IN THE HIGH COURT OF JUDICATURE AT PATNA

Civil Writ Jurisdiction Case No.381 of 2026

==

Sharda Construction a partnership firm having its office at New Area, Maharajganj Road, Aurangabad, Bihar - 824102 through its authorised signatory Sanjay Kumar (Male, aged about 59 Years) son of Shri Mahabir Prasad resident of Near Zila School Chowk, Muhalla Gopiganj, Daltonganj, Palamu, Jharkhand - 822101.

... ... Petitioner

Versus

1. Principal Chief Commissioner of Income Tax (TDS), Patna having its office at Vikas Bhawan, Patna -800001.
2. Dy. Commissioner of Income Tax, Circle -3, Gaya.
3. Punjab National Bank, Aurangabad.
4. National Project Construction Corporation Limited having its office at 15 IAS Colony, Kidwaipuri, Patna

... ... Respondents

==

with

Civil Writ Jurisdiction Case No. 382 of 2026

==

Kaushal Kumar Singh HUF through its authorized signatory Sanjay Kumar (Male, aged about 59 Years) son of Shri Mahabir Prasad resident of Near Zila School Chowk, Muhalla- Gopiganj, Daltonganj, Palamu, Jharkhand- 822101

.. ... Petitioner

Versus

1. Principal Chief Commissioner of Income Tax (TDS), Patna having its office at Vikas Bhawan, Patna -800001.
2. Dy. Commissioner of Income Tax, Circle -3, Gaya
3. Punjab National Bank, M.G. Road, Aurangabad

... ... Respondents

==

with

Civil Writ Jurisdiction Case No. 429 of 2026

==

Kaushal Kumar Singh HUF through its authorized signatory Sanjay Kumar (Male, aged about 59 Years) Son of Shri Mahabir Prasad resident of Near Zila School Chowk, Muhalla- Gopiganj, Daltonganj, Palamu, Jharkhand- 822101

... ... Petitioner

Versus

1. Principal Chief Commissioner of Income Tax (TDS) Patna.
2. Dy. Commissioner of Income Tax, Circle- 3, Gaya.
3. Manager, Punjab National Bank, M.G. Road, Aurangabad.

... ... Respondents

==
with
Civil Writ Jurisdiction Case No. 435 of 2026
==

Debashree Construction India Pvt. Ltd. a company incorporated under Companies Act 1956, having its Office at New Area, Maharajganj Road, Aurangabad, Bihar- 824101 through its authorised signatory Sanjay Kumar (Male, aged about 59 years) son of Shri Mahabir Prasad, resident of Near Zila School Chowk, Muhalla- Gopiganj, Daltonganj, Palamu, Jharkhand- 822101.

... ... Petitioner

Versus

1. Principal Chief Commissioner of Income Tax (TDS), Patna having its office at Vikas Bhawan, Patna- 800001.
2. Dy. Commissioner of Income Tax, Circle -3, Gaya.
3. Punjab National Bank, M.G. Road Branch, Aurangabad.

... ... Respondents

==
with
Civil Writ Jurisdiction Case No. 440 of 2026
==

Kaushal Kumar Singh Son of Late Ambika Prasad Singh Resident of Kunda, Aurangabad, Bihar, through its authorized signatory Sanjay Kumar, (Male, aged about 59 Years) Son of Shri Mahabir Prasad, resident of Near Zila School Chowk, Muhalla- Gopiganj, Daltonganj, Palamu, Jharkhand- 822101.

... ... Petitioner

Versus

1. Principal Chief Commissioner of Income Tax (TDS), Patna having its office at Vikas Bhawan, Patna- 800001.
2. Assistant Commissioner of Income Tax, Circle- 1, Gaya.
3. Manager, Punjab National Bank, Aurangabad.

... ... Respondents

==
with
Civil Writ Jurisdiction Case No. 579 of 2026
==

Sharda Construction a partnership firm having its office at New Area, Maharajganj Road, Aurangabad, Bihar- 824102 through its authorised signatory Sanjay Kumar (Male, aged about 59 years) son of Shri Mahabir Prasad, resident of Near Zila School Chowk, Muhalla- Gopiganj, Daltonganj, Palamu, Jharkhand- 822101.

