

IN THE INCOME TAX APPELLATE TRIBUNAL
"SMC" BENCH, MUMBAI
BEFORE SHRI SHAMIM YAHYA, ACCOUNTANT MEMBER

ITA no.2086/Mum/2017
(Assessment Year: 2009-10)

M/s. Scrubex Abrasives
34, Sidhpura Co-Op Industrial Estate,
Gaiwadi Road,
Goregaon (W)
Mumbai – 400 062
PAN: ABIFS5047C

..... Appellant

v/s

ITO 24 (3)(4),
IT Offices, C-11, Pratyakhskar Bhavan
BKC, Bandra (E)
Mumbai – 400 051

..... Respondent

Assessee by : Ms. Neha Paranjpe
Revenue by : Shri. Sumit Kumar

Date of Hearing –31.05.2017

Date of Order - 01.06.2017

ORDER

PER: SHAMIM YAHYA

In this appeal by the assessee, assessee is aggrieved for the 100% disallowance of bogus purchase of Rs.4,63,190/-.

2. I have heard both the counsel and perused the records. I find that hundred percent disallowance of bogus purchase has been made in this case on account of information that the suppliers were providing bogus purchase bills. I note that the sales have not been doubted. It is settled law that when the sales have not been doubted the

corresponding purchase cannot be held to be in entirely bogus. Such practices indicate purchasing through the grey market which entails savings to the assessee on account of saving in taxes and others at the expense of the exchequer. In similar circumstances honourable Gujarat High Court in the case of Sumit P Sheth has upheld disallowance of 12.5% of the bogus purchases. Learned counsel of the assessee fairly agreed for a disallowance of 12.5% of the bogus purchases.

3. Accordingly in the background of aforesaid discussion I modify the order of learned CIT-A. I hold that 12.5% disallowance from the bogus purchases would meet the end of justice.

4. In the result these appeal by the assessee stand partly allowed.

Order pronounced in the Open Court on 01.06.2017

**Sd/-
SHAMIM YAHYA
ACCOUNTANT MEMBER**

MUMBAI, DATED: 01.06.2017

Copy of the order forwarded to:

- (1) The Assessee;
- (2) The Revenue;
- (3) The CIT(A);
- (4) The CIT, Mumbai City concerned;
- (5) The DR, ITAT, Mumbai;
- (6) Guard file.

By Order

Karuna
Sr. Private Secretary

(Dy./Asstt.Registrar)
ITAT, Mumbai