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

+ **ITA 197/2023 & CM No.16018/2023**

THE COMMISSIONER OF INCOME TAX - INTERNATIONAL  
TAXATION -3 ..... Appellant

Through: Mr Ruchir Bhatia, Sr Standing  
Counsel with Ms Priya Sarkar, Jr  
Standing Counsel.

versus

SHERATON INTERNATIONAL LLC ..... Respondent

Through: Mr Divyanshu Agrawal, Ms Pooja  
Mittal and Mr Vaibhav Niti, Advs.

+ **ITA 200/2023 & CM No.16032/2023**

THE COMMISSIONER OF INCOME TAX - INTERNATIONAL  
TAXATION -3 ..... Appellant

Through: Mr Ruchir Bhatia, Sr Standing  
Counsel with Ms Priya Sarkar, Jr  
Standing Counsel.

versus

SHERATON INTERNATIONAL LLC ..... Respondent

Through: Mr Divyanshu Agrawal, Ms Pooja  
Mittal and Mr Vaibhav Niti, Advs.

**CORAM:**

**HON'BLE MR. JUSTICE RAJIV SHAKDHER**

**HON'BLE MS. JUSTICE TARA VITASTA GANJU**

**ORDER**

**05.04.2023**

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**[Physical Hearing/Hybrid Hearing (as per request)]**

ITA 197/2023 & 200/2023

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**CM No.16018/2023 in ITA 197/2023**

**CM No.16032/2023 in ITA 200/2023**

1. Allowed, subject to just exceptions.

**ITA 197/2023**

**ITA 200/2023**

2. The above-captioned appeals concern Assessment Year (AY) 2014-15 [ITA No.197/2023] and AY 2015-16 [ITA No.200/2023].

3. The challenge in these appeals is laid to the common order dated 23.09.2022 passed by the Income Tax Appellate Tribunal [in short, “Tribunal”]. The impugned order has been passed in favour of the respondent/assessee.

3.1 The Tribunal, in short, has held that centralized services fee earned by the respondent/assessee is not taxable. The fee concerns various aspects, such as sales and marketing, loyalty programs, reservation service, technological service, operational service and training programs/human resources.

4. The Tribunal has noted, that the issue stands covered by the judgment of the coordinate bench in the case of ***Director of Income Tax v. Sheraton International Inc*** (2009) 178 taxmann 84 (Del).

5. Furthermore, in the respondent/assessee’s case for other AYs, the coordinate bench has followed the same approach i.e., accepted the ratio of the judgment in ***Sheraton International Inc***.



6. In view of the above, according to us, no substantial question of law arises for our consideration.

6.1 Accordingly, the above-captioned appeals are closed.

7. In view of the fact, that the appellant/revenue has preferred an appeal *qua* the judgment rendered by the Division Bench of this Court in *Sheraton International Inc.*, it is made clear, that if the appellant/revenue were to succeed in the said matter, parties will abide by the final decision rendered by the Supreme Court.

**RAJIV SHAKDHER, J**

**TARA VITASTA GANJU, J**

**APRIL 5, 2023**

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[Click here to check corrigendum, if any](#)