



2026:DHC:1661-DB



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

% *Date of decision: 23rd February, 2026*

+ W.P.(C) 6708/2005

M/S MITSUI ENGINEERING & SHIP.C

.....Petitioner

Through: Mr. Rajiv Tyagi, Adv.

versus

THE ASST. DIRECTOR OF INCOME T

.....Respondent

Through: Mr. Siddhartha Sinha, SSC with Ms.
Easha Gurung, JSC.

CORAM:

HON'BLE MR. JUSTICE DINESH MEHTA

HON'BLE MR. JUSTICE VINOD KUMAR

J U D G M E N T

DINESH MEHTA, J. (ORAL)

1. By way of the instant writ petition, the petitioner has challenged the order of the Director of Income Tax, International Taxation, New Delhi dated 20.01.2005 whereby petitioner's application under Section 154 of the Income Tax Act for additional interest under Section 244(1A) of the Income Tax Act, 1961 (*hereinafter referred to as 'the Act of 1961'*) has been dismissed.

2. Learned counsel for the petitioner submitted that the reasoning of impugned order rejecting the petitioner's application for interest was based upon the judgment of Bombay High Court rendered in the case of *Sandvik Asia Ltd v. Commissioner of Income Tax-1* reported in (2004) 267 ITR 78



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(*Bom*), which judgment and the same has been reversed by Hon'ble the Supreme Court vide the judgment dated 27.01.2006 reported in **[2006] 280 ITR 643 (SC)**.

3. Having heard learned counsel for the parties and considering the fact that the judgment passed by the Bombay High Court in the case of **Sandvik Asia (*supra*)** has been overturned, we are persuaded to allow the present writ petition.

4. The present writ petition is allowed in light of the judgment of Hon'ble the Supreme Court rendered in ***Sandvik Asia Ltd v. Commissioner of Income Tax-1***. The order dated 20.01.2005 passed by the Director of Income Tax, International Taxation, New Delhi impugned in the present writ petition is hereby quashed.

5. The competent authority, which we are informed is the Commissioner of Income Tax, is directed to pass a fresh order within a period of 3 months from the date of placing a certified/web copy of the instant order.

6. While calculating the amount of interest, the competent authority or the Assessing Officer as the case may be, shall take into account the extant provisions of law, including the rate of interest as applicable from time to time.

7. Considering that the case relates to the Assessment Year 1988-89, we hereby order that in case the needful is not done within 3 months of placing the certified/web copy of the order instant, the same shall carry interest at the rate of 1% per annum from 01.06.2026 until the extra amount is paid, apart from the interest as payable under Section 244 or 244(A) or 244(1A) of the Act of 1961.

8. The petition stands allowed.



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9. The petitioner shall be free to give its calculation of interest, while placing a certified copy of the instant order.

**DINESH MEHTA
(JUDGE)**

**VINOD KUMAR
(JUDGE)**

FEBRUARY 23, 2026/sr