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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ **W.P.(C) 9054/2019 & C.M. No. 37407/2019**

JIANGSU ZHONGTIAN CO LTD ..... Petitioner

Through: Mr. Abhimanyu Jhamba, Advocate with Ms. Hemlata Ranga, Advocate.

versus

DEPUTY COMMISSIONER OF INCOME TAX & ORS..... Respondents

Through: Mr. Raghvendra Singh, Senior Standing Counsel with Mr. Vipul Agrawal, Junior Standing Counsel for Income Tax Department.

CORAM:
HON'BLE MR. JUSTICE VIPIN SANGHI
HON'BLE MR. JUSTICE SANJEEV NARULA

O R D E R

% 10.10.2019

1. Mr. Raghvendra Singh, learned Senior Standing Counsel, on instructions, states that the present petition may be disposed of in terms of the order dated 06.09.2019 passed by this Court in W.P.(C) 9389/2019 ***Jiangdong Fittings Equipment Co. Ltd v. Deputy Commissioner of Income Tax & Ors.***

2. The grievance of the Petitioner relates to issuance of certificate under Section 197 (1) whereby the rate of deduction of tax at source has been raised from 1% to 4%.

3. The Petitioner claims that the sudden rise of the rate at which the TDS is to be deducted is arbitrary and no reasons for the same have been communicated to the Petitioner, much less any hearing has been granted to the Petitioner.

4.While deciding ***Jiangdong Fittings Equipment Co. Ltd v. Deputy Commissioner of Income Tax & Ors***.(supra), we have held, after taking note of the earlier decisions in ***Bently Nevada LLC v. Income Tax Officer,***

Ward-1(1)(2), International Taxation & Another, W.P.(C) No. 7744/2019 decided on 29.07.2019 of this Court and the decision of the Bombay High Court in ***Tata Teleservices (Maharashtra) Ltd v. Deputy Commissioner of Income Tax (TDS), (2018) 402 ITR 384 (Bom)***, that Section 197 (1) does not require the Assessing Officer to grant personal hearing to the assessee prior to the issuance of the certificate. All that is required is that the Assessing Officer should have good reasons to issue the certificate under Section 197 (1) of the Act and the said reasons should be communicated to the assessee.

5. Mr. Raghvendra Singh, learned Senior Standing Counsel, on instructions, states that the standard operating procedure has now been formulated to provide that whenever there is an upward revision of the rate of deduction at source while issuing the certificate under Section 197(1) of the Act, the asseseee would be communicated the reasons for the same.

6. In view of the aforesaid, we dispose of this petition with a direction to the Respondents to provide to the Petitioner, within one week, the reasons recorded for issuance of the impugned certificate fixing the rate of deduction of TDS at 4%. It shall be open to the Petitioner to assail the said reasons in case the Petitioner is aggrieved thereby.

7. The Petition stands disposed of in the aforesaid terms.

8. *Dasti*.

VIPIN SANGHI, J

SANJEEV NARULA, J

OCTOBER 10, 2019/*ss*