IN THE HIGH COURT AT CALCUTTA
ORIGINAL SIDE

RESERVED ON: 02.12.2025
DELIVERED ON: 05.12.2025

PRESENT:
HON'BLE JUSTICE GAURANG KANTH

EC 56 OF 2024

P.G. AND W. SAWOO PRIVATE LIMITED

VERSUS

UNION OF INDIA, MINISTRY OF FINANCE,
DEPARTMENT OF REVENUE

Mr. Surajit Nath Mitra, Sr. Adv.
Mr. Suchayan Banerjee, Adv.
Ms. Sanjana Sinha, Adv.
Mr. S.K. Banerjee, Adv.

..... for the petitioner

Mr. Soumen Bhattacharjee, Adv.
Mr. Ankan Das, Adv.

..... for Union of India

Mr. Uday Sankar Bhattacharya, Adv.
Mr. Tapan Bhanja, Adv. **......for the award-debtor**

JUDGMENT

Gaurang Kanth, J.:-

1. The Award Holder has preferred the present Execution Petition seeking enforcement of the arbitral award dated 24.01.2024, read with the Additional Award dated 28.03.2024. There has been no challenge to either the original award or the additional award. Consequently, both awards have attained finality.

2. Under the award dated 24.01.2024, the Award Debtor was directed to pay the following amounts:

(i) Rs. 58,00,172/-, towards the claim for unpaid rent;

(ii) Rs. 2,54,37,533/-, towards unpaid mesne profits;

(iii) Interest @ 10% per annum on the sums mentioned in (i) and (ii) from 01.07.2021 until the date of the award.

(iv) Rs. 55,55,339/-, towards the Award Holder's claim for Service Tax/GST (without interest);

(v) Rs.87,00,000/- towards the costs of arbitration;

(vi) Further, in the event of failure to make payment within four weeks from the date of the award, the Award Debtor was made liable to pay future interest @ 12% per annum until realization.

3. By the Additional Award dated 28.03.2024, the learned Arbitrator corrected a typographical error that had crept into paragraph 16 of the original award. No substantive change was made to the operative directions.

4. The rival calculations furnished by the parties are set out in the following comparative statement:

Head	**Award Holder's Calculation**	**Award Debtor's Calculation.**	**Payments Made**
Unpaid rent (Clause 15)	Rs.58,00,172/-	Rs.58,00,172/-	
Unpaid mesne profits (Clause 15)	Rs. 2,54,37,533/-	Rs.2,54,37,533 /-	
Interest @ 10% p.a. on (i) & (ii)	Rs. 80,19,104/- (upto 24.01.2024)	Rs.80,75,391.894 (upto 28.03.2024)	
Unpaid Service Tax (Clause 17)	Rs.55,55,339/-	Rs.55,55,339/-	
Costs of	Rs.87,00,000/-	Rs.87,00,000/-	

arbitration			
Total Awarded Amount	Rs.5,35,12,148 /-	Rs.5,40,68,435 .89/-	Rs.5,40,68,435.89/ - paid on 23.07.2025 (TDS Rs. 54,06,844/- deducted)
Future interest @ 12%	Rs.85,67,995/- (29.03.2024 to 23.07.2025)	Rs.85,67,995/- (29.03.2024 to 23.07.2025)	Rs. 77,11,195/- paid on 07.11.2025 (TDS Rs. 8,56,800/- deducted)
Interest on TDS	Rs.1,88,425/- (Interest @12% on Rs. 54,06,844/- from 24.07.2025 to 07.11.2025)	Nil	Nil

5. Upon examining the materials on record and the computation sheets produced by both sides, this Court is satisfied that the calculation furnished by the Award Debtor correctly reflects the directions contained in the award. The Award Holder is entitled to future interest only from the date of the Additional Award, i.e., 29.03.2024, until the date of payment of the principal sum, i.e., 23.07.2025.

6. It is an admitted position that the Award Debtor deducted TDS amounts of Rs. 54,06,844/- and Rs. 8,56,800/- from the payments made towards the decretal sum.

7. It is a well-settled principle of law that no tax is deductible at source from amounts payable under a decree or an arbitral award, unless expressly authorised by statute. (Ref. ***Neo Built Corporation v. Union of India,*** **2023 SCC OnLine Cal 1929**). In view of the said legal position, the Award Debtor is under an obligation to refund to the Award Holder the amount of TDS that was erroneously deducted at the time of releasing the decretal amount.

8. The Award Holder has further sought interest on the TDS component. However, this Court finds no merit in any claim for interest on the said amount. It is an admitted fact that the Award Debtor, while releasing the decretal amount, mistakenly deducted TDS, despite the settled principle that no tax is deductible at source from sums payable under an arbitral award. The amount so deducted stands deposited with the Income Tax Department in compliance with statutory requirements. The Award Debtor has neither retained nor derived any benefit from the deducted sum.

9. Allowing interest on the TDS component would, therefore, be inequitable and inappropriate. Imposing an interest burden would penalise the Award Debtor for a bona fide procedural error, notwithstanding that the amount is already lying with the statutory authorities. Such a direction would run contrary to the principles of equity, fairness, and restitution. Accordingly, this Court directs that the Award Debtor shall refund the erroneously deducted TDS amount to the Award Holder, **without any interest**.

10. It is further clarified that the Award Debtor is at liberty to seek refund of the amount deposited with the Income Tax Department, in accordance with law, including the principles laid down by this Court in ***S.S. Miranda Ltd. v. Shyam Bahadur Singh*, 1984 SCC OnLine Cal 161**.

11. Accordingly, the Execution Petition is disposed of with the following directions:

(a) The Award Debtor shall remit to the Award Holder the TDS amounts of Rs. 54,06,844/- and Rs. 8,56,800/-, without any interest within four weeks from today.

(b) The Award Debtor shall be at liberty to approach the Income Tax Authorities seeking recovery/refund of the said amounts, in accordance with law.

12. In view of the above directions, the Execution Petition stands disposed of.

(GAURANG KANTH, J.)

Sakil Amed P.A.