and no abnormality could be noticed in the same. The Net Profit Rate for this year is not abnormally low. Considering all these facts, the adjudication of Ld. CIT(A) could not be faulted with. We order so. The appeal of the revenue stand dismissed.

6. It is admitted position that the facts in AY 2021-22 are pari-materia the same. The Ld. AO, on similar facts, disallowed purchases of Rs.11.66 Crores which has been deleted by Ld. CIT(A) on similar logic and reasoning. This being so, our adjudication as above shall *mutatis mutandis* apply to this appeal also. This appeal also stand dismissed.

7. In the result, both the appeals stand dismissed.

Order pronounced on 13-01-2026.

-Sd-
(RAJPAL YADAV)
VICE PRESIDENT

-Sd-
(MANOJ KUMAR AGGARWAL)
ACCOUNTANT MEMBER

Dated:

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

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF

ASSISTANT REGISTRAR

ITAT CHANDIGARH