

PILCOM v. Commissioner of Income Tax, West Bengal-VII

Civil Appeal No. 5749 of 2012 / Special Leave Petition (Civil) No. 7315 of 2019 / Special Leave Petition (Civil) No. 6829 of 2019

[2020] 6 SCR 620 | 2020-04-29

Whether the remaining guarantee-money payments to non-resident cricket associations, made abroad but connected to matches played in India, attracted section 194E, and whether possible treaty relief relieved PILCOM of that deduction obligation.

115BBA(1)(b) | 194E | 5(2) | 9(1)(i) | 201

Two-judge bench | Uday Umesh Lalit, J. | Vineet Saran, J.

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

01 FACTS OF THE CASE

PILCOM was the joint committee of the Pakistan, India and Sri Lanka cricket boards formed for the 1996 World Cup. It held London bank accounts receiving sponsorship and television-rights receipts and paying tournament-related amounts to the ICC and member associations. The tax officer initiated payer-default proceedings for failure to deduct under section 194E (paragraphs 1-2, which recount and quote the Tribunal's factual order).

Seven categories of payment were examined below. The Tribunal excluded categories (i)-(v), including amounts to associations whose teams did not play in India and certain ICC and overseas-prize payments. For categories (vi) and (vii), guarantee money to the remaining participating associations, it limited the relevant income for each association by the ratio of that team's matches in India to its total tournament matches. This was more specific than the Commissioner (Appeals)' earlier overall 17/37 tournament allocation (paragraphs 2-4).

The High Court dismissed both sides' appeals. Only PILCOM challenged the lead ruling in the Supreme Court. Consequently, deletions for categories (i)-(v) and the Tribunal's maximum proportion for (vi)-(vii) were final against Revenue. Paragraph 6 records Revenue's statement that the resulting demand would be Rs.38,88,731; the Supreme Court did not make a new calculation. Two related SLPs by the Sri Lanka board through PILCOM concerned consequential assessment orders (paragraphs 5-6 and 22-24).

Source: [reported judgment / paragraphs 1-4, including quoted Tribunal factual narrative / PDF pages 3, 4, 5, 6, 7, 8, 9 / judgment](#); [reported judgment / paragraphs 5-6 / PDF pages 9, 10, 11 / judgment](#); [reported judgment / paragraphs 22-24 / PDF pages 22 / judgment](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court first asked whether the remaining payments represented income accruing, arising or deemed to accrue or arise in India, and only then addressed the withholding obligation. Sections 5(2) and 9(1)(i) made the source nexus material. Payment from London accounts and an ICC decision made in England did not by themselves place the income outside India. The guarantee money was closely connected with the teams' participation in matches in India, which supplied the source of the income. Performing Right Society illustrated why the place of agreement and payment is not necessarily the place of accrual (paragraphs 7-14).

Section 115BBA(1)(b) expressly covered amounts guaranteed to non-resident sports associations in relation to a game or sport played in India. The Court treated that connection as established for the surviving payments. This holding operates within paragraph 6's preserved exclusions and team-specific allocation; it does not reinstate the original officer's demand for every payment (paragraphs 6 and 9-14).

Eli Lilly was discussed for the relationship between charging and withholding provisions. GE India concerned section 195 and its express chargeability language, including the appropriate taxable component of composite payments. The Court held GE India inapplicable to the remaining categories here because appropriate relief had already been extended for amounts not subject to charge. It also distinguished the overseas technical-training payment in Metallurgical and the lottery issue in Manjoo (paragraphs 15-17, including 16.1-16.2). The judgment therefore does not dispense with the income nexus merely because a cross-border payment exists.

On treaties, the Court expressly approved the High Court's reasoning that section 194E's deduction obligation was not displaced by a possible DTAA claim. The recipient could plead treaty protection in disputing its ultimate tax liability and, if established, obtain the corresponding refund with interest. That potential recipient relief did not absolve PILCOM of withholding. This is the Court's section 194E holding, not a general pronouncement that treaties are irrelevant to every withholding provision or a decision on each recipient's ultimate treaty entitlement (paragraphs 5 and 18).

Source: [reported judgment / paragraphs 6-14 / PDF pages 11, 12, 13, 14, 15, 16 / judgment; reported judgment / paragraphs 15-17, including 16.1-16.2 / PDF pages 16, 17, 18, 19, 20, 21 / judgment; reported judgment / paragraphs 5; 18 / PDF pages 9, 10, 11, 21, 22 / judgment](#)

03 JUDICIAL DECISION

The Court held that the surviving payments to the non-resident sports associations represented income accruing, arising or deemed to accrue or arise in India and that PILCOM was liable to deduct under section 194E. It dismissed Civil Appeal No. 5749 of 2012 without costs. It also dismissed the Sri Lanka board's two consequential SLPs because the lead appeal had been dismissed. The finality and allocation limits stated in paragraph 6 remained intact (paragraphs 19-24).

