

**INCOME TAX APPELLATE TRIBUNAL  
DELHI BENCH "D": NEW DELHI  
BEFORE SHRI M. BALAGANESH, ACCOUNTANT MEMBER  
AND  
SHRI VIMAL KUMAR, JUDICIAL MEMBER**

ITA No. 1177/Del/2025  
(Assessment Year: 2022-23)

DigiCert Inc, 2600, West Executive PKWY, Suite 500, Lehi, Utah, Foreign, United States, Utah (Appellant) <b>PAN: AAECD9837H</b>	Vs.	ACIT, Income Tax Officer, Circle Int. Taxation,- 1(2)(2), New Delhi (Respondent)
--	-----	--

Assessee by :	Ms. Tanmayee, Adv
Revenue by:	Shri. M.S. Nethrapal, CIT DR
Date of Hearing	17/09/2025
Date of pronouncement	30/09/2025

**ORDER**

**PER M. BALAGANESH, A. M.:**

1. The Assessee DigiCert Inc (hereinafter referred to as 'assessee') by filing the present appeal sought to set aside the impugned order dated 13.12.2024 passed by the Assessing Officer (AO) under section 143(3) r.w.s. 144C(13) of the Income Tax Act, 1961 (for short 'the Act') inconsonance with the order passed by the Dispute Resolution Panel (DRP) dated 26.11.2024 u/s 144C(5).
2. The Ground No. 1 raised by the assessee was stated to be not pressed by the Learned AR before us, for which necessary endorsement has been made in our file. Accordingly, the Ground No. 1 raised by the assessee is hereby dismissed as not pressed.
3. The Ground Nos. 2 to 6 raised by the assessee are with regard to the single issue as to whether the Learned AO was justified in taxing the

receipts of Rs 5,89,73,412/- as Fee for Technical Services (FTS) in the facts and circumstances of the instant case.

4. Both the parties before us fairly stated that the issue in dispute is squarely covered by the decision of this Tribunal in assessee's own case for the Assessment Year 2021-22 in ITA NO. 3626/Del/2023 dated 14-11-2024 and the same agreements are continuing in the year under consideration. For the sake of convenience, the order passed by this Tribunal for the Assessment Year 2021-22 referred supra are reproduced hereunder:-

*"4. We have heard the rival submissions and perused the materials available on record. DigiCert, Inc. (hereinafter referred to as 'DigiCert, Inc.' or 'the assessee or 'the Company') was incorporated on 10 April 2003. The Company is a USA technology based global company focused on digital security. The Company provides public key infrastructure and validation required for issuing digital certificates or TLS/SSL certificates. These certificates are used to verify and authenticate the identities of organizations and domains and to protect the privacy and data integrity of user's digital interactions with web browsers, email clients, documents, software programs, apps, networks and connected IoT devices. The total receipts earned by the Company during the captioned Assessment Year ('AY') 2021-22 through operations in India amounts to INR 10,89,13,249. The assessee filed its return of income on 11 March 2022 and since the income earned by the assessee was not chargeable to tax, the same was not offered to tax by the assessee by placing reliance on the judgment of Hon'ble Supreme Court in case of Engineering Analysis Centre of Excellence Private Limited (432 ITR 471) and applying the beneficial provisions under India-USA Double Taxation Avoidance Agreement ('DTAA') and claiming a refund of INR 1,18,82,920.*

*5. The Learned AO passed the draft assessment order under section 144C(1) of the Act on 30-9-2022 making an addition of Rs 10,89,13,249/- by characterizing the receipts from licensing of the software as fee for technical services and treated it as income chargeable to tax as per India-USA DTAA. The objections filed by the assessee before the Learned Dispute Resolution Panel (DRP) were in vain and accordingly the final assessment order stood passed by the Learned AO u/s 143(3) read with section 144C(13) of the Act on 13-10-2023. Aggrieved with the same, the assessee is in appeal before us.*

*6. The assessee during the year under consideration earned income from license of software where it provides the right to use the computer software license through End User License Agreements (EULAs) / reseller agreements to Indian customers which in its opinion, was neither taxable*

*u/s 9(1)(vii) of the Act nor under Article 12 of the India-USA treaty. The details of receipts earned from the Indian Customers by the assessee are as under:-*

