Principal Commissioner of Income Tax & Anr. v. Trianz Holdings Pvt. Ltd.

I.T.A. No. 313/2023

2024:KHC:33043-DB | 2024-08-19

No exempt income: Revenue's section 14A/Rule 8D challenge rejected by following the coordinate Bench.

14A | 260A

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

Assessment years: 2015-16

01 FACTS OF THE CASE

Revenue challenged the Tribunal order dated 16 November 2021 in IT(TP)A 2639/Bang/2019 for AY 2015-16. Its sole question challenged the Tribunal's view that section 14A read with Rule 8D could not produce a disallowance where the assessee had no exempt income. The question referred to the issue not having attained finality and being pending before the Supreme Court.

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02 DISCUSSION BY THE HON'BLE COURT

The assessee relied on the coordinate Bench judgment dated 15 February 2021 in ITA 133/2015. Revenue did not dispute that the question was covered. The Court examined that judgment and held the question squarely covered; it did not reproduce the precedent's detailed reasoning or undertake a fresh expenditure calculation.

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03 JUDICIAL DECISION

The appeal was dismissed and the substantial question answered in favour of Trianz and against Revenue.

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04 OUTCOME / IN WHOSE FAVOUR

The Tribunal's no-exempt-income relief stood undisturbed for AY 2015-16. No remand, conditional stay or express review reservation was ordered.

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05 EXPERT COMMENTS

AKHB EXPERT COMMENTS — editorial analysis, distinct from the Court's findings.

Absence of exempt income is the decisive factual premise — The question before the Court is expressly framed around an assessee without exempt income. The resulting relief is therefore different from a dispute over the amount of expenditure attributable to existing exempt receipts. For practical comparison, establish that premise for the relevant year before using this decision; the judgment supplies no alternative Rule 8D calculation.

A pending challenge did not prevent applying the coordinate precedent — Revenue's question invoked pendency before the Supreme Court, but the Court still applied ITA 133/2015 after recording undisputed coverage. That explains why the Tribunal's relief survived here. It does not verify the present position of any Supreme Court proceeding or establish that a later development could never affect reliance on the precedent.

Keep the assessment year separate from later statutory questions — The appeal prayer expressly identifies AY 2015-16. The short judgment contains no analysis of a later amendment, retrospective operation or a different assessment year. Its disposition supports the stated no-exempt-income question in this appeal; extending it to another statutory setting requires material beyond this source.

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SOURCE & VERIFICATION

Karnataka High Court original judgment - verified repository copy

Complete 3-page supplied source; all pages read.

All 3 original pages read and visually inspected; all five panels audited.

Open cited source rendition

All 3 PDF pages reviewed; actual SHA-256: e42730e471f7d72a8b6eaf587abab0732203bfc1eb1188509cf3c833bd80be5e. Original record ID retained; no merger inferred from shared source or connected appeals.

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 has not been 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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