

Cadence Design Systems India Pvt Ltd — W.P.(C) Nos. 15099/2025 and 15101/2025

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\$-9 & 10 * IN THE HIGH COURT OF DELHI AT NEW DELHI + W.P.(C) 15099/2025 & CM APPL. 62094/2025 + W.P.(C) 15101/2025 & CM APPL. 62098/2025 CADENCE DESIGN SYSTEMS INDIA PVT LTDPetitioner Through: Mr. Sachit Jolly, Sr. Adv. with Ms.Mansha Anand, Mr. A.S. Bajpai, Mr. Sohum Dua, Ms.Saloni Ray, Mr.Ghunaim Siddiqui & Ms. Manvi, Advs. versus PRINCIPAL COMMISSIONER OF INCOME TAX DELHI 1 & ORS.Respondents Through: Mr. Anurag Ojha, SSC with Mr.V.K. Saxena & Ms. Hemlata Rawat, JSCs CORAM: HON'BLE MR. JUSTICE DINESH MEHTA HON'BLE MR. JUSTICE VINOD KUMAR ORDER % 04.05.2026

1. Both writ petitions filed under of the Constitution of India impugn the order dated 15.09.2025 passed by the Principal Commissioner of Income Tax, PCIT, Delhi-1 (hereinafter referred to as 'the Competent Authority'), whereby the petitioner's request for stay of the demand for assessment years 2020-21 & 2021-22 has been practically rejected.

2. Succinctly stated, the facts germane are that during the relevant assessment years, the Assessing Officer passed two separate assessment orders against the petitioner on 27.09.2023 (AY 2020-21) & 23.12.2024 W.P.(C) 15099/2025 & W.P.(C) 15101/2025 Page 1 of 4 This is a digitally signed order. The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 05/05/2026 at 20:58:40 (AY 2021-22), and raised demands in relation to disallowance of Employee Stock Option Plans (ESOP) expenditure.

3. In the memo of appeal so also in the stay applications dated 31.10.2023 (2020-21) and 21.01.2025 (2021-22) filed under of the Income Tax Act, 1961 (hereinafter referred to as 'the Act of 1961'), the assessee relied upon a judgment rendered by this Court in reported in [2019] 104 taxmann.com 27 (SC) and various other judgments.

4. The Competent Authority passed the impugned order and asked the assessee to deposit 20% of the disputed demand.

5. Mr. Jolly, learned Senior Counsel submitted that the impugned order passed by the Competent Authority is clearly contrary to law and against Circulars dated 29.02.2016 and 31.07.2017 issued by the Central Board of Direct Taxes (hereinafter referred to as 'CBDT'). He invited Court's attention towards paragraph No.4(B)(b) of the Circular dated 29.02.2016 and submitted that even as per the said Circular, if an issue has been decided in assessee's favour by jurisdictional High Court, the requirement of deposit of 15% or 20%, as the case may be reduced appropriately.

6. Learned Senior Counsel further argued that an assessee cannot be asked to deposit even 20% of the disputed demand, where the issue has already been settled by the jurisdictional High Court, whose judgment is binding throughout the territorial boundaries and over all State authorities.

7. Mr. Anurag Ojha, learned Senior Standing Counsel for the respondent-Department, on the other hand argued that the Circular only provides that an Assessing Officer can direct deposit of any amount lower than 15% or 20%, as the case may be and therefore, a blanket stay cannot be W.P.(C) 15099/2025 & W.P.(C) 15101/2025 Page 2 of 4 This is a digitally signed order. The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 05/05/2026 at 20:58:40 claimed. In other words, he submitted that the petitioner be asked to deposit some amount lesser than 20% of the disputed demand.

8. He further stated that in any case, Civil Appeal No. 1564/2017 titled Commissioner of Income Tax - V vs. M/s New Delhi Television Ltd. on the very same issue arising from the judgment of the High Court of Delhi is pending before the Supreme Court and prayed that interim stay be not granted.

9. Heard learned Counsel for the parties and perused the record including the Circular dated 29.02.2016.

10. According to us, the leeway granted in this circular which gives the impression that the Assessing Officer may ask the assessee to deposit a lesser amount than 20%, cannot be construed to mean that in every case the Assessing Officer or the Competent Authority shall ask the assessee to deposit 20% of the due demand. Once the jurisdictional High Court has taken a view, in normal circumstances, the Assessing Officer or the Competent Authority deciding an application under of the Act of 1961 is supposed to grant a complete stay, because judgments of High Court are binding on all the authorities including, the authority deciding the stay application.

11. We, therefore, allow the writ petitions and set aside the impugned orders passed by the Deputy Commissioner of Income Tax, Circle 4(2) Delhi dated 21.05.2024 (2020-21) and 18.08.2025 (2021-22) so also the order dated 15.09.2025 passed by the Competent Authority for both assessment years (2020-21 and 2021-22), to the extent they require 20% of demand pursuant to the impugned assessment orders dated 27.09.2023 (2020-21) and 23.12.2024 (2021-22) to be deposited as a condition for grant W.P.(C) 15099/2025 & W.P.(C) 15101/2025 Page 3 of 4 This is a digitally signed order. The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 05/05/2026 at 20:58:40 of stay of remaining recovery.

12. Needless to observe that till disposal of the appeals, the recovery proceedings against the petitioner shall remain stayed.

13. The Assessing Officer to do requisite entry in Income Tax Business Application (ITBA) Portal.

14. The petitions stand allowed accordingly. All pending applications are also disposed of. DINESH MEHTA, J VINOD KUMAR, J MAY 4, 2026 kk W.P.(C) 15099/2025 & W.P.(C) 15101/2025 Page 4 of 4 This is a digitally signed order. The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 05/05/2026 at 20:58:40