

## **ITAT disallows 25% of the Bogus Purchase Amount in the case where Sales are Genuine:**

### **Sumer Chand Jain (ITA No.9702/Del/2019)**

#### **Facts:**

1. The assessee was required to prove the genuineness of the transaction of bogus purchases from five alleged bogus parties. The assessee contended that when he has made export of goods, then definitely he had made purchases for export. Without purchases it is not possible to export the same.
2. The Ld. AO relying on the decision of Hon'ble Gujarat High Court in M/s. Vijay Protein Limited vs. CIT 58 taxmann.com 44 (SLP filed by the Department dismissed by the Hon'ble Supreme Court) and in Sanjay Oil Cake Industries vs. CIT (2009) 316 ITR 274 (Guj.) disallowed 25% of alleged bogus purchase amount on account of inflation of purchase price which he added to the income of the assessee.

#### **ITAT Delhi held as below:**

1. The finding of the Ld. AO/CIT(A) is that the assessee did purchase goods without bills from some other suppliers otherwise sales could not be effected and that he has been benefitted by providing margin of grey market.
2. It was in this backdrop that the Ld. AO/CIT(A) instead of treating the entire impugned purchases as bogus and adding the same to the income of the assessee restricted the addition to 25% of such purchases following the decision in Vijay Protein Ltd.
3. In the result, appeal of the assessee is dismissed.