# Solize Partners India Pvt. Ltd. v. The Income Tax Officer, International Taxation, Ward 1(1), Bangalore

Income Tax Appeal No. 181 of 2014

2026:KHC:41503-DB | 2026-08-06

## Payments by Indian reseller to non-resident software owners for purchase of standardized/shrink-wrapped computer software licenses do not constitute 'royalty' under section 9(1)(vi) or DTAA Article 12; Engineering Analysis applied.

Income-tax Act,1961: sections 9(1)(vi), 154, 260A | Applicable DTAA: Article12

High Court of Karnataka at Bengaluru | 2-judge bench (Division Bench) | S.G. Pandit, J. | Dr. K. Manmadha Rao, J.

Assessment years: 2010-11

### Internal Tribunal-order date discrepancy

The caption prints 5 December 2013; paragraph 1 prints 5 December 2023. The underlying appeal is ITA 936/Bang/2012. The source does not provide a formal correction.

### 01 FACTS OF THE CASE

For AY 2010-11, Solize Partners India Pvt. Ltd., engaged in resale of software licences and related services, filed nil original and revised returns. The AO treated payments to non-resident software owners as royalty and also passed a section 154 rectification after providing an opportunity. CIT(A) on 29 May 2012 and the Tribunal upheld the assessment position. The caption identifies the challenged Tribunal order as 5 December 2013 in ITA 936/Bang/2012; paragraph 1 instead prints 2023, an internal date inconsistency.

Source: PDF p.1, caption; pp.4–5, para 3

## 02 DISCUSSION BY THE HON'BLE COURT

The Division Bench noted that the substantial questions of law raised by the assessee were identical to those rejected in the Revenue's appeal in ITA No. 698/2023 (decided 12.08.2025) and stood authoritatively answered in favour of the taxpayer by the Supreme Court in Engineering Analysis Centre of Excellence Pvt. Ltd. v. CIT & Anr., (2022) 3 SCC 321.

Source: PDF p.5, para 4

## 03 JUDICIAL DECISION

Allowing the assessee's appeal, the High Court answered the substantial questions of law in favour of the assessee and against the Revenue, holding the appellant-assessee entitled to all consequential benefits.

Source: PDF pp.5–6, para 5

## 04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee (Solize Partners India Pvt. Ltd.); appeal allowed with all consequential benefits.

Source: PDF p.6, para 5

## 05 EXPERT COMMENTS

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

The stated questions were resolved through controlling precedent: Both sides drew attention to the identical questions in ITA 698/2023, and the Court held them answered by Engineering Analysis. The questions distinguish acquisition of a copyrighted software article from transfer of rights in copyright. This order's force lies in that identified precedent application; it contains no fresh licence-by-licence analysis. (PDF pp.2–3, questions; p.5, para 4)

The business description does not classify every service receipt: The background mentions resale, installation, training and technical consultation, but the questions concern payments to non-resident software owners for standardised software. The allowance does not independently establish the treaty character of every related service payment or every distribution arrangement. Application to another contract requires identifying its rights and matching the relevant precedent. (PDF pp.4–5, paras 3–4)

Consequential benefits remain tied to this appeal: The Court allowed the appeal and granted all consequential benefits without quantifying them. The operative result is clear, while the source has an inconsistent Tribunal-order year:2013 in the caption and 2023 in paragraph 1. Any implementation should identify the actual underlying order in ITA 936/Bang/2012 rather than infer a new 2023 proceeding or a specified refund amount. (PDF pp.1–2, caption and para 1; pp.5–6, para 5)

Source: PDF pp.2–3, questions; p.5, para4

## SOURCE & VERIFICATION

Original judgment PDF (20260806_KAHC010162072014.pdf)

All 6 original pages read and visually reviewed; SHA-256 verified. Source-based analysis, not current-law clearance.

All five panels re-reviewed against the original on 21 October 2026.

Open cited source rendition

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

## STATUTORY SCOPE

Only provisions expressly stated in this order are indexed. Subsequent treatment and current law have not been 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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