

HIGH COURT FOR THE STATE OF TELANGANA

MAIN CASE No: ITTA No.77 of 2026

PROCEEDINGS SHEET

Sl. No.	Date	ORDER	OFFICE NOTE
1.	08.06.2026	<p><u>PSK,J & NNR,J</u></p> <p>Counsel for the appellant: Ms.J.Sunita, learned Senior Standing Counsel for Income Tax Department</p> <p style="text-align: center;"><u>I.A.No.1 of 2026</u></p> <p style="text-align: center;">Dispensed with for the present.</p> <p style="text-align: center;"><u>ITTA No.77 of 2026</u></p> <p>Heard on admission.</p> <p>This appeal is admitted for hearing on the following substantial questions of law:</p> <p style="padding-left: 40px;">“1. Whether on the facts and circumstances of the case and in law, the Hon’ble ITAT was justified by accepting the assessee’s claim in respect of share transactions, wherein exemption under section 10(38) was denied on account of bogus long-term capital gains arising from penny stock transactions?</p> <p style="padding-left: 40px;">2. Whether on the facts and in the circumstances of the case and in law, te Hon’ble ITAT erred in deciding the addition made under section 69A of the Income Tax Act, 1961, without applying the test of human probabilities as laid down by the Hon’ble Supreme Court in CIT v. Durga Prasad More (82 ITR 540) and Sumati Dayal v. CIT (214 ITR 801), thereby accepting the claim of the assessee as genuine despite the inherent improbabilities in the transaction?”</p> <p>Mr.A.V.Raghu Ram accepts notice on behalf of the respondent.</p> <p>Hence, issuance of notice stands waived.</p>	Transferred to i/o folder, before corrections, if any.

		<p>List the appeal along with ITTA No.76 of 2026 for final hearing.</p> <p><i>nvl</i></p> <p>PSK,J</p> <p>NNR,J</p>	
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