आयकर अपीलीय अधिकरण, 'ए' न्यायपीठ, हैदराबाद।

IN THE INCOME TAX APPELLATE TRIBUNAL
'A' Bench, Hyderabad

श्री विजय पाल राव, माननीय उपाध्यक्ष एवं श्री मंजूनाथ जी, माननीय लेखा सदस्य के समक्ष
BEFORE SHRI VIJAY PAL RAO, HON'BLE VICE PRESIDENT & SHRI MANJUNATHA.G, HON'BLE ACCOUNTANT MEMBER

आयकर अपील सं./**ITA No.1441/Hyd/2025**
निर्धारण वर्ष/**Assessment Year: 2022-23**

Emdarapu Kumaraswamy, 2-180, Gunjapadgu Kummari Wada, 6th Ward, Gunjapadugu, Karimnagar-505 184. **[PAN: AAXPE 0548 C]**	**v.**	The ITO, Ward-11(1), Hyderabad.
(अपीलार्थी/**Appellant)**		(प्रत्यर्थी/**Respondent)**

अपीलार्थी की ओर से/ Appellant by	:	Shri Suresh Velugula, CA
प्रत्यर्थी की ओर से /Respondent by	:	Shri S.A. Mathivanan, Sr.AR
सुनवाई की तारीख/Date of Hearing	:	11.06.2026
घोषणा की तारीख /Date of Pronouncement	:	24.06.2026

आदेश / O R D E R

PER MANJUNATHA.G, AM:

This appeal filed by the assessee is directed against the order of the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre (NFAC), Delhi, dated 14.07.225, and pertains to assessment year 2022-23.

2. The brief facts of the case are that the assessee is an individual filed his return of income (RoI) for AY 2022-23 declaring total income of Rs.15,62,200/- which consists of income from salary and 'income from other sources'. The case was selected for scrutiny through CASS. During the course of assesement proceedings, the AO noticed that as per information received data pertaining players winnings was obtained during the course of search, u/s.132 of the Income Tax Act, 1961 (in short "the Act") in the case of M/s. Gameskraft Technology Pvt. Ltd. The assessee has won to the tune of Rs.3,54,44,447/- from gaming as a prize. The assessee has won to the tune of Rs.3,54,44,447/- from gaming on portal managed by M/s. Gameskraft Technology Pvt. Ltd. However, it is seen from the RoI filed by the assessee, this income was not offered by the assessee for taxation. Therefore, the AO called upon the assessee to explain 'as to why' addition should not be made towards winnings from games u/s.115BB of the Act. In response, the assessee submitted that, he has played 'Rummy' through the online website owned by M/s. Gameskraft Technology Pvt. Ltd., and incurred loss of Rs.32,40,810/-. The assessee further submitted that as per the information provided by the company, it shows the assessee has incurred loss of Rs.30,43,537/-. Therefore, he submitted that the allegation of winnings from games of Rs.3,54,44,447/- is incorrect. The AO after taking note of the relevant facts and information received from M/s. Gameskraft Technology Pvt. Ltd., observed that the assessee has earned

gross winnings from Rummy for Rs.3,54,44,447/-, however, not offered any income for taxation. The AO further observed that as per provisions of Sec.115BB of the Act, gross winnings from games is taxable without any deduction towards expenditure. The AO had also referred to Section 58(4) of the Act which denies deduction towards any expenditure in connection with income from any games including horse-race. Therefore, made addition of Rs.3,54,44,447/- u/s.115BB of the Act.

3. The AO further noticed that the assessee has claimed deduction under Chapter VI-A and u/s.80C, 80D, 8DD & 80DDB of the Act. The AO called upon the assessee to file relevant details. Since the assessee has not furnished any details, the AO disallowed Rs.5,71,288/- towards deduction claimed under Chapter VI-A and loss claimed from house property and added back to the total income.

4. Aggrieved by the assessement order, the assessee preferred an appeal before the Ld.CIT(A). Before the Ld.CIT(A), the assessee reiterated its submission made before the AO and argued that as per the information provided by the company and considered by the AO, the assessee has incurred loss of Rs.30,43,537/- which is evident from the total amount of BuyIn and gross winnings from the games. This is further supported by total amount paid by the assessee on various dates and amount withdrawn on various dates, where the company has shown loss of Rs.30,43,537/-. Although, the information clearly shows loss from on-

line gaming, but the AO has considered gross winnings of Rs.3,54,44,447/- without considering the explanation of the assessee. The assessee further submitted that in respect of addition made towards disallowance of Chapter VI-A and addition under the head 'income from house property', the assessee had filed updated return u/s.139(8A) and paid corresponding tax u/s.144**B** on or before 31.03.2024. Therefore, submitted that the additions made by the AO should be deleted otherwise it will be double addition.