... ... Petitioner

Versus

1. Principal Chief Commissioner of Income Tax (TDS), Income Tax Department,Patna having its office at Vikas Bhawan, Patna- 800001.

2. Dy. Commissioner of Income Tax,Income Tax Department Circle-3, Gaya.
3. Manager,Punjab National Bank, M.G. Road Branch, Aurangabad.
4. Manager,Punjab National Bank, Old G T Road Branch, Aurangabad.
5. Executive Engineer, ELO, Ministry of Road Transport and Highway, Ranchi,Union of India.

... ... Respondents

==

with

Civil Writ Jurisdiction Case No. 626 of 2026

==

Kaushal Kumar Singh Son of Late Ambika Prasad Singh, Resident of Kunda, Aurangabad, Bihar through its authorized signatory Sanjay Kumar (Male, aged about 59 years) son of Shri Mahabir Prasad resident of Near Zila School Chowk, Muhalla- Gopiganj, Daltonganj, Palamu, Jharkhand- 822101.

... ... Petitioner

Versus

1. Principal Chief Commissioner of Income Tax (TDS) Patna having its office at Vikas Bhawan, Patna-800001.
2. Assistant Commissioner of Income Tax, Circle-1, Gaya.
3. Punjab National Bank, Aurangabad.

... ... Respondents

==

Appearance :

(In Civil Writ Jurisdiction Case No. 381 of 2026)

For the Petitioner	:	Mr. D.V. Pathy, Sr. Advocate
		Mr. Sadashiv Tiwari, Advocate
		Mr. Hiresh Karan, Advocate
		Ms. Shivani Dewalla, Advocate
For the Department	:	Ms. Archana Sinha @ Archana Shahi, Sr. SC
		Ms. Shilpi Keshri, Jr. SC
		Ms. Swarna Roy, Advocate
For the Bank	:	Mr. Rajan Ghoshrave, Advocate

(In Civil Writ Jurisdiction Case No. 382 of 2026)

For the Petitioner	:	Mr. D.V. Pathy, Sr. Advocate
		Mr. Sadashiv Tiwari, Advocate
		Mr. Hiresh Karan, Advocate
		Ms. Shivani Dewalla, Advocate
For the Department	:	Ms. Archana Sinha @ Archana Shahi, Sr. SC
		Ms. Shilpi Keshri, Jr. SC
		Ms. Swarna Roy, Advocate
For the Bank	:	Mr. Rajan Ghoshrave, Advocate

(In Civil Writ Jurisdiction Case No. 429 of 2026)

For the Petitioner	:	Mr. D.V. Pathy, Sr. Advocate
		Mr. Sadashiv Tiwari, Advocate
		Mr. Hiresh Karan, Advocate
		Ms. Shivani Dewalla, Advocate
For the Department	:	Ms. Archana Sinha @ Archana Shahi, Sr. SC
		Ms. Shilpi Keshri, Jr. SC

		Ms. Swarna Roy, Advocate
For the Bank	:	Mr. Rajan Ghoshrave, Advocate
(In Civil Writ Jurisdiction Case No. 435 of 2026)		
For the Petitioner	:	Mr. D.V. Pathy, Sr. Advocate
		Mr. Sadashiv Tiwari, Advocate
		Mr. Hiresh Karan, Advocate
		Ms. Shivani Dewalla, Advocate
For the Department	:	Ms. Archana Sinha @ Archana Shahi, Sr. SC
		Ms. Shilpi Keshri, Jr. SC
		Ms. Swarna Roy, Advocate
For the Bank	:	Mr. Rajan Ghoshrave, Advocate
(In Civil Writ Jurisdiction Case No. 440 of 2026)		
For the Petitioner	:	Mr. D.V. Pathy, Sr. Advocate
		Mr. Sadashiv Tiwari, Advocate
		Mr. Hiresh Karan, Advocate
		Ms. Shivani Dewalla, Advocate
For the Department	:	Ms. Archana Sinha @ Archana Shahi, Sr. SC
		Ms. Shilpi Keshri, Jr. SC
		Ms. Swarna Roy, Advocate
For the Bank	:	Mr. Rajan Ghoshrave, Advocate
(In Civil Writ Jurisdiction Case No. 579 of 2026)		
For the Petitioner	:	Mr. D.V. Pathy, Sr. Advocate
		Mr. Sadashiv Tiwari, Advocate
		Mr. Hiresh Karan, Advocate
		Ms. Shivani Dewalla, Advocate
For the Department	:	Ms. Archana Sinha @ Archana Shahi, Sr. SC
		Ms. Shilpi Keshri, Jr. SC
		Ms. Swarna Roy, Advocate
For the Bank	:	Mr. Rajan Ghoshrave, Advocate
(In Civil Writ Jurisdiction Case No. 626 of 2026)		
For the Petitioner	:	Mr. D.V. Pathy, Sr. Advocate
		Mr. Sadashiv Tiwari, Advocate
		Mr. Hiresh Karan, Advocate
		Ms. Shivani Dewalla, Advocate
For the Department	:	Ms. Archana Sinha @ Archana Shahi, Sr. SC
		Ms. Shilpi Keshri, Jr. SC
		Ms. Swarna Roy, Advocate
For the Bank	:	Mr. Rajan Ghoshrave, Advocate

