Principal Commissioner of Income Tax & Anr. v. Misys Software Solutions India Pvt. Ltd.

I.T.A. No. 810/2018

2024:KHC:32300-DB | 2024-08-12

On-site software-development section10A benefit upheld

10A | 260A

Karnataka High Court | Division Bench | S. G. Pandit | C. M. Poonacha

Assessment years: 2008-09

01 FACTS OF THE CASE

Revenue's ITA810/2018 challenged the Tribunal's 1 June 2018 order in IT(TP)A306/Bang/2014 for AY2008–09. The admitted question concerned section10A treatment of income from on-site software development, including Revenue's objection that the work was unrelated to the Indian STP unit and that the Mphasis precedent had not attained finality.

Source: Opening and para3, PDF pp.2–3

02 DISCUSSION BY THE HON'BLE COURT

The issue was stated to be covered by CIT-III v. Mphasis Software & Service India (P.) Ltd., (2015)62 taxmann.com165 (Karnataka). The judgment records the further submission that its principle had been affirmed by the Supreme Court's 20 September 2021 order in SLP(C)Diary29199/2019. The Court disposed of the question on that basis without fresh detailed analysis of the development contracts.

Source: Para4, PDF pp.3–4

03 JUDICIAL DECISION

The substantial question was answered in favour of the assessee and against Revenue. The appeal was disposed of accordingly.

Source: Paras5–6, PDF p.4

04 OUTCOME / IN WHOSE FAVOUR

Final assessee-favourable result on the section10A on-site-development issue for AY2008–09, following Mphasis. No deduction amount or fresh factual test was quantified in this short judgment.

Source: Paras3–6, PDF pp.3–4

05 EXPERT COMMENTS

Distinguish the challenge from the answer — The admitted question sets out Revenue's assertion that the on-site work was unrelated to the Indian STP unit. That assertion is not a High Court factual finding against Misys: the Court answered the issue for the assessee on the cited Mphasis position. A summary must not transplant the question's adverse wording into the holding.

Use the incorporated reasoning for a new factual setting — This decision confirms the result for Misys but does not reproduce Mphasis's complete reasoning or examine the contracts afresh. Applying it to another on-site arrangement requires the underlying authority and the relevant section10A facts. The Supreme Court order is identified as recorded here; its contents and subsequent treatment have not independently been reviewed in this packet.

Source: Editorial analysis; source references in the structured comments

SOURCE & VERIFICATION

Karnataka High Court source judgment

Complete 4-page supplied source; all pages read.

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

Only source-supported provisions are indexed; no Income-tax Act, 2025 equivalence is 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.

PROFESSIONAL DISCLAIMER

General research information only; not legal or tax advice, a certified judgment or a substitute for the full order. Applicability depends on facts, assessment year, statutory version and jurisdiction. Subsequent treatment is unverified unless identified sources are expressly stated. Downloading does not create a professional engagement. Obtain case-specific advice before reliance.