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

\+ W.P.(C) 7695/2026

SCHLUMBERGER ASIA SERVICES LIMITED REPRESENTED THROUGH ITS AUTHORIZED REPRESENTATIVE AMIT ARORA .....Petitioner

Through: Mr. Salil Kapoor, Ms. Ananya Kapoor, Ms. Soumya Singh and Ms. Sejal Arora, Advocates.

versus

THE DEPUTY COMMISSIONER OF INCOME TAX CIRCLE-2 INTERNATIONAL TAXATION DEHRADUN & ANR. .....Respondents

Through: Mr. Puneet Rai, SSC with Mr. Rishabh Nangia and Mr. Ashvini Kr., JSCs. Mr. Sunil Agarwal, SSC.

CORAM:
HON'BLE MR. JUSTICE DINESH MEHTA
HON'BLE MR. JUSTICE RAJNEESH KUMAR GUPTA

O R D E R

% 22.07.2026

1. The instant writ petition is directed against orders dated 24.04.2026, 30.04.2026 and 09.05.2026, passed under Section 395(1) of the Income Tax Act, 2025 (*'hereinafter referred to as the Act of 2025'*) by the DDIT (International-2), Dehradun [*'hereinafter referred to as the competent authority'*] and the consequential certificates of even date, which have been issued at the rate of 2.5% to the petitioner for deduction of tax on the payments to be made to the petitioner.

2. The petitioner is engaged in business of providing services and facilities in connection with extraction and production of mineral oils and enters into contracts with parties like Reliance Industries Limited, Oil and Natural Gas Corporation Limited and Vedanta Limited, etc.

3. The petitioner, having suffered losses in the previous years, claims to be expecting loss during the relevant year. The petitioner filed an application seeking issuance of a certificate for 'Nil' deduction in respect of the contracts carried out by it. The petitioner prayed that a certificate at Nil rate be issued to it so that the awarder of the contracts do not deduct any tax from payments made to it, indicating therein that for the last so many years, it has been suffering losses and its returns of have been having accepted as such by the Income Tax Department.

4. The competent authority, by way of the impugned order, issued a certificate at the rate of 2.5% for the petitioner's turnover of Rs. 36 crores.

5. Mr. Salil Kapoor, learned Counsel for the petitioner, submitted that the petitioner had suffered loss in the preceding 7-8 years, which is not in dispute, so also the fact that the petitioner's returns have been accepted as such. He argued that there is no justification for the competent authority to have issued a certificate at the rate of 2.5%. He further argued that the petitioner's turnover may appear to be high, but its work is labour and capital intensive and, therefore, deduction of tax at source adversely affects its financial position.

6. Mr. Puneet Rai, learned Senior Standing Counsel for the respondents, on the other hand, submitted that the competent authority has passed a just and valid order and has granted a moderate deduction at the rate of 2.5%, as against the applicable higher rate. He further submitted that, in any event, TDS is only an advance tax and an assessee can always get a refund, if no tax or a lesser tax is found payable once the assessment is completed.

7. In rejoinder, Mr. Kapoor, learned Counsel for the petitioner, submitted that in previous years, the department itself had been issuing certificate at the

rate of 1% and there was no occasion for the competent authority to have issued a certificate at a rate higher than the previous years' rates, as no change has taken place.

8. Having heard the learned Counsel for the parties and considering that the petitioner has been facing/suffering consistent loss and its return of income have been accepted as such. Given the stand of the petitioner that the nature of extraction of mineral oil is labour and capital intensive, and the fact that the deduction of a substantial amount at source may lead to withholding of substantial working capital, we are of the view that the competent authority was not justified in taking a detour from the consistent approach of issuing a certificate at lesser rate, i.e. 1%, when there was no significant difference in the facts of the year under consideration from the facts of the earlier years.

9. The writ petition is, therefore, partly allowed. The impugned orders and certificates dated 24.04.2026, 30.04.2026 and 09.05.2026 are hereby quashed and set aside, and the competent authority is directed to issue a certificate at the rate of 1% within a period of three weeks from today.

10. Petition so also all other interlocutory applications stand disposed of accordingly.

11. Naturally, this order will apply to all the pending applications, if any, of the petitioner for the Tax Year 2026-2027.

DINESH MEHTA, J.

RAJNEESH KUMAR GUPTA, J.

JULY 22, 2026/*MR*/*nd*