Principal Commissioner of Income Tax-5, Kolkata v. Advance Engineering Corporation

ITAT/266/2024 (IA No: GA/2/2024)

ITAT/266/2024 (IA No: GA/2/2024) (High Court at Calcutta, 2025-06-09) | 2025-06-09

The Revenue appeal was allowed, the Tribunal order set aside, and the assessment as affirmed by the appellate authority restored.

Income-tax Act, 1961: 69C, 147, 143(3)

High Court at Calcutta | Division Bench | T. S. Sivagnanam | Chaitali Chatterjee (Das)

Assessment years: 2011-12

Scope of this source order

Do not generalise this into compulsory 100% disallowance in every disputed-purchase case; the contradiction between the Tribunal's accepted facts and its discretionary estimate was decisive.

01 FACTS OF THE CASE

Revenue challenged the Tribunal's 12 December 2023 order in ITA257/Kol/2023 for AY2011–12. The 27 December 2018 reassessment treated purchases of Rs.18,41,476 and 2% commission of Rs.36,829 as unexplained expenditure under section69C; the first appellate authority affirmed it on 27 January 2023. Though the Tribunal accepted failure to establish genuine purchases, it restricted the addition to 8% in the interest of justice. The assessee did not appear despite service.

Source: PDF pp.1–3

02 DISCUSSION BY THE HON'BLE COURT

The Court found the Tribunal's 8% discretion inconsistent with its accepted factual findings. The assessment and appellate records detailed entry operator Sanjiw Kumar Singh, witness statements and accommodation entries, with the assessee a beneficiary. Having accepted lack of genuine purchases, the Tribunal could not grant sympathetic relief by fixing gross profit at 8%.

Source: Reasons, PDF pp.2–3

03 JUDICIAL DECISION

Revenue's appeal was allowed; the Tribunal order was set aside and the 27 December 2018 assessment, as affirmed by the appellate authority, restored. The substantial questions were answered for Revenue.

Source: Operative paragraph, PDF p.4

04 OUTCOME / IN WHOSE FAVOUR

Revenue-favourable substantive result: full assessed purchase and commission additions restored rather than an 8% gross-profit restriction. This is not a remand or an assessee-favourable estimate.

Source: PDF pp.2–4

05 EXPERT COMMENTS

The factual finding controls the attempted estimate — The Court rejected 8% relief because the Tribunal had already accepted the failure to establish genuine purchases on this record. The decision is not a substitute universal profit percentage. A different case involving proved purchases with only a disputed supplier requires its own facts; sympathy could not reconcile the contradictory findings here.

Track the commission addition separately — The assessment contained both Rs.18,41,476 purchase expenditure and Rs.36,829 commission said to come from undisclosed sources. Restoration encompasses the assessment affirmed below. Reporting only the purchases or treating 2% commission as the Tribunal's 8% profit measure would confuse distinct components.

Retain the year-specific appeal — This is ITAT266/2024 for AY2011–12. Its reasoned rejection of 8% relief later informs the AY2012–13 appeal, but does not merge those dockets or their amounts. Use the restored assessment and this year's record when describing the operative liability.

Source: Editorial analysis; source references in the structured comments

SOURCE & VERIFICATION

High Court at Calcutta source judgment/order

Complete 4-page source PDF; corrected note based on this document.

All 4 original pages read and visually inspected; source hash verified. AI-assisted substantive correction.

Open cited source rendition

Source bytes and identity checked; see panel-specific references and disclosed source anomalies.

STATUTORY SCOPE

Source-era statutory provisions only; no Income-tax Act, 2025 equivalence asserted.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment not independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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