

**IN THE INCOME TAX APPELLATE TRIBUNAL  
'A' BENCH, BANGALORE**

**BEFORE SHRI WASEEM AHMED, ACCOUNTANT MEMBER AND  
SHRI SOUNDARARAJAN K, JUDICIAL MEMBER**

ITA No.422/Bang/2025
Assessment Year: 2023-24

Capup Online Services Pvt. Ltd., No.22/5-1, 4 <sup>th</sup> Cross, N.R Road, Bangalore  <b>PAN – AAICC 7881 Q</b>	Vs.	The Income Tax Officer, Ward – 2(2)(1), Bangalore.
APPELLANT		RESPONDENT

Assessee by	:	Shri Rohit Goutamchand, CA
Revenue by	:	Dr. Thejaswi GV, JCIT

Date of hearing	:	25.08.2025
Date of Pronouncement	:	.11.2025

**ORDER**

**PER WASEEM AHMED, ACCOUNTANT MEMBER:**

This appeal is filed by the assessee against the order of the Addl/JCIT(A)-1, Mumbai vide order dated 11/12/2024 in DIN No.ITBA/APL/S/250/2024-25/1071095709(1) for the assessment year 2023-24.

2. The only issue raised by the assessee is that the learned CIT-A erred in confirming the disallowance made by the CPC under section 143 (1) of the act by denying the deduction u/s 80IAC of the Act.

3. The CPC, Bengaluru, while issuing intimation u/s 143(1), disallowed the deduction claimed u/s 80IAC of the Act. According to CPC, once a company opts for the concessional regime u/s 115BAA of the Act, all deductions under Chapter VI-A stand forfeited. It presumed that the assessee had opted for section 115BAA regime and hence processed the return accordingly. Consequently, CPC determined the total income at ₹3,07,18,930 as against the returned income of ₹2,03,010.00.

4. The Ld. CIT(A) upheld the action of CPC. The Id. CIT(A) referred to the entries in Form 10CCB and observed that the form was defective, as Column 9 was not properly filled. According to the Id. CIT(A), the defect in form disentitles the assessee from deduction u/s 80IAC of the Act. The Id. CIT(A) further held that since CPC had applied provisions of section 115BAA of the Act, the disallowance of deduction was in line with law.

5. Being aggrieved by the order of learned CIT-A, the assessee is in appeal before us.

6. The Ld. AR before us contended that the assessee is a DPIIT recognised startup with the approval of the Inter-Ministerial Board, making it duly eligible for deduction u/s 80IAC of the Act. The assessee had filed its return under normal provisions of the Act and never exercised the option u/s 115BAA. CPC erred in presuming otherwise. Both the tax audit report u/s 44AB and Form 10CCB were filed within the due date, fulfilling procedural requirements. A minor clerical error in

Form 10CCB cannot deny a statutory deduction, especially when recognition by DPIIT is not in dispute.

7. The Ld. DR supported the orders of CPC and Id. CIT(A). It was argued that Form 10CCB contained defects and therefore the claim u/s 80IAC was not validly made. CPC was justified in applying provisions of Section 115BAA since MAT provisions were also attracted, and once so applied, Chapter VI-A deductions are not available. Section 143(1)(a) permits CPC to disallow claims not admissible on the face of the return, and the disallowance of deduction u/s 80IAC was within such power. The CIT(A) has rightly confirmed the order and there is no infirmity.

8. We have carefully considered rival submissions of both the parties and perused the materials available on record. The assessee is a recognized startup with DPIIT certificate and Inter-Ministerial Board approval. Eligibility under section 80IAC is thus prima facie satisfied. The CPC while issuing intimation u/s 143(1) presumed that the assessee had opted for taxation u/s 115BAA, which is factually incorrect since no such option was exercised in the return of income. The action of CPC goes beyond the limited scope of adjustments permissible u/s 143(1) of the Act.

8.1 The Id. CIT(A), instead of examining the matter on merits, dismissed the claim by treating Form 10CCB as defective, without affording the assessee a proper opportunity. In our view, a minor defect in the form cannot override a substantive right conferred under statute, particularly when eligibility of the assessee as a startup is undisputed.

8.2 We also note that the assessee has contended that initial assessment year 2022-23 is still pending before lower authority. The allowability of deduction u/s 80IAC has to be examined first in that initial year, because the claim in subsequent years is consequential and dependent on the determination in the first year. Unless the eligibility and quantum of deduction is settled in AY 2022-23, adjudicating AY 2023-24 in isolation would be premature.

8.3 In these circumstances, we consider it just and proper to set aside the order of the Id. CIT(A) and restore the matter to his file with a direction to first decide the assessee's claim for AY 2022-23 and thereafter re-examine the allowability for AY 2023-24. Needless to state, the assessee shall be given due opportunity of being heard and to file necessary clarifications or revised forms. Accordingly, the ground of appeal is allowed for statistical purposes.

9. In the result, the appeal of the assessee is allowed for statistical purposes.

Order pronounced in court on 3<sup>rd</sup> day of November, 2025

Sd/-

**(SOUNDARA RAJAN K)**  
Judicial Member

Sd/-

**(WASEEM AHMED)**  
Accountant Member

Bangalore  
Dated, 3<sup>rd</sup> November, 2025

/ vms /

Copy to:

1. The Applicant
2. The Respondent
3. The CIT
4. The CIT(A)
5. The DR, ITAT, Bangalore.
6. Guard file

By order

Asst. Registrar, ITAT, Bangalore