



CNR: KAHC010565122026

NC: 2026:KHC:53884-DB
ITA No. 152 of 2026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 29TH DAY OF SEPTEMBER, 2026

PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

THE HON'BLE MRS. JUSTICE K.S. HEMALEKHA

INCOME TAX APPEAL NO.152 OF 2026

BETWEEN:

1. THE PR. COMMISSIONER OF INCOME-TAX-1,
5TH FLOOR, BMTC BUILDING,
80 FEET ROAD, KORMANGALA,
BENGALURU-560 095.
2. THE DEPUTY/ASST. COMMISSIONER OF INCOME-TAX,
CIRCLE-6(1)(1), 2ND FLOOR,
BMTC BUILDING, 80 FEET ROAD,
KORMANGALA, BENGALURU-560 095.

...APPELLANTS

(BY SRI. RAVI RAJ Y.V., ADVOCATE)

AND:

SYNAMEDIA INDIA PVT. LTD.,
BLOCK 9A & 9B, 7TH FLOOR,
PRITECH PARK, SEZ,
SURVEY NO.51-64/4,
SARJAPUR OUTER RING ROAD,
BELLANDUR VILLAGE,
BENGALURU-560 103.

...RESPONDENT

THIS ITA IS FILED UNDER SECTION 260A OF THE INCOME TAX ACT, 1961, PRAYING TO FORMULATE THE SUBSTANTIAL QUESTIONS OF LAW STATED ABOVE; ALLOW THE APPEAL AND SET ASIDE THE ORDERS PASSED BY THE INCOME-TAX





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APPELLATE TRIBUNAL, BENGALURU IN IT(TP)A NO.1354/BANG/2024 DATED 10.03.2025 FOR ASSESSMENT YEAR 2020-21 ANNEXURE-A AND CONFIRM THE ORDER OF THE DRP CONFIRMING THE ORDER PASSED BY THE DEPUTY/ASST. COMMISSIONER OF INCOME TAX, CIRCLE-6(1)(1), BENGALURU.

THIS APPEAL, COMING ON FOR ORDERS, THIS DAY, JUDGMENT WAS DELIVERED THEREIN AS UNDER:

CORAM: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE
and
HON'BLE MRS. JUSTICE K.S. HEMALEKHA

ORAL JUDGMENT

(PER: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE)

1. For the reasons stated in the affidavit accompanying the application, I.A No.1/2026, the same is allowed. The delay of 340 days in filing the appeal is condoned.
2. The Revenue has filed the present appeal under Section 260A of the Income Tax Act, 1961 [**the Act**] impugning the order dated 10.03.2025 passed by the learned Income-Tax Appellate Tribunal, Bangalore [**ITAT**] in IT (TP)A No.1354/Bang/2024 for the Assessment Year [**AY**] 2020-21.
3. The Assessee had filed the said appeal against the assessment order dated 17.05.2024, essentially assailing the transfer pricing adjustments made pursuant to the order dated



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27.07.2023 passed by the Transfer Pricing Officer [**TPO**] under Section 92CA (3) of the Act.

4. Based on the said order of the TPO, the Assessing Officer [**AO**] issued a draft assessment order on 29.08.2023, against which the Assessee filed its objections before the Dispute Resolution Panel [**DRP**]. The DRP rejected the objections by order dated 18.04.2024, pursuant to which the AO passed the final assessment order under Section 143 (3) read with Sections 144C (3), Section 144B of the Act on 17.05.2024.

5. The Assessee is engaged in providing services such as end-to-end connectivity services for satellite, broadband, IPTV, Hybrid, OTT and EPG services. During the previous year relevant to AY 2020-21, the Assessee entered into various international transactions with its Associated Enterprises [**AE**]. The Assessee had classified its transactions into three segments, a) R&D Software Development Services [**SWD**] segment; b) Technical Support Services [**TSS**] segment; and c) Marketing Support and Distribution Services [**MSD**] segment].



6. The Assessee had also furnished a transfer pricing study, benchmarking its international transactions by applying the Transactional Net Margin Method [TNMM].

7. The TPO found that the Assessee had receivables from its AEs which remained outstanding beyond the agreed credit period.

8. Consequently, the learned TPO treated the delayed receivables as a separate international transaction and imputed interest thereon for the purpose of determining the Arm's Length Price [**ALP**].

9. The learned ITAT upheld the Revenue's contention that the delayed receivables were required to be benchmarked as a separate international transaction. However, the ITAT did not accept the interest rate adopted by the TPO namely the six-month London Interbank Offered Rate [**LIBOR**] plus 450 basis points. The ITAT, following the decision in the case of **DCIT Vs. Hewlett Packard India Software Operations Private Limited**¹, held that

¹ (2022) 149 taxmann.com 280 (Bang. Trib.)



LIBOR plus 200 basis points would be the appropriate rate of interest.

10. The Revenue has filed the present appeal confined to the following substantial question of law:

“1. Whether on the facts and in the circumstances of the case and in law, the Tribunal is right in directing the TPO to adopt LIBOR for 6 month+200 basis points for computing interest on delayed receivables instead of LIBOR for 6 month + 450 basis points?”

11. The question as to what would be the appropriate rate of interest for determining the ALP in respect of delayed receivables is essentially a question of fact, which has to be determined on the basis of the prevailing rate of interest.

12. Since it is not disputed that the receivables in question were denominated in foreign currency, the rate of interest applicable to receivables denominated in such foreign currency would be appropriate benchmark, as it would also take into account the fluctuations in the exchange rate.

13. Undisputedly, LIBOR was at the relevant time, commonly adopted as the benchmark for determining the prevailing interest rate in the international banking system. The learned TPO also



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adopted LIBOR for determining the interest rate on the foreign currency receivables but added 450 basis point (4.5%). The learned ITAT, following the past precedents, has considered LIBOR plus 200 basis points (2%) as the appropriate rate of interest.

14. As noted above, the determination made by the ITAT is based on the prevailing rate of interest. No material has been placed to indicate that the determination of the rate of interest by the learned ITAT is perverse or in disregard of the prevailing interest rates.

15. In view of the above, no substantial questions of law arises for consideration by this Court. The appeal is accordingly dismissed.

**Sd/-
(VIBHU BAKHRU)
CHIEF JUSTICE**

**Sd/-
(K.S. HEMALEKHA)
JUDGE**