==

CORAM: HONOURABLE MR. JUSTICE RAJEEV RANJAN PRASAD
and
HONOURABLE JUSTICE SMT. SONI SHRIVASTAVA

ORAL JUDGMENT
(Per: HONOURABLE MR. JUSTICE RAJEEV RANJAN PRASAD)

Date : 14-05-2026

Heard learned senior counsel for the petitioner(s) and learned Senior Standing Counsel for the Department of Income Tax as well as learned Advocate for the Punjab National Bank.

2. This batch of writ applications contains common questions to be considered by this Court. We are taking CWJC No. 381 of 2026 (Sharda Construction versus Principal Chief Commissioner of Income Tax (TDS), Patna and Ors.) as the lead case.

3. The petitioner prays for the following reliefs:-

> "i) For issue of a writ of mandamus or any other appropriate writ (s) to the respondent no. 2 to give credit to the tax deducted at source and paid into the Government account statutorily admissible in computing the tax liablity under Section 199 of the Income Tax Act, 1961 (hereinafter called the Act) for the Assessment Year 2013-14 taking credit of tax deducted at source verifiable with reference to certificate of deduction of tax at source and the updated Form 26AS displayed on the web portal of Income Tax Department and modify the notice of demand accordingly.
>
> ii) For a direction to the respondent no. 3 and 4 to upload its return of TDS for the Assessment Year 2013-14 containing details of payment of tax deducted at source under section 194A of the Act to enable display of such tax on the web portal of the Income Tax Department in Form 26AS in order to enable credit thereof.
>
> iii) for granting any other relief (s) to which the petitioner is otherwise found entitled to."

Brief Facts of the Case

4. It is the case of the petitioner that being a partnership firm, it is engaged in the business of execution of works contract. The petitioner filed its return for the assessment year 2013-14 and has made true and fair disclosure therein. The petitioner claimed deductions on account of Tax Deducted at Source (in short 'TDS'). On the basis of the certificate of TDS in Form 16 A prescribed under Rule 31(1)(b) of the Income Tax Rules, 1962 (hereinafter referred to as the 'Rules of 1962'). A copy of the return of income tax along with computation of income tax details of the tax deducted at source has been annexed and marked as Annexure 'P/1 Series'.

5. The grievance of the petitioner is that the TDS in some cases were not displayed at the web portal of the Income Tax Department in form 26AS prescribed under Section 203 AA and second proviso to Section 206C (5) of the Income Tax Act, 1961 (hereinafter referred to as the 'IT Act or the Act') and Rule 31AB of the Rules of 1962. It is for this reason alone the respondents did not give credit to the TDS disclosed in Form 16A while passing the order of assessment. A copy of the order of assessment dated 05.11.2015 along with Form 26 AS is Annexure 'P/2 Series'.

6. In the writ application, there is an averment that the petitioner approached Punjab National Bank, Aurangabad (Respondent No. 3) and the National Project Construction Corporation Limited (Respondent No. 4) to give reasons as to why the amount of Tax Deducted at Source is not displayed on the Web Portal of the Income Tax Department. The Respondent Nos. 3 and 4 issued a certificate certifying that the amount of TDS amounting to Rs.2,25,301/- was deposited in the Government account. A copy of the certificate issued by the Bank (Respondent No. 3) has been brought on record as Annexure 'P/3 Series'.

