

आयकर अपीलीय न्यायाधिकरण में, हैदराबाद 'ए' बेंच, हैदराबाद  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**Hyderabad ' A ' Bench, Hyderabad**

श्री मंजूनाथ जी, माननीय लेखा सदस्य एवं श्री रवीश सूद, माननीय न्यायिक सदस्य  
**SHRI G. MANJUNATHA, HON'BLE ACCOUNTANT MEMBER**  
**AND**  
**SHRI RAVISH SOOD, HON'BLE JUDICIAL MEMBER**

आयकर अपील सं./I.T.A.No.96/Hyd/2025  
(निर्धारण वर्ष/ Assessment Year: 2022-23)

The Deputy Commissioner of Income-tax, Circle – 5(1), Hyderabad.	Vs.	NetCracker Technology Solutions (India) Private Limited, Hyderabad.  PAN : AACCC0701B
<b>(अपीलार्थी/ Appellant)</b>		<b>(प्रत्यर्थी/ Respondent)</b>

करदाता का प्रतिनिधित्व/ Assessee Represented by	:	Ms. Tanmayee Rajkumar, Advocate.
राजस्व का प्रतिनिधित्व/ Department Represented by	:	Ms. U. Mini Chandran, CIT-DR
सुनवाई समाप्त होने की तिथि/ Date of Conclusion of Hearing	:	13.10.2025
घोषणा की तारीख/ Date of Pronouncement	:	03.12.2025

**ORDER**

**PER MANJUNATHA G., A.M. :**

This appeal filed by the Revenue is against the order of learned Addl./Joint Commissioner of Income Tax (Appeals) – 2, Ludhiana, dated 27.11.2024, pertaining to the assessment year 2022-23.

2. The grounds raised by the assessee read as under :

*“(i) The learned CIT(A) erred in appreciating the fact that the CPC has already passed a rectification order u/s 154 on 27.11.2023 giving relief to the assessee and reducing the total income to Rs. 191.62 crores.*

*(ii) The learned CIT(A) erred in deleting the adjustment of Rs.7,68,64,484 made by the CPC observing that the same is GST refund without bringing on record the working out of the same and examining the correctness thereof.*

*(iii) The learned CIT(A) ought to have appreciated that the GST refund amount contain interest component which was not offered for taxation by the assessee.*

*(iv) The learned CIT(A) erred in deleting the adjustment of Rs.7.68 crores without bringing the facts on record relating to the correctness of the GST refund claim.*

*(v) Any other ground that may be urged at the time of appeal hearing.”*

3. The brief facts of the case are that, the assessee company, which is engaged in the business of software development and providing support services, has filed its return of income on 29.11.2022 declaring a total income of Rs. 1,63,06,95,970/-. The return of income has been processed and an intimation under Section 143(1) of the Act, dated 29.07.2023 was issued and determined the total income at Rs. 203,47,14,550/- and made additions of Rs. 7,68,64,483/- towards GST refund and also addition of Rs. 36,54,35,410/- towards depreciation on fixed

assets due to mismatch between the return of income and tax audit report.

4. Aggrieved by the assessment order passed under Section 143(1)(a) of the Act, the assessee preferred appeal before the Ld. CIT(A) and challenged the additions made by the A.O. towards GST refund and also disallowance of depreciation. The Ld. CIT(A), after considering the relevant facts and also submissions of the assessee, deleted the additions made by the A.O. towards GST refund by holding that, the assessee has not passed the GST refund through the profit and loss account and further, it is a balance-sheet item and therefore, the question of disallowance does not arise. The Ld. CIT(A) also deleted the additions made by the A.O. towards disallowance of depreciation by holding that, after examination of the ITR and tax audit report, it has been observed that the assessee has disclosed the amount at Serial No. 13(e) in the audit report and the same amount has been shown at Serial No. A(11) of ITR.

5. Aggrieved by the order of the Ld. CIT(A), the revenue is now in appeal before the Tribunal.

6. The only issue that came up for our consideration from Ground Nos. 2 to 4 of the revenue's appeal is deletion of addition made towards GST refund of Rs. 7,68,64,483/-. The A.O./CPC made addition of Rs. 7,68,64,483/- towards GST refund on account of inconsistency between the return of income and tax audit report.