<i>Digicert Inc AY 2021-22 Annexure B Party Wise Revenue Details</i>				
<i>SL.No</i>	<i>Name of the party</i>	<i>TAN</i>	<i>Revenue Received</i>	<i>Whether TDS deducted</i>
<i>1</i>	<i>Lending kart Technologies Private Limited</i>	<i>AHML01971E</i>	<i>64,615</i>	<i>Yes</i>
<i>2</i>	<i>Suzlon Energy Ltd</i>	<i>AHMS03088B</i>		<i>Yes</i>
<i>3</i>	<i>Suzlon Global Services Limited</i>	<i>AHMS08402C</i>	<i>-</i>	<i>Yes</i>
<i>4</i>	<i>Safe Cyber Solutions ft Services Private Limited</i>	<i>AHMS27829E</i>	<i>1,72,820</i>	<i>Yes</i>
<i>5</i>	<i>EIT Services India Private Limited</i>	<i>BLRD02712D</i>	<i>1,65,351</i>	<i>Yes</i>
<i>6</i>	<i>DXC Technology India Private Limited</i>	<i>CHEC11438A</i>	<i>1,20,931</i>	<i>Yes</i>
<i>7</i>	<i>Postiefs Technologies Private Limited</i>	<i>CHEP16859D</i>	<i>21,(XX)</i>	<i>Yes</i>
<i>8</i>	<i>JNR Management Resources Private Limited</i>	<i>DEU07442B</i>	<i>6,00,01,500</i>	<i>Yes</i>
<i>9</i>	<i>MIQ Digital India Private Limited</i>	<i>DELM20833B</i>	<i>1,27,999</i>	<i>Yes</i>
<i>10</i>	<i>Peoplestrong Technologies Private Limited</i>	<i>DELP12063C</i>	<i>1,24,017</i>	<i>Yes</i>
<i>11</i>	<i>Cyient Limited</i>	<i>HYDICKJ294A</i>	<i>55,300</i>	<i>Yes</i>
<i>12</i>	<i>Adweb Technologies Private Limited</i>	<i>MUMA46144A</i>	<i>4,78,20,187</i>	<i>Yes</i>
<i>13</i>	<i>BFC Forex ft Financial Services Pvt Ltd</i>	<i>MUM B17091E</i>	<i>34,027</i>	<i>Yes</i>
<i>14</i>	<i>Ge Oil ft Gas India Private Limited</i>	<i>MUMG10927A</i>	<i>1,48,967</i>	<i>Yes</i>
<i>15</i>	<i>NCDEX E Markets Limited</i>	<i>MUMN14313F</i>	<i>56,534</i>	<i>Yes</i>
<i>Total</i>			<i>10,89,13,249</i>	

*7. Out of the above receipts, 99.16% of the receipts were from JNR Management Resources Pvt Ltd , Adweb Technologies Pvt Ltd and Safe Cyber Solutions & Services Pvt Ltd , which are governed by Master Reseller Agreement enclosed in Pages 1038 to 1047 of Vol. III of the Paper Book. The relevant clauses of the said agreement are reproduced below for the sake of convenience:-*

*"This Master Reseller Agreement (the "Agreement") is between DigiCert, Inc. ("DigiCert) and greentity or business reselling Services meester executing an Addendum that references this Agreement, by electronically accepting this Agreement via DigiCert's online services, or by reselling Services, Reseller hereby accepts this Agreement. If you are an individual or individuals entering into this Agreement on behalf of Reseller, you represent and warrant that*

*you are authorized representatives of Reseller with the authority to bind Reseller to this Agreement.*

## **1. DEFINITIONS**

*"Addendum" means a mutually agreed upon addendum, purchase schedule, order form, or other purchasing document setting forth commercial terms for the resale of Services, whether such document is in hard copy or online.*

***"Certificates"** means any type of digital certificate.*

***"DigiCert Materials"** means hard or electronic copies of any DigiCert technical manual, sales and marketing material, hardware, or software related to the Services that DigiCert makes available to Reseller.*

***"DigiCert PKI"** means the DigiCert public key infrastructure that provides Services for individuals and organizations*

***"Effective Date"** means the date Reseller first accepted this Agreement "This Master Reseller Agreement (the "Agreement is between DigiCert, Inc. ("DigiCert") and the entity or business reselling Services (Reseller By executing an Addendum that references this Agreement, by electronically this via DigiCert's online services, or by reselling Services, hereby accepts this Agreement lys Agreement via Diger endividuals entering into this Agreement on behalf of Reseller, you represent and warrant Reseller to to this Agreement. that you are authorized representatives of Reseller the authority to bind*

***"Intellectual Property Rights"** means any and all now known or hereafter existing rights associated with intangible property including, but not limited to, registered and unregistered United States and foreign copyrights, trade dress, trade names, corporate names, logos, inventions, patents, patent applications, software, know-how, and all other intellectual property and proprietary rights (of every kind and nature throughout the universe and however designated).*

***"Services"** means any type of Certificates or other related products, software, and services that DigiCert makes available to Reseller through an Addendum, as such Services may be updated, upgraded, or revised from time to time in DigiCert's sole discretion.*

***"Certificate Application"** means a request to DigiCert for the issuance of Certificates.*

**"Territory"** is worldwide (subject to the exclusions set forth in Section 14), unless stated otherwise in an Addendum or amendment referencing this Agreement executed in writing between Reseller and DigiCert.

