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

+ W.P. (C) 4511/2020 & CM APPL.16244/2020

MANPOWERGROUP SERVICES INDIA PVT. LTD. Petitioner
Through: Mr. Piyush Kaushik, Advocate

versus

COMMISSIONER OF INCOME TAX (TDS)-1
NEW DELHI & ANR.

..... Respondents
Through: Ms. Lakshmi Gurung and Mr. Talha
Abdul Rahman, Advocates

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Date of Decision: 24th July, 2020**CORAM:****HON'BLE MR. JUSTICE MANMOHAN****HON'BLE MR. JUSTICE SANJEEV NARULA****J U D G M E N T****MANMOHAN, J: (Oral)**

1. The petition has been listed before this Bench by the Registry in view of the urgency expressed therein. The same has been heard by way of video conferencing.
2. Present writ petition has been filed challenging the order dated 29th June, 2020 passed by respondent No.2 under Section 197 of the Income Tax Act refusing to grant a certificate of deduction of tax at source at NIL rate, on payments to the petitioner company by its customers.
3. Learned counsel for petitioner contends that the impugned order is contrary to the rule of consistency as the 1.50% rate with respect to payment



under Section 194J and 194I of the Income Tax Act, 1961, specified in the impugned order is three times higher than the 0.50% rate of tax deduction at source determined in the immediately preceding year by the respondent itself.

4. He submits that the impugned order is a non-speaking and non-reasoned order passed without dealing with the justifications and workings submitted by the petitioner. He states that the petitioner company has been operating on a low profit margin ranging from 0.26% to 1.78% over the past six years and the tax payable on assessed income of the preceding four years itself comes at a very low figure of 0.18%. He further states that the ratio of tax withholding to profits has been as high as 1758% in the recent past.

5. Issue notice.

6. Ms. Lakshmi Gurung, learned counsel accepts notice on behalf of the respondents. She states that the respondents while issuing the impugned certificate has placed detailed reasons on record. She further states that the petitioner had in its own application for grant of certificate of deduction of tax at source at NIL rate under Section 197 of the Income Tax Act, 1961 had mentioned the applicable rates as 2% and/or 10% during Financial Year 2020-21. She also states that the projected gross receipts during this Financial Year 2020-21 is projected to be 78% more than the preceding year according to the petitioner itself.

7. Since detailed reasons are stated to be available on record, the present writ petition and the pending application are disposed of with a direction to the respondents to furnish a copy of the reasons to the petitioner within a week.



8. In the event the petitioner is aggrieved by the said reasoned order, it shall be open to the petitioner to file appropriate legal proceedings in accordance with law. It is clarified that all the rights and contentions of the parties are left open.

9. The order be uploaded on the website forthwith. Copy of the order be also forwarded to the learned counsel through e-mail.

MANMOHAN, J

SANJEEV NARULA, J

JULY 24, 2020

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