Shabnoor

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICTION

WRIT PETITION NO.12184 OF 2018

SHABNOOR AYUB PATHAN

Digitally signed by SHABNOOR AYUB PATHAN
Date: 2026.09.21 17:18:46 +0530

The Oriental Insurance Co. Ltd. … Petitioner

V/s.

Jacinta Sequira & Anr. … Respondents

Mr. Devendranath S. Joshi, for the Petitioner.

Mr. S. R. Gupta, for Respondents.

CORAM : AMIT BORKAR, J.

DATED : SEPTEMBER 21, 2026

P.C.:

1. The present petition takes exception to the order passed by the learned Member of the Motor Accident Claims Tribunal, Maharashtra, whereby a warrant of attachment has been issued against the petitioner for recovery of an amount of Rs.5 lakh.

2. It is not in dispute that the amount of Rs.5 lakh represents the interest component payable by the insurer to the claimant under the award. The petitioner, however, failed to deposit the said amount before the Tribunal. Instead, the petitioner deposited the said amount with the Income Tax Department towards deduction of tax at source (TDS), on the ground that the said interest amount was liable to be subjected to income tax.

3. The question as to whether the interest component forming part of the compensation awarded in a motor accident claim is liable to income tax is no longer res integra. The said issue stands squarely covered by the judgment of the Division Bench of this Court in *Rupesh Rashmikant Shah v. Union of India and Others*, reported in 2019 (5) ABR 497.

4. In the said judgment, the Division Bench has specifically held that the interest awarded in motor accident claims, from the date of filing of the claim petition till the passing of the final order, or the interest awarded up to the date of the award passed by the Trial Court or the final judgment of the High Court in appeal, is exempt from tax.

5. In view of the aforesaid settled legal position, the petitioner was not justified in deducting the interest component towards income tax. Consequently, the petitioner could not have treated the said amount as TDS payable to the Income Tax Department instead of depositing the same with the Tribunal for payment to the claimant.

6. In view of the judgment of the Division Bench in *Rupesh Rashmikant Shah* (supra), the order impugned in the present petition cannot be said to suffer from any legal infirmity. The issuance of the warrant of attachment for recovery of the amount payable to the claimant therefore calls for no interference.

7. The petitioner is consequently liable to pay the amount of Rs.5 lakh to the claimant in terms of the award. However, since an amount of Rs.5,41,838/- has been deposited with the Income Tax Department towards TDS in relation to the compensation amount payable to the claimant, the petitioner shall be at liberty to seek refund of the said amount from the Income Tax Department.

8. In the event the petitioner makes an appropriate application for refund, the Income Tax Department shall process the same in accordance with law and, if the petitioner is otherwise entitled to such refund, shall refund the amount within a period of eight weeks from the date of filing of such application.

9. The writ petition is accordingly disposed of. There shall be no order as to costs.

10. The petitioner shall deposit the entire amount payable in terms of the award passed by the Tribunal within a period of four weeks from today.

11. All pending interlocutory application(s), if any, stand disposed of accordingly.

(AMIT BORKAR, J.)