7. It is stated that the Assistant Commissioner of Income Tax, TDS Circle has initiated proceeding under Section 201(1A) of the Act against the Respondent Nos. 3 and 4 calling upon them as to why the TDS was not deposited in the Government account. The Respondents has been asked to show cause as to why a statutory interest and penalty be not imposed against them for the default.

Submissions on behalf of the Petitioner(s)

8. Learned senior counsel for the petitioner(s) submits that once the certificate of deduction of income tax at source has been issued by Respondent Nos. 3 and 4 in respect of depositing of tax in the Government account, it is incumbent upon Respondent

No. 2 to credit the same in computing the total income. The grievance of the petitioner is that Respondent No. 2, while making the assessment, did not take notice of the certificate and other evidence as regards deduction of income tax at source. It is submitted that the petitioner has been denied a rightful claim of refund which was otherwise available to the petitioner as per computation of income and the assessment order already accepted by the Respondent No. 2 in the regular assessment.

9. Referring to Section 194 of the Act, learned senior counsel submits that by virtue of this provision, the Bank is authorised to deduct income tax at source on the payments made to the petitioner on account of interest. The Bank has, in fact, updated the certificate of tax deducted at source on the web portal but the same has not been permitted to be claimed as a deduction by way of tax paid. The fact of deduction and payment of tax into the Government account stands proved as the Respondent has issued the certificate to this effect giving details of the deduction of income tax at source and deposit thereof. Thus, learned senior counsel submits that Section 194 of the Act provides for giving credit to the income tax deducted at source. This provision clearly provides that any deduction of income tax at source paid to the Central Government shall be treated as payment of tax on behalf of the person from whose income the deduction was made. In view of the statutory provisions, it is submitted that the Respondent No. 2 is statutorily obliged to give credit to the tax deducted at source and deposit with the Government. Very emphatically, it has been submitted in the writ application that the evidence as regards deduction of income tax at source and deposit by Respondent Nos. 3 and 4 in respect of tax deducted at source was filed before the Respondent No. 2. The same, however, has not been given credit to.

10. In CWJC No. 382 of 2026 (Kaushal Kumar Singh HUF versus Principal Chief Commissioner of Income Tax (TDS), Patna and Ors.), the reliefs prayed are identical, however, it relates to the assessment year 2011-12. In this case also, the Bank (Respondent No. 3) has issued a certificate certifying that the amount of TDS amounting to Rs.1,74,762/- was deposited in the Government account.

11. In CWJC No. 429 of 2026 (Kaushal Kumar Singh HUF versus Principal Chief Commissioner of Income Tax (TDS), Patna and Ors.), an identical relief has been prayed for in respect of the assessment year 2012-13. There is a statement in paragraph ‘11’ of the writ application that Respondent No. 3 being a Bank deducted income tax at source of payments made to the petitioner in respect of interest and also deposited the same in the Government account. The said Respondent has also issued a certificate to that effect giving details of deductions and deposit thereof.

12. In CWJC No. 435 of 2026 (Debashree Construction India Pvt. Ltd versus Principal Chief Commissioner of Income Tax (TDS), Patna and Ors.), the matter relates to the assessment year 2012-13. In this case, Respondent No. 3 has deducted a sum of Rs.1,19,928/- and issued a certificate (Annexure 'P/3') saying that the amount of tax has been deposited in the Government account.

13. In CWJC No. 440 of 2026 (Kaushal Kumar Singh versus Principal Chief Commissioner of Income Tax (TDS), Patna and Ors.), the petitioner has prayed for a writ in the nature of Mandamus directing Respondent No. 2 to give credit to the tax deducted at source and paid into the Government account by the Bank (Respondent No. 3). The matter pertains to the assessment year 2012-13. In this case also the Bank has issued certificate certifying that the amount of tax deducted at source amounting to Rs.1,49,819/- was deposited in the Government account.

14. In CWJC No. 579 of 2026 (Sharda Construction versus Principal Chief Commissioner of Income Tax (TDS), Income Tax Department, Patna and Ors.), the petitioner seeks a direction to Respondent No. 2 to credit the tax deducted at source and paid into the Government account pertaining to the assessment year 2012-13. The Punjab National Bank (Respondent No. 3) issued a certificate certifying that the amount of TDS amounting to Rs.4,74,499/- was deposited in the Government account.

