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

+ ITA 482/2024

**THE COMMISSIONER OF INCOME TAX -
INTERNATIONAL TAXATION -3**

.....Appellant

Through: Mr. Ruchir Bhatia, SSC with
Mr. Anant Mann, JSC.

versus

WESTIN HOTEL MANAGEMENT L.P.Respondent

Through: Mr. Divyanshu Agrawal, Mr.
Vaibhav Niti and Ms. Bharti
Sharma, Advocates.

CORAM:

HON'BLE MR. JUSTICE YASHWANT VARMA

HON'BLE MR. JUSTICE RAVINDER DUDEJA

ORDER

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09.09.2024

1. We have heard Mr. Bhatia, learned counsel appearing in support of the appeal, and which assails the order of the **Income Tax Appellate Tribunal**¹ dated 16 January 2024.

2. We note that *inter partes* and while considering an identical challenge [ITA 213/2024 decided on 10 April 2024], we had held as follows:-

“1. The present appeal assails the order of the Income Tax Appellate Tribunal dated 20 June 2023 and proposes the following question of law for our consideration: -

“2.1 Whether the Ld. ITAT has erred in law in holding that the entire payments received by the Assessee from its Indian Customers on account of Centralized Services viz. sales and marketing, loyalty programs, reservation service,

¹ Tribunal



technological service, operational services and training programs/human resources did not constitute Fee for Technical Services as defined under section 9(1)(vii) of the Income Tax Act, 1961 or 'Fee for included services as defined under Articles 12(4) (a) of the Indo-US DTAA?"

2. Undisputedly and on going through the records, we find that the question which stands posited would have to be answered against the appellant bearing in mind the judgment rendered by the Court in **Director of Income-tax vs. Sheraton International Inc.** [2009 SCC OnLine Del 423].

3. Dealing with the question which stands posited, the Court in Sheraton International had held us under:-

“32. In view of the aforesaid findings of the Tribunal that the main service rendered by the assessee to its client-hotels was advertisement, publicity and sales promotion keeping in mind their mutual interest and, in that context, the use of trademark, trade name or the stylized “S” or other enumerated services referred to in the agreement with the assessee were incidental to the said main service, it rightly concluded, in our view, that the payments received were neither in the nature of royalty under Section 9(1)(vi) read with Explanation 2 or in the nature of fee for technical services under Section 9(1)(vii) read with Explanation 2 or taxable under Article 12 of the DTAA. The payments received were thus, rightly held by the Tribunal, to be in the nature of business income. And since the assessee admittedly does not have a permanent establishment under the Article 7 of the DTAA „business income“ received by the assessee cannot be brought to tax in India. The findings of the Tribunal on this account cannot be faulted. The Tribunal pointedly observed that there was no evidence brought on record by the Revenue to enable them to hold that the agreement was a colourable device, in particular, that the payments received were for use of trade mark, brand name and stylized mark “S”. We agree with reasoning adopted by the Tribunal. Moreover, these are findings of fact which could be gone into only if a question was proposed impugning the findings of the Tribunal as perverse. We find that no such question has been proposed in the appeal. The observations of the Supreme Court in the case of K. Ravindranathan Nair vs CIT [2001] 247 ITR 178 being relevant are extracted below (page 181):

“The High Court overlooked the cardinal principle that it is the Tribunal which is the final fact-finding authority. A decision on fact of the Tribunal can be



gone into by the High Court only if a question has been referred to it which says that the finding of the Tribunal on facts is perverse, in the sense that it is such as could not reasonably have been arrived at on the material placed before the Tribunal. In this case, there was no such question before the High Court. Unless and until a finding of fact reached by the Tribunal is canvassed before the High Court in the manner set out above, the High Court is obliged to proceed upon the findings of fact reached by the Tribunal and to give an answer in law to the question of law that is before it. The only jurisdiction of the High Court in a reference application is to answer the questions of law that are placed before it. It is only when a finding of the Tribunal on fact is challenged as being perverse, in the sense set out above, that a question of law can be said to arise.”

33. In these circumstances we are of the view that no fault can be found with the impugned judgment. No question of law, much less a substantial question of law, has arisen for our consideration. In the result the appeals are dismissed.”

4. Accordingly, and following the reasons assigned therein, we dismiss the present appeal.”

3. Consequently, and for reasons assigned in ITA 213/2024, we find no justification to interfere with the order of the Tribunal.

4. The appeal thus fails and shall stand dismissed.

YASHWANT VARMA, J.

RAVINDER DUDEJA, J.

SEPTEMBER 9, 2024 /ib