## **2. APPOINTMENT**

Subject to the terms and conditions of this Agreement, DigiCert hereby appoints Reseller as a non-exclusive reseller for the Services. Reseller may promote, market, and resell Services to end user customers (each such customer to whom Reseller resells Services, the "Reseller Customers") in the Territory.

## **3. RESELLER OBLIGATIONS**

### **3.1 Resale Process.**

3.1.1 Reseller may purchase Services for resale to Reseller Customers. If Reseller wishes to enroll for Services on behalf of Reseller Customers, Reseller shall enter into an agreement with such Reseller Customers (each, a "Customer Agreement"), which (a) binds the Reseller Customers to the Subscriber Agreement applicable to the Services, as specified by DigiCert and published at <https://www.digicert.com/subscriber-agreement>; and (b) provides that DigiCert is an express third-party beneficiary of the obligations contained in the Customer Agreement. Reseller shall use best efforts to ensure that all Customers abide by the terms of the applicable Customer Agreement(s). DigiCert may modify such terms by updating its repository from time to time and Reseller shall flow-down such new terms to existing or new Reseller Customers. Alternatively, Reseller Customers may enroll for Services through URLs that DigiCert provides to Reseller. Customers will be subject to DigiCert's applicable contract terms for purchase of the applicable Services from in which case Reseller DigiCert. Upon written request from DigiCert, Reseller shall promptly provide DigiCert with a copy of each Customer Agreement, provided that Reseller may redact from such copies any information that is not relevant to the requirements of this Section 3.1.1 (if any).

3.1.2 DigiCert hereby appoints Reseller as a Trusted Agent (and Reseller hereby accepts such appointment) pursuant to the terms of the applicable Certification Practices Statement, available at <https://www.digicert.com/legal-repository/> (as updated from time to time, the "CPS"), which Agreement. To the extent that Reseller performs any functions of a Trusted Agent, it will do so in compliance with the CPS, and DigiCert may rely on Reseller's actions when performing as a Trusted Agent. is part of this third-party claim, suit, proceeding, or judgment arises from Reseller's failure to comply with the obligations of To the extent any a Trusted Agent, Reseller shall defend, indemnify, and hold harmless DigiCert, Its

*affiliates, and their respective directors, officers, agents, employees, successors and assigns from such claim. For the purposes of this Agreement, a "Trusted Agent" assists a subscriber by collecting, organizing, and submitting information to DigiCert on behalf of the subscriber for the purpose of making a request to DigiCert for the issuance of Certificates to the subscriber.*

*3.1.3 All inventory or units of Services that Reseller purchases on behalf of Reseller Customers must be issued within twelve (12) months following the date of purchase. Any inventory or unit(s) of Services not issued within such twelve (12) month period expire, are deemed null and void, and Reseller shall not receive any credit or refund thereof. Upon issuance, each Service is applicable valid for its validity period unless earlier revoked pursuant to this Agreement, including under Section 3.3.3 below. In no event shall Reseller permit Reseller Customers to resell the Services.*

*3.2 Marketing. Reseller shall use commercially reasonable efforts to market and promote use of the Services. Reseller shall be responsible for being knowledgeable about the Services, including the technical aspects and language related thereto, and Reseller shall cause Reseller appropriate employees to participate in any technical, sales and service training with respect to the Services as required by DigiCert from time to time.*

### *3.3 Support*

*3.3.1 First-Tier Support. Reseller shall provide Reseller Customers with first-tier support including, but not limited to, resolution of pre-sales questions, setup, onboarding, integration, and post-sale inquiries, basic integration support, problem screening, and basic diagnostics.*

*3.3.2 Renewal. Reseller shall use commercially reasonable efforts to send renewal notices to Reseller Customers at least thirty (30) days prior to expiry of the applicable Services.*

