Commissioner of Income Tax (International Taxation-3), New Delhi v. Samsung Heavy Industries Company Limited

ITA No. 10 of 2024

2025:UHC:5945-DB | Income Tax Appeal No. 10 of 2024 (Uttarakhand High Court, decided 10 July 2025) | 2025-07-10

Short deduction at 2% under section 194C instead of asserted 10% under section 194J: section 40(a)(ia) relief upheld with conditional liberty to Revenue.

Income-tax Act, 1961: sections 40(a)(ia), 194C, 194J, 260A

High Court of Uttarakhand | 2-judge bench (Division Bench) | Hon'ble Chief Justice Mr. G. Narendar | Hon'ble Mr. Justice Alok Mahra

Assessment years: 2012-13

01 FACTS OF THE CASE

For AY 2012-13, Samsung deducted 2% under section 194C on electrification and interior payments to Arjun Engineering Pvt. Ltd. and Builcraft Interior Pvt. Ltd. Revenue asserted section 194J required 10%. CIT(A)'s 19 December 2016 order retained disallowances of Rs.2,81,90,744 and Rs.4,20,03,868. ITAT deleted them on 22 December 2023 in ITA 873/DEL/2017, holding section 40(a)(ia) inapplicable to short deduction.

Source: PDF p.1

02 DISCUSSION BY THE HON'BLE COURT

The Court upheld the Tribunal's reliance on S.K. Tekriwal and the favourable-construction approach attributed to Vegetable Products, despite the contrary Kerala ruling in PVS Memorial Hospital. Revenue sought deferment because Civil Appeals 10915–10916/2018 concerning that Kerala ruling were reportedly pending. The Court instead found no infirmity in the Tribunal order and no substantial question for admission.

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03 JUDICIAL DECISION

The appeal was refused admission and dismissed. Revenue was expressly permitted to approach the Court if the identified Supreme Court civil appeals were decided in its favour and the Kerala High Court order was upheld.

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04 OUTCOME / IN WHOSE FAVOUR

The deletion of the two section 40(a)(ia) disallowances survived, subject to the expressly stated liberty. The judgment does not report any later Supreme Court outcome or later exercise of that liberty.

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05 EXPERT COMMENTS

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

Relief against disallowance is not approval of the lower TDS rate — The dispute was treated as admitted short deduction, and the issue decided was whether section 40(a)(ia) applied to it. The Court did not separately classify each contract as section 194C work rather than section 194J services. Accordingly, the expense relief cannot itself establish complete withholding compliance or extinguish liabilities under provisions not adjudicated here.

The competing High Court views remain part of the reasoning — The judgment adopts the taxpayer-favourable approach in the stated conflict between S.K. Tekriwal and PVS Memorial Hospital. The Tribunal quotation also mentions Future First Info Services. It does not say that the Kerala ruling had already been reversed or rely on unspecified Karnataka and Gujarat authorities. The source's actual precedential path matters when assessing its reach.

The reserved liberty qualifies the final result — Revenue's request to await the Supreme Court was not accepted as a reason to defer this appeal. Dismissal was accompanied by a specific right to approach the Court if the identified civil appeals favoured Revenue and upheld Kerala. That conditional route is not automatic revival, and the present record alone establishes neither its trigger nor any later application.

Source: PDF p.3

SOURCE & VERIFICATION

High Court of Uttarakhand official judgment PDF — AKHB Repository (20250710_UKHC010094312024.pdf)

8-page official High Court of Uttarakhand order/judgment PDF (20250710_UKHC010094312024.pdf, 94,721 bytes).

All 8 original pages read and visually inspected; all five panels audited.

Open cited source rendition

All eight source pages, including the operative conditional liberty, read and visually verified.

STATUTORY SCOPE

The judgment addresses short deduction and section 40(a)(ia). It does not decide section 201 liability or independently determine that section 194C was the correct classification. The cited Supreme Court appeal status is reported as at this judgment, not independently updated.

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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