Commissioner of Income Tax, Chennai v. M/s. Cognizant Technology Solutions India Pvt. Ltd.

T.C.(A) No. 883 of 2008

T.C.(A) No. 883 of 2008 (Madras High Court, decided 11 March 2025) | 2025-03-11

Telecommunication expenditure and export-deduction turnover: Revenue appeal dismissed on conceded coverage by Subex.

Income-tax Act, 1961: sections 10A, 10B, 263 and 260A

High Court of Judicature at Madras | 2-judge bench (Division Bench) | Hon'ble Mr. Justice S.S. Sundar | Hon'ble Mr. Justice C. Saravanan

Assessment years: 2002-03

01 FACTS OF THE CASE

For AY 2002-03, Revenue challenged ITAT A Bench's 31 December 2007 order in ITA 1159/Mds/2007. The questions concerned exclusion of software-delivery telecommunication charges from total turnover and ITAT interference with a CIT remand for factual verification. The factual account identifies foreign-currency expenditure of Rs.15,76,38,717 reduced from export turnover and section 263 intervention. ITAT allowed the taxpayer's appeal following SRA Systems.

Source: PDF p.1

02 DISCUSSION BY THE HON'BLE COURT

Departmental counsel informed the Court that the issue was squarely covered against Revenue by DCIT v. Subex Ltd., SLP(C) 11311/2022, dated 1 August 2022, [2022] 142 taxmann.com 242 (SC). The Court disposed of the questions on that stated coverage.

Source: PDF p.3

03 JUDICIAL DECISION

The substantial questions were answered for the assessee and against Revenue. The appeal was dismissed without costs.

Source: PDF p.3

04 OUTCOME / IN WHOSE FAVOUR

The Tribunal's relief survived. The High Court did not make a new numerical computation or separately analyse each factual-verification step in the CIT's remand.

Source: PDF p.2

05 EXPERT COMMENTS

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

Coverage by precedent is the stated basis of disposal — The Department's own counsel identified Subex as covering the issue against it. The Court did not conduct an independent extended formula analysis or cite HCL Technologies. The note should therefore distinguish this application of precedent from the reasoning contained in other cases.

The two questions should not collapse into one — The appeal raised both the turnover treatment and whether ITAT should interfere when CIT had remanded for factual verification. Both were answered against Revenue, but the short order supplies no distinct general test governing all section 263 remands. Its outcome is tied to the issue counsel accepted as covered.

Retain the source's section and wording qualifications — The question invokes section 10A while the factual narrative invokes section 10B and gives expenditure of Rs.15,76,38,717. Paragraph 4's inclusion wording is unclear. The assessment and Tribunal records are needed for precise implementation; the judgment's clear result is dismissal of Revenue's challenge, not a licence to replace the source figures or silently reconcile its wording.

Source: PDF p.2

SOURCE & VERIFICATION

High Court of Judicature at Madras official judgment PDF — AKHB Repository (20250311_HCMA010125502008.pdf)

4-page official High Court of Judicature at Madras order/judgment PDF (20250311_HCMA010125502008.pdf, 123,333 bytes).

All 4 original pages read and visually inspected; all five panels audited.

Open cited source rendition

All four original pages read and visually verified; section-label and paragraph 4 wording ambiguities retained.

STATUTORY SCOPE

The framed question refers to section 10A, while the factual account refers to section 10B. The source's paragraph 4 uses internally unclear wording about inclusion of expenditure; no fresh arithmetic is supplied.

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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