OFFICE OF THE DIRECTOR (F&A)
DELHI JAL BOARD: DELHI SARKAR
VARUNALAYA PHASE-II, KAROL BAGH
NEW DELHI-110005

No. DJB/Fin./Dir.(F&A)/I.O./2026-27/3643. Dated:- 27.08.2026.

Instructional Order

In continuation of Instructional order dated 11.05.2026 regarding guidelines issued for the cases of Interest on delayed payment to the contractor beyond 90 days as per CA Clause 12.2.1 & 12.2.2, to maintain uniformity while deducting the TDS at the time of payments for such cases a legal opinion has been obtained regarding **"Deduction of tax at source on interest payable to a contractor for delayed release of running bills---whether the contractor-payment provision (Section 194 C) or the interest-payment provision applies(Section 194 A)" from Standing counsel, DJB Advocate Sh. Tushar Sannu and his opinion is hereby re-produced as under:-**

"I am of the view of that following ***CIT v. Govinda Choudhury & Sons (Supreme Court)*** *and* ***CIT v. Himachal Pradesh Housing Board (HP HC)****, interest payable under Clause 12.2.1 for delayed release of certified running bills* ***is not 'interest' within Section 2(28A) and is outside Section 194A.*** *The amount partakes the character of the works-contract consideration, and TDS under Section 194C at the applicable contractor rate is the legally defensible position".*

Section 194C — TDS on Payments to Contractors:

"Section 194C applies to payments made to a resident contractor for carrying out work under a contract. It covers the amount paid for execution of the work and may also cover sums which form part of, or are directly connected with, the contractual payment. The usual rate of deduction is 1% where the contractor is an individual or HUF and 2% in other cases".

Accordingly, it is to clarify that the Accounts Branch of concerned division shall ensure that the TDS @ 2% shall be deducted from the bills of Interest on delayed payment cases at the time of release of payment.

All concerned officers are requested to ensure strict compliance with the above procedure with immediate effect.

This issues with the approval of the Competent Authority.

CE(IT) PA All CEs DDC(I.T) 0/29

Office of the CE (Nodal) Water
Diary No. 3315
DL 27/8/26
DELHI JAL BOARD

(RAVINDER KUMAR)
Director (Finance & Accounts)

All DDOs
All Sr. AOs/AOs/AAOs
Copy for kind information to: -

1. CEO, DJB
2. Addl. CEO, DJB/CVO
3. Member (Finance)/Member (Admn.)
4. CEN(Water)/CEN(Dr.)
5. Director (A&P)/Director(Vig.)/(PR)/DOR
6. Jt. Dir.(F&A)
7. Dy. Dir.(F&A)-II/III/IV
8. CE(IT):- with request to upload on DJB website.

SE(IT) 10/9/26

Office of the S.E. (IT)
Delhi Jal Board
Diary No. 217
Date 22/9/2026

Chief Engineer (IT)
Delhi Jal Board, GNCTD
Dy. No. 653 3/9/2026

Dy. Director (IT)
Delhi Jal Board, GNCTD
Dy. No. 1656 22/9/26

Dy I

23/9/2026.

(RAVINDER KUMAR)
Director (Finance & Accounts)