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

\+ W.P.(C) 11422/2025

M/S RAMPRASTHA PROMOTERS AND DEVELOPERS PVT. LTD. & ORS. .....Petitioners

Through: Mr. Puneet Agrawal, Ms. Mansi Khurana, Mr. Viplav Kumar Tiwari & Mr. Chetan Kumar Shukla, Advs.

versus

UNION OF INDIA & ORS. .....Respondents

Through: Mr. Vipul Agarwal, SSC with Ms. Sakshi Shairwal, JSC & Ms. Harshita Kotuu, Adv.

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

O R D E R

% **24.03.2026**

1. Learned counsel for the petitioners submitted that the entire amount for TDS for each assessment year had been deposited *albeit* with some delay. He added that the petitioner No. 1 has deposited the interest as contemplated in para no. 4.3.1 of the CBDT guidelines dated 17.10.2024 and the petitioner No.1 is even prepared to pay compounding charges, however, the Competent Authority has rejected the application for compounding filed by petitioner No. 1 by observing that the petitioner No. 1 is a habitual offender. He argued that impugned order deserves to be set aside, as no opportunity of hearing was offered to the petitioner.

2. Mr. Vipul Agarwal, learned Senior Standing Counsel for the respondent on the other hand, handed over the instruction which he had

received vide email dated 14.08.2025 and submitted that there is substantial delay ranging from 7 months to 32 months for the assessment years in question and therefore the Competent Authority has rightly rejected the petitioner No.1's application.

3. Mr. Vipul Agarwal, learned Senior Standing Counsel submitted that CBDT guidelines dated 17.10.2024 does not envisage any opportunity of hearing and therefore, the impugned order cannot be faulted with.

4. There is no gainsaying the fact that the impugned order was passed without affording any opportunity of hearing.

5. Having heard learned counsel for the parties, we are of the *prima-facie* view that when CBDT guidelines itself contemplates one common application for multiple years, the basic reasoning given by the Commissioner is flawed and fallacious – he cannot reject an application on the grounds of the petitioner-assessee being a habitual offender. Had it been the intention of the Central Government, the CBDT guidelines would not have provided for a combined application, because the same would be ante-thesis to the expression 'habitual offender' given in the para no. 7 of the CBDT guidelines.

6. Considering that the prosecution was lodged against the petitioner for five years on 18.05.2023 at one go, we are of the view that the occasion to file an application for compounding arose to the petitioners only when the respondents proceeded to prosecute him and the prosecution was launched.

7. The matter requires consideration.

8. Issue notice. Mr. Vipul Agarwal, learned Senior Counsel for the respondent accepts notice.

9. Mr. Vipul Agarwal prays for and is granted eight weeks' to file reply.

10. Having considered the merit of the case, we are of the view that if an assessee might have defaulted in following the mandate of law, but when it is prepared to pay the applicable interest and compounding charges, and no offence of concealment or evasion *per-se* is alleged, the Central Government does not stand to gain anything by insisting upon prosecution of an assessee, who might have defaulted for bona-fide financial constraints.

11. Such being the position, we are persuaded to stay the proceedings of the prosecution in the instant case.

12. Hence, the proceedings against the petitioners in case no. CC 578/2023, CC 579/2023, CC 581/2023, CC 582/2023 and CC 583/2023 pending before Tis Hazari Court shall remain stayed until further orders.

13. List this case on 12.08.2026.

DINESH MEHTA, J.

VINOD KUMAR, J.

MARCH 24, 2026/*sr*