MIXPANEL INC v. DEPUTY COMMISSIONER OF INCOME TAX CIRCLE INTERNATIONAL TAX 221 NEW DELH

W.P.(C) 17569/2025

No neutral citation stated in source | 2026-01-06

Section 197: 15% certificate quashed and 2% directed while favourable ITAT orders subsist.

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High Court of Delhi | Division Bench | Dinesh Mehta | Vinod Kumar

Assessment years: 2018-19, 2021-22, 2022-23, 2026-27 onwards (certificate direction)

01 FACTS OF THE CASE

US-registered Mixpanel challenged the section 197 certificate dated 17 October 2025 requiring 15% deduction. It sought nil withholding based on favourable ITAT orders dated 25 July 2024, 25 September 2024 and 21 May 2025 for AYs 2018-19, 2021-22 and 2022-23. Revenue said it challenged two years and did not appeal AY 2018-19 because of low tax effect.

Source: PDF p.1

02 DISCUSSION BY THE HON'BLE COURT

The Court rejected Revenue's fear that following the ITAT would compromise its challenges. Jurisdictional assessing authorities must follow subsisting Tribunal orders regardless of appeal. It noted only notice had issued, no stay application had been filed and the ITAT orders remained operative. The taxpayer's claim of contempt was an argument, not a contempt finding.

Source: PDF p.2

03 JUDICIAL DECISION

The 15% certificate was quashed. A fresh 2% certificate was directed within four weeks, with 2% certificates for AY 2026-27 onwards until the ITAT orders were reversed or modified by the High Court, or relevant services changed. Assessment on the filed return and statutory appeal rights were reserved. The matter was listed for 8 April 2026.

Source: PDF p.3

04 OUTCOME / IN WHOSE FAVOUR

Mixpanel received reduced withholding at 2%, not nil withholding or a final assessment of non-taxability. The order expressly preserves later assessment and the taxpayer's appeal rights.

Source: PDF p.3

05 EXPERT COMMENTS

AKHB EXPERT COMMENTS — editorial analysis, distinct from the Court's findings.

Following a subsisting order does not abandon an appeal — The Court separated compliance with the Tribunal from acceptance of its correctness for all purposes. That distinction answers Revenue's stated fear of irreversible prejudice. The reasoning rests on operative orders without a stay, not on a proposition that an appeal is impossible or that its eventual outcome is known.

The rate granted is materially different from the rate requested — Mixpanel sought zero tax, but the Court ordered 2%. The source gives no detailed computation explaining that percentage. It is therefore essential to preserve the actual relief rather than restate the taxpayer's requested nil rate as the holding. The reserved assessment power also prevents treating a withholding certificate as final tax liability.

The forward direction has express limits — The 2% continuation begins with the specified subsequent year 2026-27 and depends on the ITAT orders and unchanged services. It is not perpetual protection irrespective of later events. The four-week issuance direction and 8 April 2026 listing are recorded obligations and scheduling, not proof of compliance or subsequent disposal.

Source: PDF p.2

SOURCE & VERIFICATION

Delhi High Court original order - verified repository copy

4-page official High Court of Delhi judgment PDF (DLHC010913932025_1_2026-01-06.pdf).

All 4 original pages read and visually inspected; all five panels audited.

Open cited source rendition

All 4 physical pages of DLHC010913932025_1_2026-01-06.pdf verified. Original bytes match SHA-256 d65558e7b3e684346dc9f1b697423b8239bd542d126d2f2a41b63c832b60e2fd.

STATUTORY SCOPE

Earlier ITAT years are distinguished from the forward certificate direction. Paragraph 3 records Supreme Court SLPs; paragraphs 6 and 9 use appeal/High Court language. The source does not resolve that procedural description. No current status is inferred.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment has 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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