Source: [reported judgment / paragraphs 6; 19-24 / PDF pages 11, 22 / judgment](#); [official signed judgment / paragraphs 19-24 / PDF pages 26 / judgment](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue on the surviving section 194E dispute and the consequential SLPs

Civil appeal dismissed without costs; both connected special leave petitions dismissed

Merits determination of the India-source guarantee-money and section 194E obligation; related SLPs dismissed consequentially

Revenue did not appeal the exclusions for categories (i)-(v). Liability on categories (vi)-(vii) remained no greater than the Tribunal's association-specific India-match proportion. Individual treaty eligibility and refund amounts were not adjudicated.

Source: [official signed judgment / paragraphs 6 / PDF pages 10 / judgment](#); [official signed judgment / paragraphs 19-24 / PDF pages 26 / judgment](#)

05 AKHB REVIEW POINT

Begin a comparable sports-payment analysis by identifying the recipient category, the payment's relationship to games played in India and the correct territorial allocation. The label guarantee money and an overseas payment account do not remove an established Indian source. Preserve any operative allocation and final appellate exclusions rather than quoting the general liability statement in isolation.

For this section 194E decision, separate the payer's deduction duty from a recipient's later treaty claim. Do not transfer the result wholesale to section 195 or describe it as withholding on every payment irrespective of chargeability. The quoted rate and the source's Finance Act, 2012 footnote are historical material, not a current-rate certification. Later treatment, the applicable statutory and treaty versions, and any Income-tax Act, 2025 mapping require fresh checks.

Source: [reported judgment / paragraphs 6; 9-19 / PDF pages 11, 15, 16, 17, 18, 19, 20, 21, 22 / judgment](#)

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

2(24)(ix); 115BB; 192; 195

PROVISION-SPECIFIC SCOPE

1.

Act: Income-tax Act, 1961

Section: 115BBA(1)(b); 194E

Role: principal income and withholding provisions

Basis: Guarantee money payable to non-resident sports associations in relation to games played in India, and the payer's deduction obligation.

2.

Act: Income-tax Act, 1961

Section: 5(2); 9(1)(i)

Role: source and accrual analysis

Basis: The Court first determined the India-source income nexus despite payment abroad.

3.

Act: Income-tax Act, 1961

Section: 201

Role: consequence and procedural context

Basis: The payer-default proceedings generated the appeal; the Tribunal's restricted allocation remained final against Revenue.

4.

Act: Income-tax Act, 1961

Section: 192; 195

Role: distinguished precedent context

Basis: Eli Lilly and GE India discuss the integrated charging/withholding code and section 195 chargeability language; they do not replace the section 194E holding.

5.

Act: Income-tax Act, 1961

Section: 2(24)(ix); 115BB

Role: quoted statutory and inapplicable-precedent context

Basis: Lottery provisions were quoted or discussed through Manjoo; no lottery issue was decided.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Uday Umesh Lalit, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

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

Identified source rendition: 27 PDF pages; SHA-256

d9b20900f4b511169036aa5c6294771676e681785f6ddfa78f3ff9e7d6f649cd. Original bytes preserved.

Cover, connected special leave petitions and author on page 1; judgment paragraphs 1-24 on physical pages 1-26; signatures and date on page 27.

Cover, connected matters, author, preserved allocation in paragraph 6, core source-of-income reasoning, section 195 distinction, treaty discussion, disposition and signatures/date checked against the fully read reported judicial text. A complete independent rereading of all 27 official pages is not claimed.

Open cited source rendition

The full respondent designation comes from the source cover.

No assessment year is stated for the lead dispute; tournament year is not converted into an assessment year.

Quoted procedural passages contain apparent typographical anomalies, including 195E, 291(1A), a 1990 remand date and a rupee label for an amount otherwise stated in pounds. The note relies on the Court's clear 194E holding and paragraph 6 finality analysis.

Paragraph 18 preserves potential treaty relief for the recipient while maintaining this payer's section 194E obligation.

No subsequent-treatment or current-rate verification.

Reported citation verified on the source cover. No neutral citation is inferred from catalogue metadata.

The judgment concerns payments connected with the 1996 Cricket World Cup but does not identify an assessment year for the lead TDS dispute or the two consequential SLPs. No assessment year is inferred.

STATUTORY SCOPE

Sections 115BBA and 194E in the 1996 World Cup payment dispute, together with the source and accrual provisions discussed in the judgment; quoted statutory text is not certified as a consolidated historical statute.

No automatic Income-tax Act, 2025 mapping or current-law or later-treatment certification.

LATER TREATMENT

Source checked 2026-10-04. Subsequent judicial treatment and statutory or treaty amendments have not been comprehensively verified.

IDENTIFIED SOURCE LINKS

[official signed judgment - PDF pages: 27](#)

SHA-256: d9b20900f4b511169036aa5c6294771676e681785f6ddfa78f3ff9e7d6f649cd

[reported judgment - PDF pages: 22](#)

SHA-256: b5c0ea2f59187cad40da0f114be709b9779947235aa25df0e0475e24af3fd1f6

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.

PROFESSIONAL DISCLAIMER

General research information only; not legal or tax advice, a certified judgment or a substitute for the full order. Applicability depends on facts, assessment year, statutory version and jurisdiction. Subsequent treatment is unverified unless identified sources are expressly stated. Downloading does not create a professional engagement. Obtain case-specific advice before reliance.