7. On appeal, the Ld. CIT(A) deleted the additions made by the A.O. on the ground that, the GST refund is received out of input tax credit available with the assessee and neither the payment of taxes nor refund is received or routed through the profit and loss account and accordingly no adjustment is warranted to the total income.

8. The Ld. CIT-DR, Ms. U. Mini Chandran, submitted that, the Ld. CIT(A) has erred in deleting the adjustment made by the A.O./CPC towards GST refund of Rs. 7,68,64,483/- without bringing on record the working out of the same and examining the correctness thereof. The Ld. CIT-DR further submitted that the Ld. CIT(A) ought to have appreciated that the GST refund amount may contain interest component which was not offered to tax by the

assessee. Therefore, she submitted that the matter may be remitted to the A.O. to verify the facts and decide the issue in accordance with law.

9. The learned counsel for the assessee, Ms. Tanmayee Rajkumar, Advocate, on the other hand, supporting the order of the Ld. CIT(A), submitted that, the assessee has received GST refund out of input tax credit and also GST paid in earlier period and the said GST refund does not contain any interest component. The Ld. CIT(A), after considering the relevant facts, has rightly deleted the addition made by the A.O. Therefore, she submitted that the order of the Ld. CIT(A) should be upheld and the additions made by the A.O. should be deleted.

10. We have heard both parties, perused the material available on record and had gone through the orders of the authorities below. The GST payment is a tax on sales and the same is generally not routed through the profit and loss account. If an assessee gets a refund of GST from the authorities, then it becomes an item of the balance sheet if it is not routed through the profit and loss account, and therefore, if the GST refund

amount does not contain interest portion, then the same should be adjusted against GST receivable in the books of accounts of the assessee. Therefore, to this extent, we are in full agreement with the reasons given by the Ld. CIT(A) to delete the additions made towards GST refund on the ground that the same has not been routed through the profit and loss account. However, there is merit in the arguments of the Ld. DR for the revenue insofar as the interest component is concerned. In case the assessee gets GST refund along with interest, then the interest component should be taxed separately. Although the learned counsel for the assessee claims that the GST refund amount does not contain interest component, but in our considered view, the facts are not clear. Therefore, the matter needs re-examination from the A.O. Accordingly, we set aside the order of the Ld. CIT(A) and restore the issue back to the file of the A.O. The A.O. is directed to verify the issue and ascertain the fact with regard to interest, if any, received by the assessee towards GST refund. In case the assessee receives only the GST component without any interest, then the question of addition towards GST refund does not arise and thus

the A.O. is directed to delete the additions. In case the assessee gets interest on GST refund, then the same needs to tax separately. Therefore, we direct the A.O. to verify the facts and decide the issue in accordance with law as per the directions given hereinabove.

11. In the result, the appeal filed by the revenue is allowed for statistical purposes.

Order pronounced in the Open Court on 3<sup>rd</sup> December, 2025.

<b>Sd/-</b> (श्री रवीश सूद) <b>(RAVISH SOOD)</b> न्यायिक सदस्य/ <b>JUDICIAL MEMBER</b>	<b>Sd/-</b> (मंजूनाथ जी) <b>(MANJUNATHA G.)</b> लेखा सदस्य/ <b>ACCOUNTANT MEMBER</b>
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Hyderabad, dated 03.12.2025.  
**TYNM/sps**

**आदेशकी प्रतिलिपि अग्रेषित/ Copy of the order forwarded to:-**

1.	निर्धारिती/The Assessee	:	NetCracker Technology Solutions (India) Private Limited, 7th to 11th Floor Divyasree Techridge Building, Mainikonda S.O. Manikonda (Jagir), K.V. Rangareddy – 500089, Telangana.
2.	राजस्व/ The Revenue	:	The Deputy Commissioner of Income-tax, Circle – 5(1), Hyderabad.
3.	The Principal Commissioner of Income Tax, Hyderabad.		
4.	The Disputes Resolution Panel-1, Kendriya Sadan, 4 <sup>th</sup> Floor, C-Wing, BENGALURU – 560 034. Karnataka		
5.	The Pr.CIT (IT & TP), Hyderabad.		
6.	विभागीयप्रतिनिधि, आयकर अपीलीय अधिकरण, हैदराबाद / DR, ITAT, Hyderabad		
7.	गार्डफ़ाईल / Guard file		

आदेशानुसार / BY ORDER

Sr. Private Secretary  
 ITAT, Hyderabad