*3.3.3 Revocation. If Reseller Customers request that Reseller revoke its Certificates, then Reseller shall forward such request to DigiCert on behalf of Reseller Customers. If Reseller becomes aware that Reseller Customers' organizational information used to authenticate and verify Reseller Customers' Certificates has changed or that Reseller Customers have materially breached their obligations under a Customer Agreement (including the Subscriber Agreement), then Reseller shall notify DigiCert of such change or breach, and DigiCert may revoke the Certificates from such Reseller Customers. DigiCert may also revoke Reseller Customers' Certificates if Reseller materially breaches Reseller obligations under this Agreement. Upon expiration or revocation of a Certificate, Reseller shall permanently remove the applicable Certificate from the server on which it is*

*installed and shall not use it for any purpose thereafter. In order to maintain the trust and integrity of the DigiCert PKI, DigiCert, in its sole discretion, retains the right to revoke Reseller Customers' Certificates for activities that give rise to revocation as set forth in the CPS or Subscriber Agreement or that DigiCert considers harmful or potentially harmful to the DigiCert PKI.*

*3.4 Warranties. Reseller shall (a) conduct business in a manner that reflects favorably at all times on the Services and the good name, good will, and reputation of DigiCert; (b) promote proper use of the Services; (c) avoid false, deceptive, misleading, or unethical practices that are or might be detrimental to DigiCert, the Services or the public; (d) not make any representation, warranty, or guarantee to Reseller Customers or to other third parties with respect to the specifications, features, warranties or capabilities of the Services that are Inconsistent with or are in addition to those published by DigiCert (and if Reseller does make a limiting DigiCert representation, warranty, or guarantee to those published by DigiCert (and if Revision, then without limit to DigiCert's other remedies hereunder, Reseller is liable to Reseller Customers in breach of this section for any such representation, warranty, or guarantee); and (e) not provide the services or Department's Office of Foreign Asset Control list of "specially described party on the United States Treasury Department's "denied parties list" or the United States Commerce Department's "BIS Entity List".*

#### **4. DIGICERT'S OBLIGATIONS**

*4.1 Ordering and/or Deploying Services. If Reseller enrolls for Services on behalf of Reseller Customers, then DigiCert shall email deployment instructions to Reseller Customers upon DigiCert's authentication of the applicable Certificate Application. Alternatively, if Reseller enrolls for Services upon DigiCert's URL, then DigiCert shall email deployment instructions to Reseller Customers upon DigiCert's authentication of the applicable Certificate Application.*

*4.2 Service Notices. DigiCert shall use commercially reasonable efforts to notify Reseller and/or Reseller Customers of the expiration of any Services at least thirty (30) days prior to the expiration.*

*4.3 Support. DigiCert shall provide support as follows: (a) standard phone and email support during normal business hours Monday through Friday (excluding signed holidays), (b) within twenty-four (24) hours of receipt of a technical inquiry relating to the Services, a response addressing the issue; (c) twenty-four (24) hour access to support pages on DigiCert's website; and (d) at DigiCert's discretion, assign an account manager or the equivalent to the Reseller Customers.*

*on DigiCert sketing support. For the avoidance of doubt, Reseller is solely responsible for providing billing port and Reseller Customers that purchase the Services directly from Reseller, and DigiCert has no responsibility for or liability in respect of billing such Reseller Customers unless specifically agreed otherwise in writing.*

## **8. LICENSES TO MATERIALS**

*8.1 Copyright License for Sales and Marketing grants Reseller a non-exclusive Mansferable, non-sublicensable right and licetine Materials DigiCert this Agreement to: (a) use the DigiCert Materials during the term of this Agreement solely during the tion with the marketing, promotion and resale of the Services; and (b) modify certain DigiCert Materials exjuestio designated for such purpose by incorporating Reseller trademarks and/or brand features ("Reseller Branding") in a manner consistent with DigiCert brand guidelines. All modified DigiCert Materials will be deemed DigiCert Materials under this Agreement.*

## **9. PROPRIETARY RIGHTS**

*Reseller acknowledges that DigiCert and its licensors retain all Intellectual Property Rights and title in and to all of their Confidential Information or other proprietary information, Services, and the ideas, concepts, techniques, inventions, processes, software or works of authorship developed, embodied in, or practiced in connection with the services provided by DigiCert hereunder, including without limitation all modifications, enhancements, derivative works, configurations, Translations, upgrades, and interfaces thereto (all of the foregoing, "DigiCert Works"). Reseller will not (a) take any action that may interfere with DigiCert's rights in or to its Intellectual Property Rights, (b) challenge any right, title, or interest of DigiCert in or to its Intellectual Property Rights, or (c) make any claim or take any action adverse to DigiCert's ownership of its Intellectual Property Rights. The DigiCert Works do not include Reseller pre-existing hardware, software, or networks. Except as otherwise expressly provided herein, nothing in this Agreement creates any right of ownership or license in and to the other party's Intellectual Property Rights, and each party shall continue to independently own and maintain its Intellectual Property Rights."*

