Commissioner of Income Tax (International Taxation) & Anr. v. Mphasis Ltd.

I.T.A. No. 444/2022

2024:KHC:13117-DB | 2024-04-01

Non-resident withholding default: Revenue's challenge to section 201 limitation rejected by following Bharti Airtel.

201(1) | 201(1A) | 260A

Karnataka High Court | Division Bench at Bengaluru | S.G. Pandit | C.M. Poonacha

Assessment years: 2007-08

01 FACTS OF THE CASE

Revenue appealed the Tribunal's 17 January 2022 order in IT(IT)A 16/Bang/2014 for AY 2007-08. Its questions challenged the reasonable-time restriction on section 201 orders involving non-resident deductees, relying on the absence of an express parliamentary deadline and the Finance Bill 2009 memorandum. Question 4 records the Tribunal's finding of no proceedings pending on 1 April 2010 and initiation by notice dated 5 February 2013.

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02 DISCUSSION BY THE HON'BLE COURT

The Court recorded that Bharti Airtel Ltd. v. Union of India, 2016 SCC OnLine Del 6338, answered the questions. It had followed that Delhi decision in several appeals, including ITA 5/2023 decided 6 February 2023. It disposed of this appeal by following that precedent rather than separately reconstructing the statutory chronology.

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03 JUDICIAL DECISION

The Revenue appeal was dismissed and the substantial questions of law answered in favour of Mphasis and against Revenue.

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04 OUTCOME / IN WHOSE FAVOUR

The Tribunal's limitation-based relief concerning section 201(1) and 201(1A) survived Revenue's challenge. No finding classifying the underlying payment or determining its treaty treatment was made in this judgment.

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05 EXPERT COMMENTS

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

The absence of an express deadline was the rejected argument — Revenue expressly challenged importing a reasonable-time restriction where the deductee was non-resident. By answering those questions against Revenue through Bharti Airtel, the Court rejected that challenge in this appeal. The short judgment does not itself formulate a numerical limitation period applicable to every section 201 proceeding; deriving one without examining the cited reasoning would overstate this source.

The chronology matters to any comparison — The fourth question embeds the Tribunal's finding that no proceeding was pending on 1 April 2010 and that notice issued on 5 February 2013. Those are material features of the dispute, not interchangeable dates. A later case with an earlier pending proceeding cannot be equated merely because it also concerns a non-resident recipient. This source supplies the relevant chronology but not a detailed computation of elapsed limitation.

Limitation relief is distinct from non-taxability — The surviving relief concerns the timeliness of default and interest orders. The Court does not describe the remittance, decide whether it is royalty or fees for services, or construe a treaty. The decision can support the specific limitation issue it resolves; it cannot establish that Mphasis's payment, or another payment, was substantively exempt from withholding.

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SOURCE & VERIFICATION

Karnataka High Court original judgment - verified repository copy

Complete 4-page supplied source; all pages read.

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

Open cited source rendition

All 4 PDF pages reviewed; actual SHA-256: a7b138a43f2fe181acf7ae80a127cd76d35d962848b75b8950ed0e19c964013c. Original record ID retained; no merger inferred from shared source or connected appeals.

STATUTORY SCOPE

Only source-supported provisions are indexed; no Income-tax Act, 2025 equivalence is asserted.

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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