IN THE INCOME TAX APPELLATE TRIBUNAL
MUMBAI BENCH "E" MUMBAI

BEFORE SHRI MAHAVIR SINGH (JUDICIAL MEMBER) AND
SHRI N.K. PRADHAN (ACCOUNTANT MEMBER)

ITA No. 4334/MUM/2015
Assessment Year: 2011-12

AC / DCIT (LTU) 1 World Trade Centre, Centre 1, 29th Floor, Cuffe Parade, Mumbai – 400005	Vs.	M/s. Sonata Information Technology Ltd. 208, T.V. Indl. Estate, S.K. Ahire Marg, Worli Mumbai - 400025
		PAN No. AAECS8734J
(Appellant)		**(Respondent)**

Revenue by : Mr. H.N. Singh, DR
Assessee by: Mr. Kapil Sheth, AR

Date of Hearing : 17/05/2017
Date of pronouncement: 31/05/2017

ORDER

PER N.K. PRADHAN, AM

This is an appeal filed by the revenue. The relevant assessment year is 2011-12. The appeal is directed against the order of the Commissioner (Appeals) - 1, Mumbai and arises out of the order u/s 143(3) of the Income Tax Act, 1961 (the 'Act').

2. The grounds of appeal filed by the revenue read as under:-

i. On the facts and in the circumstances of the case and in law, the Ld. CIT(A) erred in allowing service charges of Rs. 16,35,05,891/- incurred for the services rendered by its holding company "Sonata Software Ltd. (SSL)."

ii. On the facts and in the circumstances of the case and in law, the Ld. CIT(A) erred in allowing deputation charges of Rs. 12,13,10,317/- in respect of personnel deputed by its holding company M/s. Sonata Software Ltd.

iii. On the facts and in the circumstances of the case and in law, the Ld. CIT(A) erred in allowing reimbursement of various expenses of Rs. 2,49,69,862/- to Sonata Software Ltd., its holding company which was disallowed u/s 37(1) of the I.T. Act.

3. The assessee is engaged in business of trading in software. It filed its return of income for the impugned assessment year on 29.09.2011 declaring a total income of Rs. 1,83,23,305/- under normal provisions and Rs. 3,34,90,446/- u/s 115JB of the Act.

3.1 Briefly stated the facts of the case are that the Assessing Officer (A.O.) made an addition of (i) Rs. 16,35,05,891/- being service charges incurred for the services rendered by the holding company of the assessee i.e. Sonata Software Ltd., (ii) Rs. 12,13,10,317/- of deputation charges and (iii) Rs. 2,49,69,862/- reimbursement of various expenses to Sonata Software Ltd.

4. Aggrieved by the order of the A.O., the assessee filed an appeal before the learned CIT(A). We find that the learned CIT(A) has followed the order of the Tribunal and allowed the appeal filed by the assessee.

5. Before us the learned DR relied on the order of the A.O. On the other hand the learned Counsel of the assessee supported the order passed by the learned CIT(A). The learned counsel also relied on the order of the ITAT in the case of the assessee for the A.Y. 2010-11 (ITA No. 1305/Mum/2014).

6. We have heard the rival submissions and perused the relevant material on record. We find that the ground of appeal before the Tribunal for the A.Y. 2010-11were as under:

> "i. On the facts and in the circumstances of the case and in law, the Ld. CIT(A) erred in allowing service charges of Rs. 13,06,64,264/- incurred for the services rendered by its holding company 'Sonata Software Ltd. (SSL).
>
> ii. On the facts and in the circumstances of the case and in law, the Ld. CIT(A) erred in allowing deputation charges of Rs. 11,07,82,495/- in respect of personnel deputed by its holding company M/s. Sonata Software Ltd.
>
> iii. On the facts and in the circumstances of the case and in law, the Ld. CIT(A) erred in allowing reimbursement of various expenses of Rs. 31,72,021/- to Sonata Software Ltd. its holding company disallowed u/s 37(1) of the I.T. Act."

6.1 The Co-ordinate Bench observed that the issues raised here-in-above were covered by the decision of the Tribunal in assessee's own case for the A.Y. 2008-09 and 2009-10. The Tribunal followed the order of the Co-ordinate Bench and dismissed the appeal filed by the revenue.

6.2 Facts being same, we follow the order of the Co-ordinate Bench (ITA No. 1305/Mum/2014) and dismiss the appeal filed by the revenue.

7. In the result, the appeal is dismissed.

Order pronounced in the open Court on 31/05/2017

Sd/- Sd/-

(MAHAVIR SINGH) (N.K. PRADHAN)
JUDICIAL MEMBER ACCOUNTANT MEMBER

Mumbai:
Dated: 31/05/2017
Rahul Sharma, Sr. P.S.

Copy of the Order forwarded to :

1. The Appellant
2. The Respondent.
3. The CIT(A)-
4. CIT
5. DR, ITAT, Mumbai
6. Guard file.

BY ORDER,

//True Copy//

(Dy./Asstt. Registrar)
ITAT, Mumbai