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

% *Date of Decision : 10.02.2026*

\+ W.P.(C) 17641/2025 & CM APPL. 72869/2025

FINANCIAL AND RISK ORGANISATION LIMITED .....Petitioner

Through: Mr. Ajay Vohra, Sr. Adv. with Dr. Shashwat Bajpai, Adv.

versus

THE INCOME TAX OFFICER CIRCLE INT. TAX 1(3)(1) NEW DELHI .....Respondent

Through: Mr. Debesh Panda, SSC and Ms. Anauntta Shankar, Adv.

CORAM:
HON'BLE MR. JUSTICE DINESH MEHTA
HON'BLE MR. JUSTICE VINOD KUMAR

JUDGMENT

DINESH MEHTA, J. (ORAL)

1. By way of the present writ petition under Article 226 of the Constitution of India, the petitioner has called in question the order dated 23.06.2025 (passed on 21.08.2025) passed by Circle INT TAX 1(3)(1) (*hereinafter referred to as 'the competent authority'*) and consequential certificate dated 21.08.2025 issued under Section 197 of the Income Tax Act, 1961 (*hereinafter referred to as 'the Act of 1961'*) whereby the tax

withholding certificate (*hereinafter referred to as 'the certificate'*) at the rate of 15% has been issued, as against petitioner's request for issuance of 'NIL' rate certificate.

2. As per the pleadings of the petitioner, it is a company incorporated in the United Kingdom and is a tax resident thereof for Assessment Year (AY) 2026–27, having furnished a valid Tax Residency Certificate. The petitioner is engaged in providing subscription-based information and software products, which grant access to publicly available financial, economic, commercial and regulatory data, including market data, reports, news and other financial information. It also provides FXall products, being an electronic platform facilitating real-time online trading in foreign exchange instruments such as spots, forwards, swaps and options.

3. The petitioner claims to have entered into a non-exclusive distribution agreement with Refinitiv India Private Limited (*hereinafter referred to as 'RIPL'*) and Refinitiv India Transaction Services Private Limited (*hereinafter referred to as 'RITSPL'*) on a principal-to-principal basis. Under the said agreement, RIPL and RITSPL purchase the petitioner's products for distribution in India and pay the consideration to petitioner in accordance with the distribution agreement. The payments so received by the petitioner fall for consideration under the provisions of the Act of 1961 and India-United Kingdom ('*UK*') Double Taxation Avoidance Agreement (*hereinafter referred to as 'DTAA'*)

4. In view of the nature of the services, which the petitioner-company provides to its Indian customers through its counterparts namely RIPL and RITSPL since no income chargeable to tax has been earned, an application dated 20.06.2025 under Section 197 of the Act of 1961 for AY 2026-27 was

filed by the petitioner-Company, which was received by the competent authority on 23.06.2025 and came to be disposed of vide order dated 21.08.2025. Consequently, a tax withholding certificate dated 21.08.2025 at the rate of 15% tax came to be issued.

5. Mr. Ajay Vohra, learned senior counsel for the petitioner submitted that the petitioner's services are not taxable in India if the provisions of the Act of 1961 and the India-UK Treaty are taken into account and in spite of the fact that the petitioner had relied upon the judgment passed by the Income Tax Appellate Tribunal "I" Bench, Mumbai (*hereinafter referred to as 'the Tribunal'*) on 21.12.2020 for AYs 1998-99 and 1999-2000, the competent authority has surprisingly relied upon the assessment order for AY 1999-2000 and rejected its request of certificate at 'NIL' rate. He contended that the same is an example of arbitrary exercise of the statutory powers, which the competent authority has been bestowed with under the Act of 1961.

6. He submitted that even if the order of the Tribunal is kept aside for the time being, there is no trace of evidence on the basis whereof the services provided by the petitioner can be brought within the ambit of 'Royalty' for which the petitioner's request of certificate at NIL rate can be denied.

7. Learned counsel submitted that the issue in hand is covered by the judgment of Hon'ble the Supreme Court in the case of **Engineering Analysis Centre of Excellence (P.) Ltd. v CIT,** reported as (2021) 432 ITR 471 SC and argued that the competent authority has not followed the binding decision of Hon'ble the Supreme Court and has passed the impugned order to issue a certificate at 15% rate, which not only affects

petitioner's business rights but also violates the settled statutory and legal position as well as the India-UK Treaty.

