Vodafone Idea Limited v. Commissioner of Income Tax, (TDS), Kolkata

ITA/174/2018

ITA/174/2018 (High Court at Calcutta, 2024-06-24) | 2024-06-24

Prepaid distributor discount questions answered for Vodafone following Bharti Cellular.

Income-tax Act,1961: sections 194H, 201

High Court at Calcutta | 2-judge bench (Division Bench) | Justice Surya Prakash Kesarwani | Justice Rajarshi Bharadwaj

Assessment years: 2012-13, 2013-14

01 FACTS OF THE CASE

Vodafone's admitted appeal concerned discounts to distributors on prepaid SIM cards and vouchers/recharge coupons for AYs 2012-13 and 2013-14. The questions addressed section 194H withholding and consequential section 201 tax or interest.

Source: PDF pp.1–2, paras 2–3

02 DISCUSSION BY THE HON'BLE COURT

Both parties stated that the controversy was covered by the Supreme Court's 28 February 2024 decision in Bharti Cellular, Civil Appeal 7257/2011. The High Court reproduced its conclusion concerning distributor/franchisee receipts and transfer of prepaid coupons or starter kits.

Source: PDF pp.2–3, paras 4–5

03 JUDICIAL DECISION

Following that judgment and the parties' joint position, both substantial questions were answered for the assessee and against Revenue.

Source: PDF p.3, para 6

04 OUTCOME / IN WHOSE FAVOUR

Vodafone's appeal allowed.

Source: PDF p.3, para 7

05 EXPERT COMMENTS

AKHB Expert Comments — editorial analysis, distinct from the Court's findings.

Match the distribution arrangement to the covered controversy: This order applies Bharti Cellular to the prepaid distribution questions already admitted in Vodafone's appeal. It does not independently set out the contracts or undertake a fresh agency analysis. A comparison should therefore examine the actual distribution arrangement and the Supreme Court authority, rather than treat every payment described as a discount as outside section 194H. (PDF pp.1–3)

The consequential default question also succeeded: The second admitted question expressly concerned section 201 and demands for tax or interest arising from non-compliance with section 194H. Both questions were answered for Vodafone. The relief is thus wider than an abstract classification statement, but remains tied to the specified prepaid transactions and assessment years. (PDF pp.2–3)

Distinguish adoption of precedent from a new factual finding: The parties jointly accepted that the precedent governed the case. The Court's short application does not establish new facts about commission arrangements, postpaid services or unrelated distributor payments. It should be cited as this application of the Supreme Court decision, without importing contract terms absent from the source. (PDF pp.2–3, paras 4–7)

Source: PDF pp.1–3

SOURCE & VERIFICATION

Original High Court judgment PDF — AKHB source repository

Complete 3-page original reviewed; source bytes verified.

Full original and all five panels re-reviewed on 21 October 2026.

Open cited source rendition

Complete original source and all five note panels checked; original docket identities preserved.

STATUTORY SCOPE

Current law and subsequent treatment not independently verified.

LATER TREATMENT

Source checked 2026-10-21. Subsequent proceedings and current judicial treatment have not been independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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