

## **M/s. Hindustan Coca Cola Beverage Pvt. Ltd. v. Commissioner of Income Tax**

Civil Appeal No. 3765 of 2007

[2007] 8 SCR 1046 | 2007-08-16

**May the same principal tax be recovered again from a defaulting deductor after the recipient has paid the tax due on that income, and did the High Court properly disturb the Tribunal's resulting relief?**

201(1) | 201(1A) | 194C | 194-I | 254(2)

2-judge bench | S.H. Kapadia, J. | B. Sudershan Reddy, J.

Assessment years: See the source-scope notes; no year inferred.

### **Principal recovery relief is limited**

The recipient's undisputed payment barred recovery of the same principal tax again. Interest and potential penalty consequences were expressly preserved; later statutory conditions and present procedure require separate verification.

### **01 FACTS OF THE CASE**

The soft-drink manufacturer paid Pradeep Oil Corporation for premises used to receive, store and dispatch goods, deducting 2% under section 194C. The assessing officer treated the charges as rent attracting 20% deduction under section 194-I, determined a shortfall and levied section 201(1A) interest. The Tribunal upheld default and interest, and the High Court dismissed the assessee's first appeal (paragraphs 4-5).

The assessee then sought rectification because its alternative ground against collecting tax already paid by the warehouser had not been addressed. It did not contest default or interest in that application. The Tribunal recalled its order for that limited ground; Revenue did not challenge the recall. On rehearing, the Tribunal barred duplicate recovery because the recipient had included the income and paid the tax. The High Court nevertheless interfered on finality and merger grounds (paragraphs 6-8).

Source: [reported judgment / paragraphs Paragraphs 2-8 / PDF pages 3, 4, 5 / judicial text](#)

## 02 DISCUSSION BY THE HON'BLE COURT

The Court observed that the limited-reopening order itself had attained finality and that the High Court should not have interfered with the ensuing Tribunal order on the stated basis. It also found the circular dated 29 January 1997 decisive: a section 201(1) demand should not be enforced once the deductor satisfies the TDS officer that the deductee has paid the tax due (paragraphs 9-10).

That protection against duplicate principal recovery did not remove section 201(1A) interest up to the date the deductee paid the tax, or potential liability under section 271C. Here, the deductor had paid the interest, the recipient's payment of tax was undisputed and the circular's application was accepted. Revenue had also conceded before the Tribunal that recovery could not be repeated in those circumstances (paragraphs 7 and 10-11).

The Court expressly declined to state a firm general view on whether the Tribunal could have reopened the appeal to rectify the error. The decision therefore does not establish an unrestricted section 254(2) power after a High Court appeal, nor does it reverse the warehousing classification or wipe out default (paragraphs 6 and 12).

Source: [reported judgment / paragraphs Paragraphs 6-12 / PDF pages 4, 5 / judicial text](#)

## 03 JUDICIAL DECISION

The High Court judgment was set aside and the assessee's appeal allowed without costs. The Tribunal's protection against recovering the same principal tax again remained effective; no remand was directed. Interest already paid and the preserved statutory consequences were not cancelled (paragraphs 10-13).

Source: [reported judgment / paragraphs Paragraphs 10-13 / PDF pages 5 / judicial text](#)

## 04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Deductor-assessee on duplicate principal-tax recovery

Appeal allowed; High Court judgment set aside; no costs or remand

Final relief against repeat principal recovery on undisputed payee tax payment; broader rectification issue expressly not finally decided

Does not eliminate assessee-in-default status, interest until the payee's tax payment or potential penalty; does not decide a non-resident chargeability question.

Source: [reported judgment / paragraphs Paragraphs 6-7 and 10-13 / PDF pages 4, 5 / judicial text](#)

**05 AKHB REVIEW POINT**

Before invoking this decision, reconcile the very income, recipient, tax paid and payment date, and retain evidence capable of satisfying the TDS officer. A recipient's mere inclusion of a receipt in a return should not be substituted for the judgment's finding that the tax due had been paid. Compute any interest separately; do not describe the relief as erasure of all withholding consequences.

This is a recovery-stage authority. It does not decide whether a payment was initially chargeable or correctly classified for deduction, and the Court deliberately left the wider rectification-power question open.

Source: [reported judgment / paragraphs Paragraphs 6-7 and 10-12; editorial application / PDF pages 4, 5 / judicial text](#)

**ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS**

271C

**JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS**

B. Sudershan Reddy, J.

**ACT IDENTIFIED IN THE REVIEWED SOURCE**

Income-tax Act, 1961

**SOURCE & VERIFICATION**

[Hon'ble Supreme Court source PDF \(reported judgment\)](#)

Identified source rendition: 5 PDF pages; SHA-256

8deefb1c0f1fb485661771ed256f41a11c80f360d21b66122dede6400da57391. Original bytes preserved.

Judicial paragraphs 1-13 on physical pages 3-5; headnote and jurisdiction material on pages 1-2 are separately identified.

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No assessment year is stated in the bounded Supreme Court judicial text. Dates of assessment and appellate orders are not treated as assessment years.

The judgment does not specify an assessment year or quantify the short-deduction demand.; The headnote contains a stray reference to section 211 for interest; judicial paragraphs 4-6 and 10-11 concern section 201(1A).; The reported jurisdiction mentions ITA Nos. 478 and 843 of 2005; judicial paragraph 2 identifies ITA No. 478 of 2005. No independent lower-court docket reconciliation is claimed.; CBDT Circular No. 275/201/95-IT(B) dated 29 January 1997 is relied on as reproduced in paragraph 10; a separate full circular text was not obtained.; The statement preserving section 271C liability is not a finding imposing or upholding a quantified penalty in this appeal.

**STATUTORY SCOPE**

Historical judgment review only. No automatic mapping to the Income-tax Act, 2025 or certification of present law or procedure.

**LATER TREATMENT**

Source checked 2026-10-04. No comprehensive subsequent judicial treatment or current-law audit. Any specific cross-case comparison actually read is identified separately.

**IDENTIFIED SOURCE LINKS**

[reported judgment - PDF pages: 5](#)

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