15. In CWJC No. 626 of 2026 (Kaushal Kumar Singh versus Principal Chief Commissioner of Income Tax (TDS), Patna and Ors.), an identical prayer has been made pertaining to the assessment year 2011-12.

16. In all these writ applications, one thing is common that the deductor Bank (Respondent No. 3) has issued certificate that the amount of TDS has been deposited in the Government account. A perusal of the certificate (Annexure ‘P/3’) would show that the certificate contains challan number, date of deposit and mode of deposit into the Central Government account. The certificates are issued way back in the year 2016.

17. These writ applications were registered in this Court on 12.01.2026 with prior service of copies on the learned Senior Standing Counsel for the Department and learned counsel for the Punjab National Bank on 11.12.2025. As per the Patna High Court Rules and practice, two copies of the writ petitions have been served on learned Senior Standing Counsel for the Department and learned counsel for the Bank to facilitate them with an instruction on the concerned Department and the Bank as the case may be and submit a response but no response was filed. The writ applications were taken up for consideration on 21.04.2026. On the said date, this Court passed the following order:-

> "Heard Mr. D.V. Pathy, learned Senior counsel for the petitioner, Ms. Archana Sinha, learned Senior Standing counsel for the Income Tax Department, assisted by Ms. Shilpi, learned Advocate and Mr. Rajan Ghoshrave, learned Advocate appearing for Punjab National Bank.
>
> **2.** Mr. D.V. Pathy, learned Senior counsel for the petitioners submits that these writ applications have been preferred seeking a direction to the Department of Income Tax to give credit of the amount of tax deducted at source by the Punjab National Bank (Respondent No.3) in different assessment years. It is his submission that even though the Respondent No.3 has issued the certificate of deduction of tax at source in Form No.16A under Section 203 of the Income Tax Act, 1961, the credit of the said amount has not been given to the petitioners while passing of the order of assessment of their Income Tax Returns. As a result of this, the Department has raised demands with statutory interest under Sections 234A, 234B, 234C and 234D of the Income Tax Act.
>
> **3.** Learned Senior counsel points out that despite confirmation as to genuineness of the Form- 6A certificate by the deductors, the Department of Income Tax is reluctant in proceeding with the same and for all these years the matter has remained pending for no fault on the part of the petitioners.
>
> **4.** Learned counsel for the Punjab National Bank has pointed out from the letter dated 10.02.2016 (Annexure-

P/4) that in the enquiry relating to verification of TDS claim in case of M/s Sharda Construction, New Area, Aurangabad, the Punjab National Bank (hereinafter referred to as ‘P.N.B.’) has confirmed that TDS amount of Rs.2,08,540-/ has been deducted from interest on TDR and deposited at Dhamitola Branch, Gaya. The Challan number and the date of deposit of the amount to the Central Government account has been shown in Annexure-P/4 which is part of Annexure-P/3 series. It is pointed out that 10 years have gone, thereafter, but the Department has not given credit of the amount to the petitioner.

5. In the case of Kaushal Kumar Singh HUF also, the similar situation exits, learned counsel for the Punjab National Bank has submitted that the letter of the P.N.B. is not annexed with the writ application, but the fact remains that the P.N.B. has confirmed to the Income Tax Department about the deduction and the deposit of the same in the Government account.

6. Learned Senior counsel for the petitioners and learned counsel for the P.N.B. have jointly submitted that in all other cases, the facts are identical. The Bank has already confirmed the deductions and deposit of the same.

7. Faced with the aforesaid situation, Ms. Archana Sinha, learned Senior Standing counsel for the Income Tax Department finds it difficult to explain as to why the Department has not given credit of this amount for last ten years and in ultimate analysis if the Department is found liable to pay the interest for all these years then who will be liable for the same.

8. This Court has been persuaded to grant an adjournment to take up this matter with the Department to resolve the matter and come out with an appropriate affidavit within a reasonable period.

> **9.** Let these matters be listed on 12.05.2026 under the same heading, maintaining their positions.
> **10.** It is expected that the Department shall resolve the matter and file an appropriate affidavit within the said period.
> **11.** List accordingly."

