HIGH COURT FOR THE STATE OF TELANGANA

MAIN CASE No: ITTA No.100 of 2026

PROCEEDINGS SHEET

Sl. No.	Date	ORDER	OFFICE NOTE
2.	06.07.2026	**PSK,J & NNR,J** Counsel for the appellant: Mr.Kamasani Sudhakar Reddy, learned Senior Standing Counsel for the Income Tax Department Counsel for respondents: Mr.Karan Talwar **ITTA No.100 of 2026** Heard on admission. The Appeal is admitted for hearing on the following substantial questions of law: 1. Whether on the facts and in the circumstances of the case and in law, the Hon'ble ITAT was correct in law in upholding the deletion of disallowance made under Section 14A read with Rule 8D of Rs.1,10,11,500/- by holding that no disallowance is warranted in absence of recorded satisfaction, without appreciating that the existence of substantial investments capable of yielding exempt income attracts the provisions of Section 14A of the Income Tax Act, 1961 irrespective of actual expenditure claimed, without appreciating the clarification given by CBDT in Circular No.05/2014 dated 11.02.2014? 2. Whether on the facts and in the circumstances of the case, the Hon'ble ITAT was justified in allowing deduction under Section 80G of the Income Tax Act, 1961 in respect of CSR expenditure of	Transferred to i/o folder, before corrections, if any.

Rs.1,85,88,450/-, without appreciating that such expenditure is mandatory in nature under the Companies Act, 2013 and constitutes application of income, thereby defeating the legislative intent of Explanation 2 to Section 37(1) of the Income Tax Act, 1961 and not appreciating the distinction between voluntary donations and mandatory statutory expenditure?

3. Whether on the facts and in the circumstances of the case, the Hon'ble ITAT is erred in law in deleting the disallowance of Rs.16.31 Crores under Section 80IA of the Income Tax Act, 1961, based on estimation, despite the Assessing Officer having brought on record discrepancies through enquiries conducted under Section 133(6) of the Income Tax Act, 1961, and whether such estimation is a permissible method of assessment in cases of unverifiable transactions?

4. Whether on the facts and in the circumstances of the case, the Hon'ble ITAT was correct in law in holding that scrap sales and interest income of Rs.1,24,717/- are eligible for deduction under section 80-IA, by treating them as income "derived from" the eligible business, without applying the strict and proximate nexus test required under the said provision?

Mr.Karan Talwar, learned counsel appears for the respondent.

List along with ITTA.No.87 of 2026 on 02.09.2026.

PSK,J

NNR,J

nvl
