

**IN THE INCOME TAX APPELLATE TRIBUNAL
SURAT BENCH, SURAT**

**BEFORE DR. B.R.R. KUMAR, VICE-PRESIDENT
AND MS. SUCHITRA KAMBLE, JUDICIAL MEMBER**

I.T.A. No. 679/SRT/2025
(Assessment Year:2018-19)

IshwarbhaiShantilal Patel, Plt No.AA-15/A, Sachin Udhyog Nagar, At Vanz Sachin, Tal Choryasi, Surat-394230 PAN : ANZPP1558L	Vs.	The ITO, Ward-1(2)(1), Surat
(Appellant)	..	(Respondent)
Appellant by :	Shri PM Jagaseth C.A.	
Respondent by:	Shri Ashish Kumar, Sr. D.R.	
Date of Hearing	19.01.2026	
Date of Pronouncement	15.04.2026	

ORDER

PER SUCHITRA KAMBLE, JUDICIAL MEMBER:-

This is an appeal filed against the order dated 21-02-2025 passed by National Faceless Appeal Centre (NFAC), Delhi for assessment year 2018-19.

2. There is a delay of 51 days in filing the present appeal for which the assessee has filed the affidavit stating the reasons therein. The reasons appear to be genuine, hence the delay is condoned.

3. The Assessing Officer has made addition on account of unexplained expenditure u/s. 69C of the Act amounting to Rs. 10,17,870/- being expenditure incurred on the purchase from

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M/s. Mirza Traders amounting to 19,78,032/- and cash was received from said party. From the perusal of the records, the A.O. has observed that the said expenditure of Rs. 10,17,870/- in A.Y. 2018-19, incurred on purchases from M/s Mirza Traders which is engaged in giving accommodation entries of bogus payments and the assessee made adjustment by giving payments through cheques to M/s Mirza Traders and in turn received back cash under the guise of purchase and the explanation offered by the assessee is not satisfactory. Thus, the Assessing Officer made addition of Rs. 10,17,870 u/s 69C as unexplained expenditure to that extent. The Assessing Officer also made addition of Rs. 9,60,162 which is remaining amount aggregating to Rs. 9,60,162/- used by the assessee, for purchase from M./s Mirza Traders as unexplained money u/s 69A of the Act.

4. We have heard both the parties and perused all the relevant material available on record. As regards Ground No. 1 the same is merely academic hence not adjudicated. The addition related to the expenditure on purchase, the Ld. AR submitted that the purchase was accepted by the Assessing Officer. But the fact remains that the Assessing Officer has made addition of Rs. 10,17,870/- towards expenditure incurred for those purchase as the Assessing Officer has categorically mentioned that the said party from whom the purchase made, return back the cash component incurred on the purchase to the assessee. But to that extent nothing was brought on record

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by the Assessee that these expenditures were actually incurred. It is pertinent to note that if the purchase was accepted by the Assessing Officer, then the expenditure incurred should be taken into account by the Assessing Officer. Therefore, the addition under Section 69C of the Act as unexplained expenditure does not sustain. As regards addition on account of unexplained money u/s. 69A of the Act amounting to Rs. 9,60,162/- being money used to purchase scrap in cash, the assessee has given certain details thereof which was before the authorities. The ld. A.R. relied upon the decision of Hon'ble Gujarat High Court in the case of Pushkar Raj J Kabra vs. ITO order dated 02-04-2024 wherein the Hon'ble High Court has confirmed the order of the Tribunal wherein in estimated GP at 2.5% was taken in case where the assessee did not produce evidence regarding the unregistered dealers purchase. Therefore, in present case as well where the assessee could not produced the details it will be appropriate to direct the Assessing Officer to take G.P. at 2.5% of the Rs. 9,60,162/-.

4. In the result, the appeal of the assessee is partly allowed.

Order is pronounced in the open Court on 15.04.2026

Sd/-

**(DR. B.R.R. KUMAR)
VICE-PRESIDENT**

Surat; Dated 15/04/2026

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Sd/-

**(SUCHITRA KAMBLE)
JUDICIAL MEMBER**

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आदेशकीप्रतिलिपिअग्रेषित/Copy of the Order forwarded to :

1. अपीलार्थी/ The Appellant
2. प्रत्यर्थी/ The Respondent.
3. संबंधितआयकरआयुक्त/ Concerned CIT
4. आयकरआयुक्त (अपील)/ The CIT(A)-
5. विभागीयप्रतिनिधि,आयकरअपीलीयअधिकरण ,/DR,ITAT, Surat,
6. गार्डफाईल / Guard file.

आदेशानुसार/ BY ORDER,

सहायकपंजीकार (Asstt. Registrar)
आयकरअपीलीयअधिकरण
ITAT, Surat