*8. On perusal of the aforesaid clauses, we find that the relevant clause would be clause 8.1 containing the caption "Copyright License for Sales and Marketing Materials. It says that DigiCert grants reseller a non-exclusive, non-transferable, non-sub-licensable right and license during the term of this agreement to (a) use the DigiCert materials during the term of this agreement solely in conjunction with the marketing, promotion and resale of the services and (b) modify certain DigiCert materials expressly*

*designated for such purpose by incorporating reseller trademarks and/or brand features which is nothing but the reseller branding in a manner consistent with DigiCert brand guidelines.*

*9. Similarly, in respect of Master Supplier Agreement entered into with DXC Technology India Private Limited, which is enclosed in pages 632 to 666 of Vol. II of the Paper Book, the relevant clause number 5 under the caption "Licenses to Materials" also contain the same clause. Further, the relevant clause under the caption "Certificate License" entered with the other Indian customers through the Digital Certificate Subscriber Agreement enclosed in pages 850 to 859 and 1005 to 1014 of Vol. III of the paper book also contain a clause which states that DigiCert grants applicant a revocable, non-exclusive, non-transferable license to use, for the benefit of the subject, each issued certificate in connection with properly licensed cryptographic software to (i) create digital signatures and (ii) perform Public Key or Private Key operations. Although DigiCert may send a reminder about expiring certificates, DigiCert is under no obligation to do so, and customer is solely responsible for ensuring certificates are renewed on a timely basis. DigiCert may revoke any certificate that it deems untrustworthy without prior notice.*

*10. The learned assessing officer observed that underlying agreement based on which the assessee derived receipts is basically a service agreement and not a software license agreement with an End User License Agreement (EULA). The services rendered by assessee to its Indian parties include services along with software license. Accordingly, the learned Assessing Officer concluded that the receipts of the assessee cannot be treated as exempt from tax. Further, the learned Assessing Officer concluded that from the information provided by the assessee, both assessee company and Indian Associated Enterprises (AEs) are rendering fee for technical services for Indian customers and that these services are inextricably linked to security licenses. Accordingly, he concluded that the receipts are to be treated as fee for technical services both under the Act as well as under the India-USA treaty.*

*11. We find on perusal of all the agreements placed on record referred to herein above, the assessee issues non-exclusive, non-transferable and non-sublicensable license to the resellers in India without granting any right to modify the software. In our considered opinion, the assessee provides only the limited license to the resellers which has been categorized as services as per the Master Reseller Agreement. The assessee does not grant any proprietary interest on the licensee and there is no parting of any copyright in favor of the licensee. It is only a non-exclusive, non-transferable license merely enabling the use of the copyrighted product and does not create any interest in copyright and therefore, the payment for such a license would not be in the nature of either royalty (1:25) or fee for technical services. We find that assessee had also placed on record the Addendum to Master Reseller Agreement with the main parties which had contributed 99 percent of the receipts to*

*the assessee. This addendum is enclosed in pages 996 to 1001 of Vol. III of the Paper Book. The assessee had also furnished the invoices raised on JNR management resources private limited which are enclosed in pages 518 to 522 of Vol. II of the Paper Book which clearly says what is being charged by the assessee is for reseller bulk digital certificate purchase. These invoices clearly show that no technical services within the ambit of fee for technical services both as per the Act as well as under the treaty were rendered by the assessee. Similarly, the assessee had enclosed the invoices from pages 535 to 547 of Vol. II of the Paper Book in respect of Adweb Technologies private limited whose invoices also carry the same description as that of JNR above.*

*12. We find that assessee had rendered level 1 services to the Indian customers and level 2 services were provided by Indian AE. In our considered opinion, the learned AO had mixed both these services together and categorized the receipts of the assessee as FTS. Infact, the assessee vide reply letter dated 15-12-22 enclosed in Pages 673 to 675 of Vol. II of the Paper Book had categorically stated that DigiCert India provides level 2 technical support services. The level 1 support comprise of addressing network issues, integration of DigiCert products etc. which were provided by assessee. DigiCert India is responsible for undertaking level 2 technical support which involves interacting with the customers to understand the issues, providing suggestions on customer network, undertake troubleshooting etc. In case of any issues in coding surface, while adding a customer query, the same is intimated to the development team for fixing the same. The invoices for all the parties were duly furnished by the assessee before the lower authorities. We hold that assessee had only sold the copyrighted article by granting non-exclusive, non-transferable and non-sublicensable right and license to resellers without granting any right to modify the software.*

