IN THE HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD

THE HON'BLE SRI JUSTICE P.SAM KOSHY

AND

THE HON'BLE SRI JUSTICE NARSING RAO NANDIKONDA

I.A.No.1 of 2026
IN/AND
I.T.T.A.Nos.51 and 56 of 2026
(CNR No. HBHC010101102025)
(CNR No. HBHC010434242025)
DATE:21.09.2026

Between:

The Principal Commissioner of Income Tax 2 **…Appellant**

AND

DBS Technology Services India Private Limited **…Respondent**

Between:

DBS Technology Services India Private Limited **…Appellant**

AND

Assistant Commissioner of Income Tax and others **…Respondents**

COMMON JUDGMENT: *(per Hon'ble Sri Justice P.Sam Koshy)*

Heard Ms. J. Sunitha, learned Senior Standing Counsel for the Income Tax Department, appearing for the Revenue, and Mr. T. Pradyoth, learned counsel appearing for the assessee. Perused the record.

2. These are the two appeals preferred against the order passed by the learned Income Tax Appellate Tribunal in ITA No.151 of 2023 for the assessment year 2019-20.

3. I.T.T.A. No.51 of 2026 has been preferred by the Revenue, whereas I.T.T.A. No.56 of 2026 has been preferred by the assessee. Both the appeals arise out of and are directed against the same order passed by the learned Income Tax Appellate Tribunal.

4. Today, when these matters were taken up for consideration, the learned Senior Standing Counsel for the Department placed before this Court an order passed by this High Court in W.P. No.19502 of 2025, which was decided on 03.07.2026. The said writ petition was filed by the assessee aggrieved by the order dated 24.03.2025 passed by the Assistant Commissioner of Income Tax, whereby the claim of the petitioner for deduction under Section 10AA of the Income Tax Act, 1961, was rejected. While allowing the said writ petition, this Court made the following observations in paragraphs 8 to 10:

> 8. Evidently, the admitted facts are that, the accounts of the petitioner/assessee was duly audited and was issued a report in Form-56F on 18.11.2019, and the assessee filed return of income on 26.11.2019 declaring the total income of Rs.20,98,120/-. However, the Form-56F was not attached to the said return of income, and the fact remains

that said Form-56F was uploaded on 16.12.2019, but it was a procedural lapse on the part of the petitioner. However, though learned ITAT directed the respondents to reconsider the case of the petitioner/assessee by issuing proper notice and having issued the same, once again the respondents have rejected the petitioner's claim solely on the ground that the entire procedure is processed by the Central Processing Center.

9. Admittedly, the said Form-56F was uploaded by the petitioner/assessee and that ground on which the said claim was denied is only on the ground that since the Centralized Processing Center is an automated processing center, it cannot issue any notice and conduct a opportunity of hearing and it is also notpossible to issue fresh notice proposing adjustment to income declared by assessee etc., appears to be not proper for rejection of the claim of the petitioner for granting benefit under Section 10AA of the Act. Further, such mere technicalities cannot defeat the legitimate right of the petitioner. Though the entire procedure is stimulated and operated by the Centralized Processing Center, the authorities ought to have exercised the discretion of accepting the Form-56F filed by the petitioner and compute the return of incomeby extending the benefit under Section 10AA of the Act to him. More so, it is an undisputed fact that all the previous and subsequent years, petitioner was extended the benefit under Section 10AA of the Act, 1961, and doctrine of consistency has to be followed. In that view of the matter, rejecting the claim of the petitioner to extend the said benefit under Section 10AA of the Act, by not accepting Form-56F, solely on the ground that system being operated by the Centralized

> Processing Center and there is no provision for issuance of notice since it is operated by the Centralized Processing Center, is neither proper nor legal, and as aforesaid rejection on mere technicalities should not deprive the legitimate right of the petitioner/assessee, more so, Centralized Processing Center is man made procedure though it is not feasible for considering the same by CPC, the authority ought to have verified the Form-56F and ought to have taken it on record and extend the benefit to the petitioner.
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> 10. In that view of the matter, he impugned proceedings, dated 24.03.2025 are hereby set aside and quashed. The respondent No.1 is directed to scrutinize the Form-56F filed by the petitioner, dated 16.12.2019 and thereafter, consider and extend the benefit of deduction if he otherwise entitled to under Section 10AA of the Act, 1961, by passing consequential order in accordance with law.

5. The learned counsel appearing on either side submit that, pursuant to the order passed by this Court in the aforesaid writ petition, the matter now stands remitted to the Assistant Commissioner of Income Tax, and the adjudication in the light of the order passed in the writ petition is pending consideration. Therefore, pending the fresh order to be passed by the jurisdictional Assessing Officer, nothing further substantially survives for consideration in these two appeals, preferred by the Revenue as well as by the assessee. The fresh order to be passed by the jurisdictional Assessing

Officer would, by itself, give rise to a fresh cause of action, which may be adjudicated in accordance with law by the aggrieved party.

6. A plain reading of the observations made by this Court while allowing the aforesaid writ petition would also show that this Court made certain observations with regard to the extension of the benefit under Section 10AA of the Act and the acceptance of Form-56F. We see no reason why the Assessing Officer should not keep the aforesaid observations in mind while passing the fresh assessment order.

7. In view of the fact that the matter is pending consideration before the jurisdictional Assessing Officer, we are inclined to accept the proposal made by the learned Senior Standing Counsel for the Income Tax Department that the present two appeals be disposed of accordingly.

8. In view of the same, these two appeals are disposed of in terms of the order passed by this Court in W.P. No.19502 of 2025, decided on 03.07.2026. The Assessing Officer shall bear the observations made therein in mind while passing the fresh assessment order.

9. With the aforesaid observations, these two appeals stand disposed of. There shall be no order as to costs.

As a sequel, pending miscellaneous applications, if any, shall stand closed.

P. SAM KOSHY, J

NARSING RAO NANDIKONDA, J

Date:21.09.2026
AQS