

## Tax Hotline

August 16, 2002

### RENT PAYMENTS FOR OCCUPATION OF HOTEL ROOMS WOULD ATTRACT WITHHOLDING TAXES

In a recent ruling, the Andhra Pradesh High Court ("**Court**") adjudicated that payments made by customers to hotels in the nature of rental charges towards occupancy of hotel rooms would attract withholding tax provisions as envisaged under Section 194-I of the Indian Income Tax Act, 1961 ("**ITA**").

The petitioner contented that no transfer of property takes place in the favour of the occupant indicating that it was merely a license agreement and not a rent agreement or a lease agreement as contemplated under Section 194-I of the ITA. The Court overruled this position by stating that the phrase "any payment" by whatever name called and 'any other agreement or arrangement' occurring in the definition of 'rent' in *Explanation* to the aforesaid section have widest import and thus even a license agreement would also be covered therein.

Source: *The Economic Times*, August 14, 2002

### DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

## Research Papers

### Compendium of Research Papers

April 11, 2024

### Third-Party Funding for Dispute Resolution in India

April 02, 2024

### Opportunities in GIFT City

March 18, 2024

## Research Articles

### Private Client Insights - Sustainable Success: How Family Constitutions can Shape Corporate Governance, Business Succession and Familial Legacy

January 25, 2024

### Private Equity and M&A in India: What to Expect in 2024?

January 23, 2024

### Emerging Legal Issues with use of Generative AI

October 27, 2023

## Audio

### IBC allows automatic release of ED attachments: Bombay HC reaffirms

April 15, 2024

### The Midnight Clause

February 29, 2024

### Enforceability of unstamped or inadequately stamped Arbitration Agreements

January 10, 2024

## NDA Connect

Connect with us at events, conferences and seminars.

## NDA Hotline

Click here to view Hotline archives.

## Video

### Cyber Incident Response Management

February 28, 2024

### Webinar : Navigating Advertising

**Laws in India Part II Fireside Chat  
with Manisha Kapoor**

February 27, 2024

**Webinar : Navigating Advertising  
Laws in India**

February 20, 2024