Pr. Commissioner of Income Tax (International Taxation), Bangalore & Anr. v. M/s. Synamedia Limited (formerly known as NDS Limited)

ITA No. 698 of 2023 (in ITAT ITA No. 3350/Bang/2018)

2025:KHC:31121-DB | ITA No. 698 of 2023 | 2025-08-12

Software royalty appeal dismissed: agreement-based application of Engineering Analysis; Tata Sky point not raised in appellate grounds.

Income-tax Act,1961: sections 9(1)(vi), 260A

High Court of Karnataka | 2-judge bench (Division Bench) | Justice S.G. Pandit | Justice K.V. Aravind

Assessment years: 2014-15

01 FACTS OF THE CASE

Revenue challenged the ITAT order of 14 February 2022 in ITA 3350/Bang/2018. The foreign company received software-sale income. The AO and DRP treated it as royalty, leading to the final assessment of 23 October 2018; the Tribunal applied Engineering Analysis after examining the agreement.

Source: PDF pp.1–4

02 DISCUSSION BY THE HON'BLE COURT

Revenue sought to distinguish Engineering Analysis and invoked pending review proceedings. It also argued that Tata Sky viewing-card licence fees were royalty. The Court found no demonstrated factual or legal distinction; no substantial question or ground covered the Tata Sky contention. The assessee's statement that reviews in some cases had been dismissed was not disputed.

Source: PDF pp.5–7, paras 7–13

03 JUDICIAL DECISION

The Court upheld the Tribunal's application of Engineering Analysis and found no substantial question of law. Paragraph 14 contains a contrary description of an earlier Tribunal result as against the assessee, but the operative order unambiguously dismisses Revenue's appeal.

Source: PDF pp.6–8, paras 10–14

04 OUTCOME / IN WHOSE FAVOUR

Revenue's appeal dismissed; Tribunal relief for AY 2014-15 remained undisturbed.

Source: PDF p.8

05 EXPERT COMMENTS

AKHB Expert Comments — editorial analysis, distinct from the Court's findings.

Agreement analysis remains central: The Court relied on the Tribunal's examination of contractual terms and Revenue's failure to demonstrate a relevant distinction from Engineering Analysis. It did not substitute the word licence for an examination of the rights actually transferred. A comparable dispute therefore requires the agreement and the Tribunal's findings, not merely an invoice describing software or viewing cards. (PDF pp.4–7, paras 5–11)

Separate the Tata Sky contention from the holding: Revenue's embedded-software argument was recorded, but the Court expressly found no corresponding substantial question or ground. This appellate limitation matters: the judgment should not be presented as a fresh, unrestricted ruling on every type of viewing-card arrangement. The pleaded challenge and the findings carried forward from the Tribunal define its reach. (PDF pp.5–7, paras 7–13)

Read the outcome with the textual qualification: Paragraph 14 says a similar issue was answered against the assessee, although the reasoning and dismissal favour the assessee here. That wording cannot be silently reversed or used to reverse the operative result. Likewise, the report of dismissed reviews concerns some cases and records the position at this hearing; it does not establish subsequent treatment of every connected matter. (PDF pp.7–8, paras 12–14)

Source: PDF pp.4–7, paras5–11

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Complete 8-page original reviewed; source bytes verified.

Full original and all five panels re-reviewed on 21 October 2026.

Open cited source rendition

Complete original source and all five note panels checked; original docket identities preserved.

STATUTORY SCOPE

Current law and subsequent treatment not independently verified.

LATER TREATMENT

Source checked 2026-10-21. Subsequent proceedings and current judicial treatment have 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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