5. The Ld.CIT(A) after considering relevant facts and also taking note of reasons given by the AO for making addition towards winnings from games u/s.115BB of the Act observed that, as per provisions of Sec.115BB of the Act only gross winnings from any game including online game is taxable. Although, a new Section 115BB of the Act, inserted from 01.04.2024 allows taxation on net winnings from online games from specific assessement year. However, amended provision is not applicable to the assessee for the year under consideration. Therefore, rejected the explanation of the assessee and sustained the additions made by the AO u/s.115BB of the Act. The Ld.CIT(A) had also confirmed the additions made by the AO towards disallowance of deduction claimed under Chapter VI-A for Rs.5,71,288/- on the ground that the assessee fails to submit details in support of the deduction.

6. Aggrieved by the order of the Ld.CIT(A), the assessee is now in appeal before this Tribunal.

7. The Ld. Counsel for the assessee, Mr. Suresh Velugula, CA, submitted that the Ld.CIT(A) erred in sustaining the addition of Rs.3,54,44,447/- towards winnings form online games u/s.115BB of the Act without appreciating the fact that amount considered by the AO represents gross BuyIn reported by the gaming platform and not actual winnings. The Ld. Counsel for the assessee further referring to the information submitted by the company which is available in assessement order submitted that, as per the information, it is clearly shows that the assessee has incurred loss of Rs.30,43,537/- which is evident from the total BuyIn and gross winnings. The AO without considering the relevant facts has considered the aggregating of gross BuyIn and winnings and made addition of Rs.3,54,44,447/-. Therefore, the AO should have considered the difference between the total BuyIn of Rs.3,84,87,984/- ***minus*** gross winnings of Rs.3,54,44,447/- and the result of difference is loss of Rs.30,43,537/-. This is Further supported by total payments by the assessee and total withdrawal on various dates and the result of which is net loss of Rs.30,43,537/-. Although the information clearly shows that the assessee incurred loss, the AO made additions towards gross winnings by considering only total BuyIn which resulted in erroneous additions of Rs.3,54,44,447/- made by the AO. Therefore, he submitted that the additions made by the AO should be deleted.

8. The Ld. Counsel for the assessee further referring to addition of Rs.5,71,288/- towards disallowance of deduction under Chapter VI-A submitted that no doubt the assessee couldn't file relevant details before the AO. But, fact remains that the assessee has furnished updated statement of total income and also paid tax as per Section 144**B** of the Act and further, details has been furnished to the Ld.CIT(A) along with challan. However, the Ld.CIT(A) has not considered evidences and sustained the additions made by the AO. Since the assessee has already paid tax on Rs.5,71,288/-, further addition towards very same amount is double addition which is not permissible under the Law and therefore, he submitted that the additions made by the AO should be deleted.

9. The Ld.SR-AR for Revenue, on the other hand, supporting the order of the Ld.CIT(A) submitted that as per the information furnished by M/s. Gameskraft Technology Pvt. Ltd., the assessee has gross winnings of Rs.3,54,44,447/-. As per Sec u/s.115BB of the Act, which deals with taxation of gross winnings from any game including online games. Section 58(4) of the Act doesn't allow any deduction towards expenditure against winnings from games. The AO after considering relevant facts has rightly taxed gross winnings from online games. The Ld.CIT(A) after considering relevant facts has rightly sustained the additions made by the AO, therefore, he submitted that the additions made by the AO should be deleted.

10. In so far as addition of Rs.5,71,288/- towards deduction claimed under Chapter VI-A and loss from house property, the assessee could not substantiate the claim with relevant evidence. Further, although, the assessee claims to have filed updated, statement of total income but has not filed RoI u/s.139(8A) of the Act and also not paid taxes before the date of the assessement. Further, these details have not been furnished before the Ld.CIT(A). In the absence of relevant details, the Ld.CIT(A) sustained the additions made by the AO. Therefore, he submitted that the additions made by the AO should be upheld or in the alternative, the matter may be remitted back to the file of the AO for verification and to decide the issue as per law.

11. We have heard both the parties, perused the materials available on record and had gone through orders of the authorities below. The AO made addition of Rs.3,54,44,447/- towards winnings from online games platform owned by M/s. Gameskraft Technology Pvt. Ltd. According to the AO, as per u/s.115BB of the Act, gross winnings of any games is taxable without allowing any deduction towards expenditure. The AO further noted that Section 58(4) doesn't allow deduction towards any expenditure. Therefore, the AO taxed gross winnings reported by the online platform for Rs.3,54,44,447/- and brought to tax u/s.115BB of the Act. We have gone through the relevant information furnished by the company which is available in Page No.5 of the assessement order. The company has submitted details of transactions of the assessee in two

categories, i.e., one under the category calculation of winning/loss [difference between BuyIn & winning] and second category, the total payment and receipts by the assessee. As per calculations of winnings/loss, the company has reported loss of Rs.30,43,537/-. This has been further reiterated in the category of ledger accounts of the assessee for payment made for the year and amount received for the year which also shows loss incurred for Rs.30,43,537/-. From the details submitted by the company and considered by the AO, it is abundantly clear that the assessee has incurred loss of Rs.30,43,537/- for the year under consideration. Although, the information is very clear that the assessee has incurred loss but the AO has considered the gross winnings reported by the company for Rs.3,54,44,447/- without considering the amount of BuyIn at Rs.3,84,87,984/- and the net loss of Rs.30,43,537/-. In our considered view, the AO is completely erred in making additions, because, difference between the initial amount paid by the assessee or invested in the game and the gross winning represents the amount of money won by the assessee. The winnings from any games referred to u/s.115BB of the Act should be understood in the context of net winnings from any game by the assessee which is nothing but total amount paid by the assessee ***minus*** gross winnings and the result of which is positive, then it means that the assessee has gross winnings and difference of which is negative, the assessee has incurred loss. In the present case, the details submitted by the company clearly show that the assessee has incurred loss of

