

**IN THE INCOME TAX APPELLATE TRIBUNAL  
(DELHI BENCH “SMC” : NEW DELHI)**

BEFORE SHRI MAHAVIR SINGH, HON’BLE VICE PRESIDENT

ITA No. 5251/Del/2025

Asstt. Year : 2018-19

Jain Brothers,  
7359, Aram Nagar,  
Delhi – 110 055  
**(PAN:- AABFJ1838Q)**  
**(Appellant)**

vs. NFAC, New Delhi  
Civic Centre, New Delhi

**(Respondent)**

Appellant by : Shri Deepak Kumar Jain (Assessee)

Respondent by : Shri Ashok Kumar Pandey, Sr. DR.

Date of Hearing	13.10.2025
Date of Pronouncement	22.10.2025

**ORDER**

This appeal by the assessee is emanating from the order of the NFAC, Delhi in Appeal No. ITBA/NFAC/S/250/2025-26/1079073796(1) dated 30.7.2025. Assessment was framed by the Assessing Officer of National Faceless Assessment Centre, Delhi u/s. 147 read with section 144B of the Income Tax Act, 1961 (hereinafter referred as ‘the Act’) for the assessment year 2018-19 vide its order dated 20.03.2014.

2. The only issue in this appeal is as regards to the order of the CIT(A) confirming the action of the AO in making addition of bogus purchases amounting to Rs. 6,41,900/-. For this, the assessee has raised various grounds which are argumentative and exhaustive, hence, need not be reproduced.

3. I have heard rival contentions and gone through the facts and circumstances of the case. I note that the AO received information that the assessee has made following bogus transactions for the financial year 2017-18, relevant to assessment year 2018-19:-

Sr. No.	Information	Amount (Rs.)
1.	Bogus Purchase made from Balaji Trading Company	Rs. 6,41,900/-
	Total	Rs. 6,41,900/-

The AO noted that that assessee has received bogus purchases from one Balaji Trading Company, who is providing bogus bills to various entities including assessee. Therefore, the assessee's case was reopened by issuing notice u/s. 148 of the Act dated 09.04.2022. In response to the notice assessee filed its return of income on 14.05.2022. Subsequently, AO issued notice u/s. 142(1) of the Act vide which the assessee was requested to provide replies to various queries. Again, notice u/s. 142(1) dated 20.10.2023 was issued requiring the assessee to file the details as under:-

*“Furnish copy of your latest assessment order, if any. As per information on records, you have made purchase of Rs. 6,41,900/- from Balaji Trading Company. In this regard, you are requested to furnish following information / documents:-*

*Details of transportation :*

- i. Date of transportation*
- ii. Name and address of the transporter*
- iii. Valid Email ID of the transporter*
- iv. Vehicle number*
- v. Bill/vouchers*
- vi. Weight*
- vii. Amount paid*

*viii. TDS deducted*

*Details of payment*

- i. Date of payment*
- ii. Amount*
- iii. Mode of payment with supporting documentary evidence.*
- iv. Amount payable at the end of the financial year.”*

The Assessee submitted bank statements, invoices issued by Balaji Trading Company and also submitted that the assessee had made the payments of purchase through banking cheques and received payment on sales by cheques. First of all, it was also contended by the assessee before the AO that all the sales and purchases are vouched, payments made to Balaji Trading Company has been reflected as goods in the books of accounts and stock register also. But the AO was of the view that the supplier Balaji Trading Company is shown as inactive on GST Portal, therefore, it is a non-existing firm. Hence, the AO reached the conclusion that assessee had made purchase from a non-existing party Balaji Trading Company amounting to Rs. 6,41,900/- and therefore, made the addition u/s. 69C of the Act read with section 115BBE of the Act. Aggrieved, assessee preferred appeal before the Ld. CIT(A)/NFAC.

4. The NFAC/CIT(A) dismissed the appeal for non-prosecution as well as by stating that the assessee has only submitted copies of invoices and claimed that transportation has been undertaken on cycle rickshaw vide its reply dated 22.02.2024. According to CIT(A)/NFAC, Balaji Trading Company has not given any response which proves that Balaji Trading Company is a non-existing firm, therefore, he confirmed the addition.

5. I noted that assessee has filed invoices of Balaji Trading Company and also submitted the invoices of transportation undertaken on cycle rickshaw and also maintained stock registers. Even, neither the AO nor the CIT(A) has doubted the sales made by the assessee, pursuant to purchase made from Balaji Trading Company. It means that the

assessee has made sales out of the alleged bogus purchases. Hence, in my view, the department is unable to prove that Balaji Trading Company is a non-existent company and even Balaji Trading Company has utilized Input Tax Credit (ITC) amounting to Rs. 5.83crores. It means that Balaji Trading Company is not conclusively proved by the revenue that it is non-existent company. Hence, I delete the addition and accordingly, allow the appeal of the assessee.

6. The instant appeal of assessee is allowed.

Order pronounced on 22.10.2025.

Sd/-

**(MAHAVIR SINGH)  
VICE PRESIDENT**

***SRBhatnagar***

Date: 22-10-2025

**Copy forwarded to: -**

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

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By Order,

Assistant Registrar, ITAT,  
Delhi Bench