



2026:DHC:1044-DB



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

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Date of decision: 4th February, 2026.+ W.P.(C) 14299/2025, CM APPL. 58549/2025 & CM APPL.
7329/2026**AECOM INTERCONTINENTAL HOLDINGS UK
LTD.**

.....Petitioner

Through: Mr. Manuj Sabharwal, Mr. Devvrat
Tiwari and Mr. Drona Negi,
Advocates.

versus

**ASSISTANT COMMISSIONER OF INCOME TAX, CIRCLE INT
TAX 1(1)(1), DELHI & ORS.**

.....Respondents

Through: Mr. Anurag Ojha, SSC with Ms.
Hemlata Rawat and Mr. V.K.
Saksana, JSC.**CORAM:****HON'BLE MR. JUSTICE DINESH MEHTA****HON'BLE MR. JUSTICE VINOD KUMAR****J U D G M E N T****DINESH MEHTA, J. (Oral)**

1. By way of present writ petition, the petitioner has challenged the order dated 19.08.2025 passed by and consequential certificate of even date issued by respondent No.1- Assistant Commissioner of Income Tax, Circle Int Tax 1(1)(1), Delhi (*hereinafter referred to as the 'Competent Authority'*) under Section 197 of the Income Tax Act, 1961 (*hereinafter referred to as 'the Act of 1961'*).

2. As per the petitioner, it is engaged in the business of providing corporate and management services, in terms of the agreement with its Associate Enterprise (AE) i.e. AECOM India Private Limited. The petitioner



provides management and governance support functions in the area of legal, tax, treasury, finance, information technology, human resources, enterprise risk management, etc.

3. Mr. Manuj Sabharwal, learned counsel for the petitioner submitted that considering the very same entity with which the petitioner has dealt with in the preceding year and for the very services, this Court has already allowed the petitioner's writ petition being W.P.(C) 10843/2024 vide its order dated 20.05.2025 and directed the Competent Authority to issue a tax withholding certificate at 'nil' rate.

4. He argued that regardless of the said order and such fact having been pointed out to the Competent Authority, he has arbitrarily passed the impugned order and proceeded to issue a certificate at the rate of 13.76% (plus applicable surcharge and cess), which works out at a total rate of 15%.

5. He argued that while effectively rejecting the petitioner's application, the Competent Authority has taken a preposterous plea that the Department has decided to file an SLP against the aforesaid order dated 20.05.2025 passed by this Court. While informing that till today no SLP has been filed, learned counsel for the petitioner further argued that needless to submit that all the Authorities of the Department, including the Competent Authority is bound by the exposition which has been made by this Court and when it comes to *inter-se* parties, taking a view contrary to such judgment deserves to be deprecated and the same amounts to contempt of Court. Learned counsel thus prayed that the impugned order and certificate issued by the Competent Authority be set-aside and the authority be directed to issue a tax withholding certificate at 'nil' rate.

6. Learned counsel for the respondent-Department though made all



endeavours to oppose the petitioner's writ petition but, could not controvert the factual assertions made at bar by Mr. Manuj Sabharwal, learned counsel for the petitioner.

7. Heard learned counsel for the parties and perused the record more particularly, the impugned order dated 19.08.2025.

8. On going through the entire order, we find that the Competent Authority has neither disputed the nature of the transaction nor has he recorded any finding about the taxability of the transaction, which the petitioner has undertaken with its AE-AECOM India Private Limited. Even petitioner's assertion/contention that his earlier writ petition was allowed by this Court and direction was issued to grant certificate at nil rate has been side tracked on flimsy ground that the Department has decided to file an SLP against such order.

9. We are not supposed to observe that all the Authorities are bound by the judgment passed by the High Court and when it comes to the dispute between the parties whose case has been adjudicated by the High Court, unless Competent Authority is able to point out factual difference or some new information which affects the nature of the transaction and its taxability comes to his notice, he cannot take a view other than what has been taken by the High Court. Even the charade of the principle that each assessment year is separate and is to be treated separately cannot shield the illegal refusal to apply the law already settled.

10. Such type of approach and denial of the certificate at nil rate of tax results in irreversible adverse consequence to the petitioner inasmuch as the petitioner had submitted the application under Section 197 of the Act of 1961 on 12.03.2025 for issuing tax withholding certificate at nil rate, which



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as per the provisions of Section 197 of the Act of 1961 ought to have been decided latest by 12.04.2025. On the one hand, the Competent Authority failed to do the same within such period and on the other hand it rejected the application *per-viam* impugned order, which came to be passed as late as on 19.08.2025.

11. The plight of the petitioner is that he has to knock on the doors of this Court and for the payments *qua* the transactions taking place from 01.04.2025 until today, a tax at the rate of 15% has been deducted from it. What concerns us the most is, that even if we allow the petition which we are otherwise inclined to, issuance of certificate will take at least ten to fifteen days and the deduction at nil rate will be applicable only from the date of issuance of certificate. We are so pained to find that a period of 11 months out of 12 months has already elapsed in this process.

12. The approach of the Competent Authority has practically rendered the mandate and provisions of Section 197 of the Act of 1961, a waste piece of paper. Provisions of Section 197 of the Act of 1961 were enacted with an objective to ensure that in case particular transaction(s) is/are not exigible to tax, in light of the treaties between two countries and the provisions of the Act of 1961, (whichever is more beneficial to the assessee) then no tax or tax with lower rate is deducted, so as to ensure that cash flow of an entity is not unnecessarily retarded or blocked. And that the Department or the Revenue is not burdened with the interest (@ 6% per annum) which the revenue is bound to pay on the applicable refund.

13. We allow the writ petition and set aside the impugned order dated 19.08.2025 and consequential certificate of even date issued @ 15%, we simultaneously direct the Competent Authority to issue a certificate at 'nil'



rate within a period of 15 days from today.

14. It has been informed by learned members of the Bar that the software/mechanism of Section 197 of the Act of 1961 is so programmed that even if the competent authority proposes to issue a certificate consequent to the order passed by this Court, an assessee has to apply afresh and he cannot directly give effect to the order passed by this Court, which not only puts an unnecessary burden on the assessee but also consumes a lot of time in empty formality of submitting application all over again.

15. In our view, the concern expressed at bar deserves appropriate attention of the CBDT. The programme should be so modified or the software should be so developed that once an order has been passed by the High Court or any other superior Court, a fresh certificate (may be in the name of revised or amended rate) can be issued by the competent authority within the time allowed by the High Court, without requiring a fresh application to be filed.

16. A copy of this order be forthwith sent to the Chairman CBDT in order to issue proper guidelines and circular so as to ward off the difficulties and hurdles which are being faced by the *bona fide* entities/assesseees.

17. Instant direction shall also be considered by the CBDT or the Principal Chief Commissioner while considering the direction given by us on 29.01.2026 in **Writ Petition No. 70857/2025**. For the sake of ready reference, paragraph No. 24 of the said order is reproduced hereinbelow:-

“24. As a parting remark, we would like to highlight that we have often noticed that the date of the order considering application under Section 197 and the date of issuance of certificate is not same. We are informed that the order often bears the date on which the



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application under Section 197 of the Act of 1961 has been filed. Due to this, an impression is often taken as if the issuance of the certificate has taken a long time after the application was processed or decided. The date on the order at multiple occasions bears the date of application that was filed by the applicant. The responsible authorities/CBDT are requested to address this issue.”

18. With these observations, the writ petition stands allowed with all pending applications.

**DINESH MEHTA
(JUDGE)**

**VINOD KUMAR
(JUDGE)**

FEBRUARY 4, 2026/MR