

IN THE INCOME TAX APPELLATE TRIBUNAL  
BANGALORE BENCH 'C', BANGALORE

BEFORE SHRI. ABRAHAM P. GEORGE, ACCOUNTANT MEMBER

AND

SHRI. VIJAYPAL RAO, JUDICIAL MEMBER

I.T.A No.1032/Bang/2015  
(Assessment Year : 2006-07)

Deputy Commissioner of Income tax,  
Circle -12(1), Bangalore

.. Appellant

v.

Mphasis Software & Services (India) P. Ltd,  
6<sup>th</sup> floor, A Block, Bagmane Techpark,  
Byrasandra, C. V. Raman Nagar,  
Bangalore 560 093  
PAN : AACCM5986G

.. Respondent

Assessee by : Shri. B. R. Sudheendra, CA  
Revenue by : Shri. Sanjay Kumar, CIT- III

Heard on : 24.11.2015  
Pronounced on : 27.11.2015

**ORDER**

**PER ABRAHAM P. GEORGE, ACCOUNTANT MEMBER :**

In this appeal filed by the Revenue its grievance is that CIT (A)-4, Bengaluru, directed the AO to recompute the deduction allowed to the assessee u/s.10A of the Income-tax Act, 1961 ('the Act' in short), after

reducing telecommunication charges from export turnover as well as the total turnover relying on the judgment of Hon'ble jurisdictional High Court in the case of CIT v. Tata Elxsi Ltd (349 ITR 98).

02. Assessee which is a company engaged in the development of software had claimed deduction u/s.10B of the Act. AO excluded from the export turnover the telecommunication expenditure while working out the eligible deduction under the said section. However, the AO did not deduct the said amount from the total turnover while working out the deduction u/s.10B of the Act.

03. Appeal of the assessee before the CIT (A) in this regard was successful. CIT (A) relying on the judgment of Hon'ble jurisdictional High Court in the case of Tata Elxsi Ltd (supra), held that what was deducted from export turnover had to be reduced from the total turnover also while working out the eligible deduction u/s.10B of the Act.

04. We have perused the orders and heard the rival contentions. Just for a reason that an SLP has been filed before the Hon'ble Supreme Court against the view taken by the Hon'ble jurisdictional High Court, we cannot

deviate from the said view. We are opinion that CIT (A) was justified in giving the directions. No interference is required.

05. Appeal of the Revenue stands dismissed.

Order pronounced in the open court on 27th day of November, 2015.

Sd/-

(VIJAYPAL RAO)  
JUDICIAL MEMBER

Sd/-

(ABRAHAM P GEORGE)  
ACCOUNTANT MEMBER

MCN

Copy to:

1. The assessee
2. The Assessing Officer
3. The Commissioner of Income-tax
4. Commissioner of Income-tax(A)
5. DR
6. GF, ITAT, Bangalore

By Order  
Assistant Registrar