Rs.30,43,537/-. This is further fortified from the fact that, if at all the assessee has any winnings from online games, then the company should have deducted TDS u/s.194B of the Act. But, fact remains that there is no TDS deduction on gross winnings from M/s. Gameskraft Technology Pvt. Ltd. Therefore, from the above facts, it is clear that the assessee has incurred loss of Rs.30,43,537/-, whereas the AO has erroneously considered gross winnings of Rs.3,54,44,447/- and made addition u/s.115BB of the Act. Further, if at all the AO was not clear about amount of gross winnings, then he should have obtained information from the company with regard to winnings/loss if any for the year under consideration. But, the AO has not obtained any information from the company and blindly made addition by taking into account gross winnings without considering the initial amount paid by the assessee. Therefore, we are of the considered view that, the AO is erred in making addition of Rs.3,54,44,447/- towards gross winnings form online games u/s.115BB of the Act. The Ld.CIT(A) without considering relevant facts, simply sustained the additions made by the AO. Therefore, we set aside the order of the Ld.CIT(A) and direct the AO to delete the addition of Rs.3,54,44,447/- made u/s.115BB of the Act.

12. Coming back to second addition of Rs.5,71,288/- towards disallowance of deduction under Chapter VI-A and loss from house property u/s.24(b) of the Act. The AO disallowed Rs.5,71,288/- when the assessee has not filed any supporting evidences for deduction under

Chapter VI-A and deduction u/s.24(b) of the Act. It was submission of the Ld. Counsel for the assessee that the assessee has filed a revised statement of total income as required u/s.138(8A) and also paid tax of Rs.1,71,488/- u/s.140**B** of the Act on the total amount of deduction claimed under Chapter VI-A and u/s.24(b) of the Act. However, couldn't file the belated return due to on going scrutiny. The assessee has furnished relevant statement of total income along with challan which is available in Paper Book Page Nos.47-53. From the details filed by the assessee, it appears that the assessee has considered the amount of Rs.5,71,288/- in the statement of total income prepared u/s.139(8A) of the Act and also paid tax as per Sec.140**B** of the Act. However, fact remains that these evidences were not filed before the AO. Since the assessee has filed these evidences for the first time before the Tribunal and claimed that the tax relating to disallowance of Rs.5,71,288/- made by the AO is already paid, in our considered view, the issue needs to be set aside to the file of the AO for verification. Thus, we set aside the order of the Ld.CIT(A) on this issue and restore the issue back to the file of the AO. The AO is directed to verify the claim of the assessee in light of revised statement of total income filed as per Section 139(8A) of the Act along with tax paid u/s.140**B** of the Act in light of challan filed by the assessee. In case, the assessee has discharged tax liability as claimed, then the AO is directed to delete the addition towards deduction claimed under Chapter VI-A and u/s.24(b) of the Act.

13. In the result, appeal filed by the assessee is allowed for statistical purposes.

Order pronounced on the 24th day of June, 2026, in Hyderabad.

Sd/-	**Sd/-**
(विजय पाल राव)	(मंजूनाथा. जी)
(VIJAY PAL RAO)	**(MANJUNATHA.G)**
उपाध्यक्ष **/VICE-PRESIDENT**	लेखा सदस्य**/ACCOUNTANT MEMBER**

Hyderabad, dated 24.06.2026.
TLN

आदेशकी प्रतिलिपि अग्रेषित/ **Copy of the order forwarded to:**			
1	निर्धारिती/The Assessee	:	Emdarapu Kumaraswamy, 2-180, Gunjapadgu Kummari Wada, 6th Ward, Gunjapadugu, Karimnagar-505 184.
2	राजस्व/ The Revenue	:	The ITO, Ward-11(1), Hyderabad.
3	The Principal Commissioner of Income Tax, Hyderabad.		
4	विभागीयप्रतिनिधि, आयकर अपीलीय अधिकरण, हैदराबाद / DR, ITAT Hyderabad.		
5	गार्डफ़ाईल / Guard file		

आदेशानुसार / BY ORDER

TUMMALACHARLA LAKSHMI NARAYANA
Digitally signed by TUMMALACHARLA LAKSHMI NARAYANA
DN: cn=TUMMALACHARLA LAKSHMI NARAYANA, c=IN, o=INCOME TAX APPELLATE TRIBUNAL, ou=INCOME TAX APPELLATE TRIBUNAL, CHENNAI BENCH
Date: 2026.06.24 12:30:21 +05'30'

Sr. Private Secretary
ITAT, Hyderabad