8. Mr. Debesh Panda, learned Senior Standing Counsel for the respondent submitted that the competent authority has taken his own perspective of the matter, taking into account the nature of transactions, given the limited time and jurisdiction available with him.

9. He argued that the tax deducted at the rate of 15% is only advance tax and once the assessment is made and no tax is found payable by the petitioner, naturally the amount shall be refunded with applicable interest and thus no interference is warranted.

10. Heard learned rival counsel.

11. There is no denial of the fact that in the case of **M/S Thomson Reuters Pvt. Ltd. vs. DCIT Circle-8(3)(1)** (erstwhile group entity)**,** the Tribunal vide its order dated 21.12.2020 had dilated upon all relevant facts, including the agreement in question and the nature of transactions/services which the petitioner provides to its Indian customers through its counterparts in India namely RIPL and RITSPL. No appeal has perhaps been filed against such order, as the petitioner has not received any notice of appeal (if filed).

12. We are shocked to see that regardless of the factum of the order having been passed by the Tribunal on 21.12.2020 and such factual and legal position having been brought to the notice of the competent authority in the application which the petitioner had filed, he has relied upon an assessment order for Assessment Year 1999-2000, which stood set aside by the Tribunal.

13. Although there is much to say about such approach of the competent authority, however, we refrain from doing so because he appears to have

been propelled by revenue consideration rather than being guided by the law and judicial discipline which are the cornerstone of justice delivery system of our country.

14. When the Tribunal being the last fact finding authority under the Act of 1961 has recorded a finding *qua* the issue that the payment of distribution fees does not amount to royalty in the case of ***M/s Thomson Reuters Pvt Ltd.(supra),*** and no fact or striking feature distinguishing the facts of the Assessment Year involved therein *vis-a-vis* the year under consideration has come to his notice, the competent authority should not and cannot take a view other than what has been taken by the Tribunal on similar set of facts, that too in the case of petitioner is erstwhile group entity.

15. On perusal of the impugned order dated 23.06.2025, we observe that the finding of the subject transactions amounting to 'Royalty' is based upon conjectures and surmises. No concrete reasoning has been provided for the same.

16. We are conscious of this fact that the orders under Section 197 of the Act of 1961 are in the nature of advance tax and the tax if deducted from the payments made to the payee can ultimately be refunded, in case the same are not exigible to tax, but if such argument of the Revenue is to be accepted, then, the whole purpose of the provision under Section 197 of the Act of 1961 would be frustrated.

17. Considering that the application was filed on 20.06.2025; the impugned order came to be passed on 21.08.2025 and that by the time the matter has ripened for hearing today (10.02.2026), more than 80% of the period is already over, and during this period the petitioner-company has transacted in India and its tax has been deducted.

18. Such being the position, we not only set aside the impugned order dated 23.06.2025 (passed on 21.08.2025), certificate dated 21.08.2025 and direct the competent authority to issue a certificate at NIL rate for AY 2026-27 within fifteen days from today, we also direct him to continue to issue certificate(s) at 'NIL' rate for each subsequent year within thirty days of the application being filed by the petitioner.

19. For the purpose of clarity, the directions are enumerated hereunder:

i. The competent officer or any other authority who is supposed to consider the petitioner's application under Section 197 of the Act of 1961, shall issue a certificate of 'NIL' rate of tax not only for the Financial Year 2025-26 (AY 2026-27), but also for the subsequent years in case an application is filed. The certificate(s) shall be issued within 30 days of the application being filed by the petitioner.

ii. The competent authority dealing with petitioner's subsequent application(s) under Section 197 of the Act of 1961 shall not be bound by direction given in clause (i) above, if he comes to a conclusion and records a finding that the petitioner is having a Permanent Establishment in India or the transactions which the company has carried/is carrying out in India are liable to be taxed in India. However, before recording such finding, a notice in this regard shall be issued to the petitioner.

iii. It will also be required from the petitioner-company to disclose truly and fully all facts in its applications to be filed each year. It shall be required of the petitioner to extend full cooperation when any such notice (as provided in clause (ii) above) is

issued for the subsequent year(s).

20. Accordingly, the petition stands allowed and pending application(s) stand disposed of.

DINESH MEHTA, J.

VINOD KUMAR, J.

FEBRUARY 10, 2026/*cd*