IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 06-07-2026

CORAM

THE HONOURABLE MR JUSTICE SENTHILKUMAR RAMAMOORTHY

WP Nos.25670, 25689, 25692, 25696,
26308, 26313 & 26317 of 2026
and
WMP Nos.28044, 28045, 28070, 28071,
28075, 28076, 28079, 28080, 28735, 28736,
28738, 28739, 28747 & 28748 of 2026

Cognizant Technology Solutions
India Private Limited,
Represented by its Authorised Signatory
Mr.VN Achutarama Gupta
having its registered office at
Ground Floor, SDB 1 Plot No.H-4,
SIPCOT IT Park, Padur Post,
Siruseri Chengalpattu District
Chennai 603 103.

Petitioner in all cases

Vs

1. Assistant Commissioner of Income Tax, TDS
TDS Circle 1(1)
Room No.102, 1st Floor,
BSNL Tower No.16,
Greams Road, Chennai 600 006.

2.Commissioner of Income Tax, (TDS)
1st Floor BSNL Tower No.16,
Greams Road, Chennai 600 006

Respondents in all cases

Common Prayer in WP Nos.25670, 25689, 25692 & 25696 of 2026: Writ Petitions filed under Article 226 of the Constitution of India, seeking to issue a Writ of Certiorarified Mandamus, calling for the records in the proceeding of the 1st Respondent in impugned order bearing DIN ITBA/COM/F/17/2026-27/1089431756(1) dated 05.06.2026 for AY 2015-16, AY 2016-17, AY 2017-18 and AY 2018-19 and quash the same and to consequently direct the 1st Respondent not to initiate any recovery proceedings for AY 2015-16, AY 2016-17, AY 2017-18 and AY 2018-19 pursuant to the penalty order dated 30.09.2025 passed by the 1st Respondent until the disposal of the appeal filed by the Petitioner before the learned Commissioner of Income-Tax Appeals dated 27.10.2025 against the said penalty order.

Common Prayer in WP Nos.26308, 26313 & 26317 of 2026: Writ Petitions filed under Article 226 of the Constitution of India, seeking to issue a Writ of Certiorarified Mandamus, calling for the records in the proceeding of the 1st Respondent in impugned order bearing DIN ITBA/COM/F/17/2026-27/1089431756(1) dated 05.06.2026 for AY 2019-20, AY 2020-21 and AY 2021-22 and quash the same and to consequently direct the 1st Respondent not to initiate any recovery proceedings for AY 2019-20, AY 2020-21 and AY 2021-22 pursuant to the penalty order bearing DIN ITBA/COM/F/17/2025-26/1081347042(1), DIN ITBA/COM/F/17/2025-26/1081345387(1) and DIN ITBA/COM/F/17/2025-26/1081350863(1), dated 30.09.2025 passed by the 1st Respondent.

In all cases,

For Petitioner:	Mr.Srinath Sridevan, Senior Counsel assisted by Mr.Karthik Ranganathan
For Respondents:	Dr.B.Ramaswamy, Senior Standing Counsel

COMMON ORDER

In respect of services availed of by the petitioner in multiple assessment years, the petitioner had made provisions in its books of accounts. Tax was deducted at source later while making payments to the suppliers concerned.

2. Assessment orders were issued against the petitioner for delayed deduction and remittance of TDS. Said proceedings culminated in common order dated 22.01.2025 of the Income Tax Appellate Tribunal. By said orders, it was held that the petitioner had deducted TDS belatedly and therefore the petitioner was directed to pay interest on delayed deduction and remittance. Pursuant thereto, proceedings under Section 271 C of the Income Tax Act, 1961 (I-T Act) were initiated and penalty orders were issued on 30.09.2025. These orders were carried in appeal before the Commissioner of Income Tax(A) (CIT (A)) and such appeals are pending.

3. Pending adjudication of the appeals, the petitioner applied under Section 220 (6) of the I-T. Act for stay of recovery of penalty. By orders impugned herein, the petitioner was directed to pay 20% of the amount demanded by way of penalty.

4. Learned Senior Counsel for the petitioner contends that Section 271 C of the I-T. Act is inapplicable to the petitioner because the petitioner deducted and remitted TDS. He relies on the judgment of the Hon'ble Supreme Court in *US Technologies International (P.) Ltd. Vs. Commissioner of Income Tax (US Technologies) [(2023) 149 taxmann.com 144 (SC)]*. He also submits that the CBDT Instruction No.1914 dated 21.03.1996 and the office Memorandum dated 29.02.2016, as modified on 25.08.2017, are merely guidelines and do not impose a fetter on the discretion vested under Section 220 (6) of the I-T Act.

5. Section 271 C (1) of the I-T Act reads as under:

Penalty for failure to deduct tax at source

271C. [(1) If any person fails to-

(a) *deduct the whole or any part of the tax as required by or under the provisions of Chapter XVII-B; or*

(b) *pay [or ensure payment of,] the whole or any part of the tax as required by or under -*

(i) sub-section (2) of Section 115-O; or

(ii) the proviso to Section 194-B,;

(iii) the first proviso to sub-section (1) of Section 194R; or

(iv) the proviso to sub-section (1) of Section 194S; or]

(v) sub-section (2) of section 194BA]

then such person shall be liable to pay, by way of penalty, a sum equal to the amount of tax which such person failed to deduct or pay[or ensure payment of] as aforesaid]

6. This provision was interpreted in *US Technologies* by the Hon'ble Supreme Court by concluding that the provision does not apply to a case of belated deduction and remittance of TDS.

7. Both on reading Section 271 C and the judgment in *US Technologies,* a *prima facie* case is made out by the petitioner. Definitive conclusions on the scope, interpretation and applicability of Section 271 C of the I-T Act are beyond the scope of the present proceedings. A demand for aggregate penalty of Rs.101,14,92,186/- was made in the penalty orders impugned before the CIT(A).

8. As contended by learned Senior Counsel for the petitioner, the circulars and office Memoranda merely laid down guidelines and do not impose any statutory fetter on the exercise of jurisdiction under 220 (6) of the I-T Act.

9. Considering the above facts and circumstances, including revenue interest, at this juncture, subject to remittance of Rs.4,00,00,000/- (Rupees Four

Crore only) in the aggregate towards demands made under all the penalty orders within a period of two months from the date of receipt of a copy of this order, there shall be a stay of recovery proceedings pursuant to the penalty orders, until disposal of the appeals and a further period of two weeks therefrom.

10. The CIT(A) shall endeavour to dispose of the appeals within a period of three months from the date of receipt of a copy of this order. The petitioner is directed to extend full cooperation in this regard.

11. With the above direction, these writ petitions are disposed of. No costs. Consequently, connected miscellaneous petitions are closed.

06-07-2026

vum
Index:Yes/No
Speaking/Non-speaking order
Neutral Citation:Yes/No

To

1.Assistant Commissioner of Income tax, TDS
TDS Circle 1(1) Room No.102
1st Floor BSNL Tower No.16
Greams Road Chennai 06.

2. The Commissioner of Income Tax, (TDS)
1st Floor BSNL Tower No.16,
Greams Road Chennai 600 006

SENTHILKUMAR RAMAMOORTHY J.

vum

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