*13. In view of the aforesaid factual observations which remain uncontroverted, we find that the reliance placed by the assessee on the decision of Hon'ble Supreme Court in the case of Engineering Analysis Centre of Excellence Pvt Ltd. reported in 432 ITR 471 (SC) is well founded wherein the transaction of the assessee is specifically covered under the second category of software sale stated in the said decision and such sale of software as end-user model or a reseller model granting non-exclusive restrictive license model would not be covered in the definition of royalty as per DTAA and accordingly not taxable in India.*

*14. It would be pertinent to note that the learned Assessing Officer had relied on the agreement entered into with DXC Technology India Private Limited, wherein a separate clause for providing technical support services was present. In this regard, the assessee had submitted that the services rendered towards maintenance and support are only ancillary to the sale of software license and not any additional services rendered to Indian customers. We find that in any event, the receipts by the assessee from DXC Technology India Private Limited is only Rs 1,20,931/- which*

*constitute 0.11% of the total receipts. Therefore, the learned AO erred in concluding that the whole receipts of the assessee would fall under the same category of technical services, ignoring the fact that 99 percent of the receipts were from two major parties with whom assessee had merely entered reseller agreement without having any provision for technical services. In these circumstances, classifying the whole receipt as FTS merely by relying on the particular clause of the agreement with DXC Technology India Private Limited would be grossly unjustified. Now, even if the relevant clause mentioned in DXC Technology agreement could be construed as technical services so as to make it taxable under the Act, the same whether would become taxable as per Article 12 of India US treaty is to be seen. In this regard, Article 12 of India US treaty defines fee for technical services and it insists that unless the technical services rendered result in 'making available' technological support, technology, technical plan or design etc., only then the said services could be construed as fee for technical services so as to be taxable under the India US treaty. In the instant case, nowhere the lower authorities could bring with cogent evidence on record that the 'make available clause' is duly satisfied so as to enable the end user to use the technology on his own. Hence the said services could not be construed as FTS as per Article 12(4)(b) of India US treaty.*

16 .....

*16. The assessee submitted that the Indian AE does not provide any technical services relating to software sale to the customers in India. We find that the earning of the Indian AE has no relevance to the issue in dispute before us. The learned Assessing Officer had stated that the Indian AE is rendering FTS for Indian customers. We find that there is no specific agreement in place between the AE and its Indian customers. Hence we are unable to comprehend ourselves to accept to the contention of the revenue that the services rendered by Indian AEs are FTS.*

*17. In view of the aforesaid observations and respectfully following the judicial precedent relied upon hereinabove, we hold that the assessee was duly justified in treating the receipts of Rs 10,89,13,249/- as exempt from tax both under the Act as well as under the treaty in the facts and circumstances of the instant case. Accordingly, the grounds 3 to 10 raised by the assessee are allowed.*

*18. In the result, the appeal of the assessee is partly allowed. "*

5. Respectfully following the aforesaid decision, we hold that the assessee was duly justified in treating the receipts of Rs 5,89,73,412/- as

exempt from tax both under the Act as well as under the Treaty in the facts and circumstances of the instant case. Accordingly, the Ground Nos. 2 to 6 raised by the assessee are allowed.

6. The Ground No. 7 raised by the assessee is regarding the chargeability of interest under section 234B of the Act which would be consequential in nature.

7. The Ground No. 8 raised by the assessee is challenging the initiation of penalty proceedings under section 274 r.w.s. 270A of the Act. In view of our aforesaid decision on merits, the penalty proceedings would have no legs to stand.

8. The Ground No. 9 raised by the assessee is general in nature and does not require any specific adjudication.

9. In the result, the appeal of the assessee is partly allowed.

Order pronounced in the open court on 30/09/2025.

-Sd/-  
**(VIMAL KUMAR)**  
**JUDICIAL MEMBER**

-Sd/-  
**(M. BALAGANESH)**  
**ACCOUNTANT MEMBER**

Dated:30/09/2025  
A K Keot

Copy forwarded to

1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR  
ITAT, New Delhi