Principal Commissioner of Income Tax-2 v. DBS Technology Services India Private Limited; connected assessee appeal

ITTA Nos.51 and 56 of 2026

Common judgment dated 21 September 2026 | 2026-09-21

Section 10AA and Form 56F: cross-appeals disposed of following remand to the Assessing Officer.

Income-tax Act, 1961: section 10AA

Telangana High Court | Division Bench | P. Sam Koshy | Narsing Rao Nandikonda

Assessment years: 2019-20

01 FACTS OF THE CASE

The Revenue and DBS brought cross-appeals against ITAT order ITA No.151 of 2023 for AY 2019-20. Meanwhile, the High Court had allowed DBS's WP19502/2025 on 3 July 2026 against rejection of its section 10AA claim and remitted the matter to the Assessing Officer. The fresh adjudication was still pending when these appeals were heard.

Source: PDF pp.2-5, paras 2-5

02 DISCUSSION BY THE HON'BLE COURT

The Bench reproduced the earlier writ judgment's findings concerning a Form 56F report issued on 18 November 2019, a return filed on 26 November 2019 and upload of the report on 16 December 2019. That earlier order rejected reliance on CPC limitations as a reason to deny consideration of the report. In the present appeals, the Court treated the pending fresh assessment as leaving nothing substantial to decide and required the Assessing Officer to keep the writ judgment's observations in mind.

Source: PDF pp.2-5, paras 4-6

03 JUDICIAL DECISION

Both appeals were disposed of in terms of the order in WP19502/2025 dated 3 July 2026. The Assessing Officer must bear that order's observations in mind when passing the fresh assessment. The fresh order would give rise to a fresh cause of action for an aggrieved party.

Source: PDF pp.4-5, paras 5-9

04 OUTCOME / IN WHOSE FAVOUR

The Revenue appeal ITTA51/2026 and assessee appeal ITTA56/2026 were disposed of without costs; pending miscellaneous applications were closed. The supplied proceedings sheet separately records condonation of 223 days in resubmission and 596 days in filing ITTA56/2026. This is one common judgment covering two appeals.

Source: PDF pp.5-6, paras 8-9; separate proceedings sheet p.1

05 EXPERT COMMENTS

Section 10AA: preserve the conditional nature of relief — The September judgment does not quantify or finally allow the deduction. It carries forward the July direction to scrutinise Form 56F and extend the benefit if the assessee is otherwise entitled. A practitioner should file the report, proof of upload and evidence of substantive eligibility before the Assessing Officer, and seek a reasoned consequential order. (PDF pp.4-5, quoted para 10 and paras 5-8)

Form 56F and CPC: distinguish the earlier reasoning from this disposal — The detailed criticism of automated processing appears in the July writ judgment quoted at paragraph 4. The September Bench expressly requires those observations to be considered; it does not announce a universal waiver of audit-report deadlines. Preserve the report date, return date, upload acknowledgement and applicable assessment-year requirements rather than treating every delayed report as automatically acceptable. (PDF pp.2-5, para 4 and para 6)

Fresh assessment means a fresh challenge, not revival by assumption — Paragraph 5 recognises that the fresh assessment can give the aggrieved party a fresh cause of action. Both pending cross-appeals nevertheless stand disposed of. Monitor service of the consequential order and identify the appropriate remedy and limitation period from that order; do not assume these disposed appeals remain a protective pending remedy. (PDF pp.4-5, paras 5 and 8-9)

Consistency supports the facts; it does not replace eligibility evidence — The quoted July reasoning notes that the deduction had been extended in prior and subsequent years. Preserve those orders and show continuity of the material facts. The operative direction remains conditional on entitlement, so consistency should support, rather than substitute for, the underlying section 10AA evidence. (PDF pp.3-4, quoted paras 9-10)

Keep the proceedings sheet and common judgment distinct — The supplied sheet records separate delay-condonation orders and points to a separate common judgment. The recovered official PDF supplies that missing six-page judgment and prints both CNRs. Both source record IDs are retained under one entry; identical proceedings bytes need only one linked copy. The delay figures come from the proceedings sheet, not from an invented merits finding. (Official PDF p.1; supplied proceedings sheet p.1)

Source: PDF pp.4-5, quoted para 10 and paras 5-8

SOURCE & VERIFICATION

Official six-page Telangana High Court common judgment

Complete six-page common judgment; both appeal numbers and CNRs printed on the first page.

Open cited source rendition

Both CNRs and both appeal numbers appear in the official common judgment. Supplied proceedings copies are byte-identical. July writ judgment and September appeals remain distinct decisions.

STATUTORY SCOPE

Reports section 10AA as discussed in this judgment for AY 2019-20; no independent current-law clearance is represented.

LATER TREATMENT

Source checked 2026-10-23. The fresh assessment and subsequent appellate treatment have not been 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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