

**आयकर अपीलीय अधिकरण “बी” न्यायपीठ चेन्नई में।**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**“B” BENCH, CHENNAI**

**माननीय श्री वी. दुर्गा राव, न्यायिक सदस्य एवं**  
**माननीय श्री मनोज कुमार अग्रवाल, लेखा सदस्य के समक्ष।**  
**BEFORE HON'BLE SHRI V. DURGA RAO, JM AND**  
**HON'BLE SHRI MANOJ KUMAR AGGARWAL, AM**

**आयकर अपील सं./ ITA No.363/Chny/2023**  
**(निर्धारण वर्ष / Assessment Year: 2018-19)**

<b>M/s.Cognizant Technology Solutions India Pvt.Ltd</b> 5/535, Okkiam Thoraipakkam Old Mahabalipuram Road, Chennai-600 096.	<b>बनम / Vs.</b>	<b>ACIT</b> Central Circle-1(1), Chennai.
स्थायी लेखासं./जीआइआरसं./PAN/GIR No. <b>AAACD-3312-M</b>		
(अपीलार्थी/ <b>Appellant</b> )	:	(प्रत्यर्थी / <b>Respondent</b> )

अपीलार्थीकी ओरसे/ <b>Appellant by</b>	:	Shri N.V.Balaji, (Advocate) -Ld.AR
प्रत्यर्थीकी ओरसे/ <b>Respondent by</b>	:	Shri S.Senthil Kumaran (CIT)- Ld.DR

सुनवाईकी तारीख/ <b>Date of Hearing</b>	:	26-07-2023
घोषणाकी तारीख / <b>Date of Pronouncement</b>	:	26-07-2023

**आदेश / ORDER**

**Manoj Kumar Aggarwal (Accountant Member)**

1. Aforesaid appeal by assessee for Assessment Year (AY) 2018-19 arises out of the order of learned Commissioner of Income Tax (Appeals)-18, Chennai [CIT(A)] dated 20-01-2023 in the matter of an assessment framed by Ld. Assessing Officer [AO] u/s.143(3) of the Act on 30-09-2021. The grounds taken by the assessee read as under:

“Short-grant of deduction under section 10AA of the Act in the assessment order passed for the subject year

1.The learned CIT(A) failed to appreciate that the shortfall in deduction under section 10AA of the Income-tax Act, 1961 ('the Act') amounting to INR 293,57,39,088 in the assessment

order is merely an arithmetical / system error and there is no basis for such disallowance of deduction under section 10AA of the Act.

2. The learned CIT(A) has erred in directing the learned AO to re-compute the deduction eligible to the Appellant under section 10AA of the Act for the subject year instead of holding that the amount claimed by the Appellant is to be granted given that there were no adjustments to the claim made by the Appellant in the assessment order passed.

3. The learned CIT(A) has erred in directing the learned AO to re-compute the deduction eligible to the Appellant under section 10AA of the Act without appreciating the fact that the learned AO himself in the remand report has stated that the short-grant of deduction under section 10AA of the Act for the subject AY is due to technical glitch.

4. By directing learned the AO to re-compute the deduction, the learned CIT(A) has given an opportunity to the AO, which is not provided under any provisions of the Act, to recompute a deduction and which is otherwise time-barred.

**Short-grant of Advance Tax and Tax deducted at Source in the assessment order passed for the subject year**

5. The learned CIT(A) has failed to give a clear direction to the learned AO that the Appellant is entitled to the credit for the advance taxes paid by the entities which have been amalgamated during the year into the Appellant and grant such credit to the appellant.

6. The learned CIT(A) has failed to give clear directions to the learned AO to give credit to the Appellant for tax deducted at source in the name of entities which have amalgamated into the Appellant during the year, especially as the Appellant has included the corresponding receipts in its total income on which such taxes were deducted by the payers.

7. The learned CIT(A) has erred in redirecting the learned AO to allow credits as per law, when the learned AO by not taking into cognizance of the plea of the Appellant during the assessment proceedings, has failed to recognize that the Appellant is entitled to the credits of Advance Tax and Tax deducted at source suffered by the Amalgamated entities, as per law.

8. The learned CIT(A) should have directed the learned AO to grant the credits for the prepaid taxes irrespective of whether the system functionality of the revenue authorities provides for granting such credits or not.”

As is evident, the grievance of the assessee is two folds i.e., (i) Short grant of deduction u/s 10AA; (ii) Short grant of Advance tax and TDS belonging to amalgamated entities. Having heard rival submission, the appeal is disposed-off as under.

**2. Short grant of deduction u/s 10AA**

2.1 During appellate proceedings, a remand report was sought from Ld. AO on the issue of quantum of deduction u/s 10AA. The findings of

the same have been rendered in para 13.3 of the order which read as under:-

The assessee company had claimed deduction u/s 10AA amounting to Rs.3352,66,38,320/- in the return of income and the same was allowed in the intimation u/s 143(1) of the IT Act by the CPC in the intimation. While conducting the scrutiny assessment the system has wrongly taken the figure as Rs.3059,08,99.232/- instead of Rs. 3352,66,38,320/-, again due to some technical glitches.

Considering the same, Ld. CIT(A) has directed Ld. AO to re-compute the deduction u/s 10AA and allow such deduction as per law. Still aggrieved, the assessee is in further appeal before us.

2.2 From the submissions of Ld. AO, it is quite clear that this deduction is fully allowable to the assessee. In fact, full deduction was allowed u/s 143(1) and Ld. AO has not disputed this deduction while framing assessment u/s 143(3). Therefore, we modify the impugned order and hold that full deduction would be allowable to the assessee. The Ld. AO is directed to re-compute the income of the assessee.

### **3. Short grant of Advance tax and TDS belonging to amalgamated entities**

3.1 In this regard, Ld. CIT(A), in para 14.2, directed Ld. AO to verify the advance tax credit available to the assessee and allow the credit as per law after due verification.

3.2 It is the submissions of Ld. AR that few of the entities got amalgamated with the assessee. The income of those entities was offered to tax by the assessee. Therefore, the credit of advance tax and TDS credit belonging to those entities would be allowable to the assessee and those entities have not claimed the credit thereof. The Ld. AR further submitted that the details of the same would not be reflected

in Form 26AS of the assessee. These details have been placed on page nos. 336 and 337 of the paper book.

3.3 Considering the plea of Ld. AR, we direct Ld. AO to verify assessee's claim as per the submissions made by Ld. AR and allow the credit thereof as per law. The corresponding grounds stand allowed for statistical purposes.

### **Conclusion**

4. The appeal stand allowed to the extent indicated in the order.

*Order pronounced on 26<sup>th</sup> July, 2023.*

**Sd/-**

**(V. DURGA RAO)**

**न्यायिक सदस्य/JUDICIAL MEMBER**

**Sd/-**

**(MANOJ KUMAR AGGARWAL)**

**लेखासदस्य / ACCOUNTANT MEMBER**

चेन्नई Chennai; दिनांक Dated : 26-07-2023

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**आदेशकीप्रतिलिपिअग्रेषित/Copy of the Order forwarded to :**

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF