HIGH COURT FOR THE STATE OF TELANGANA

MAIN CASE No: ITTA No.135 of 2026

PROCEEDINGS SHEET

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PSK,J & NNR,J

Counsel for the appellant: Mr.N.Praveen Reddy, learned Senior Standing Counsel for the Income Tax Department

I.A.No.1 of 2026

Heard on I.A.No.1 of 2026, an application seeking condonation of delay of 188 days in representing the appeal.

On due consideration, I.A.No.1 of 2026 stands allowed and the delay of 188 days in representing the appeal stands condoned.

I.A.No.2 of 2026

Heard on I.A.No.2 of 2026, an application seeking condonation of delay of 7 days in filing the appeal.

On due consideration, I.A.No.2 of 2026 stands allowed and the delay of 7 days in filing the appeal stands condoned.

ITTA No.135 of 2026

Heard on admission.

The appeal is admitted for hearing on the following substantial questions of law:

“1. Whether on the facts and circumstances of the

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case and in law, the Hon'ble ITAT is correct in treating the entire advances as trade advances thereby excluding them from the ambit of deemed dividend u/s.2(22)(e) of the Act even though the amount was after set off of 150% of purchases against the outstanding debit balances?

2. Whether on the facts and circumstances of the case and in law, the Hon'ble ITAT is correct in deleting the enhancement made by the Ld.CIT (A) holding that the power exercised by the CIT (A) to enhance assessment u/s.251(1)(a) of the Act is impermissible in law ignoring the Apex Court judgment in the case of Nirbheram Deluram [1997] 224 ITR 610(SC) wherein it was held that power of Appellate Assistant Commissioner is co-terminus with that of the Income Tax Officer and he can do what the Income Tax Officer can do and also direct him to do what he has failed to do?"

Let notice be issued to the respondent.

List the appeal for final hearing in usual course.

PSK,J

NNR,J

AQS