18. Despite the opportunity granted to the Department to resolve the matter and come out with an appropriate affidavit, nothing was done. The writ applications came to be taken up again on 13.05.2026. This Court passed the following order on that day:-

> "By way of last indulgence, the matter is being passed over for the day to enable the respondents to file their counter affidavits, if so desire. No time shall be granted tomorrow.
> **2.** List these matters tomorrow (14.05.2026)."

<u>Submissions on behalf of Income Tax Department</u>

19. Learned Senior Standing Counsel for the Department agrees that in all these cases the facts are not in dispute. She has, however, submitted that the Department can give credit of the tax deducted at source by the Bank only when it is found to have been deposited with the Central Government. In this connection, she has relied on Section 199 of the IT Act read with Rule 37 BA. It is submitted that according to this Rule, the credit for tax deducted at source and paid to the Central Government in accordance with the provisions of Chapter XVII shall be given to the person to whom payment has been made or credit has been given on the basis of information relating to deduction of tax furnished by the deductor to the Income Tax Authority or the person authorised by such authority. It is submitted that under Sub-Rule (4) of Rule 37 BA, credit for tax deducted at source and paid to the account of the Central Government shall be granted on the basis - (i) the information relating to deduction of tax furnished by the deductor to the Income Tax Authority or the person authorised by such authority; and (ii) the information in the return of income in respect of the claim for the credit, subject to verification in accordance with the risk management strategy formulated by the Board from time to time.

20. It is submitted that Section 200 of the IT Act imposes a duty upon the person deducting any sum under the Act to pay the same in the account of the Central Government within the prescribed period. Section 200A provides for processing of statements of tax deducted at source and Section 201 of the IT Act provides for the consequences of failure to deduct or pay.

21. Without controverting the specific statements of the petitioners and the certificates issued by Respondent No. 3, by filing a counter affidavit sworn by a responsible officer of the Department, it is submitted that in this case, the deductor had neither filed their returns nor deposited the deducted TDS amount in the Central Government account, hence, deducted amount was not visible at the Department Portal. It is further submitted that there is another difficulty on the part of the Department that before refunding the amount to the petitioner, they have to verify from the portal that whether any demand for any previous year is pending or not against the petitioner. If any demand is pending against the petitioner for previous years then the same will be adjusted from the amount which is to be refunded by the Department to the petitioner. These statements have been made by way of submissions under signature of the Senior Standing Counsel, Income Tax. The fact remains that the Department of Income Tax has not filed any affidavit in opposition despite time granted to them. The fact that the amount has been deposited by the Bank in the Government account has not been denied.

22. We are of the opinion that the mere submission under signature of the learned Advocate that the deductors have neither filed their returns nor deposited the TDS amount in the Central Government account do not inspire confidence of this Court.

<u>Submissions on behalf of the Bank</u>

23. Mr. Rajan Ghoshrave, learned counsel for the Bank (Respondent No. 3) has categorically submitted before this Court that Respondent No. 3 has issued the prescribed Form 16A showing the tax deducted at source with all responsibilities and on a bare perusal of the certificates (Annexure 'P/3 Series'), it would appear that these certificates duly contained the date of challan number of deposit of tax into Central Government account. The name of the Bank and branch where the tax has been deposited with the BSR Code are also mentioned in the Form 16A.

Consideration

24. We have found that even as learned Senior Standing Counsel for the Department has in her written submissions made a statement that the deductors have neither filed their returns nor deposited the deducted amount into Central Government account, in course of her submissions at the Bar, she does not deny the facts stated in the writ applications. Such submissions in the written form by learned Senior Standing Counsel is only for the sake of submissions, therefore, do not carry any weight and are liable to be rejected.

25. In the given facts of these writ applications, we have considered the statutory provisions which have a bearing upon this case. Section 198 under the Heading "Tax Deducted is Income Received" reads as under:-

"**198. Tax deducted is income received. –** All sums deducted in accordance with [5][the foregoing provisions of this Chapter] [6][and income-tax paid outside India, by way of deduction, in respect of which an assessee is allowed a credit against the tax payable under this Act], shall, for the purpose of computing the income of an assessee, be deemed to be income received :

[7]**[Provided** that the sum being the tax paid, under sub-section (1A) of section 192 for the purpose of computing the income of an assessee, shall not be deemed to be income received:]

[8]**[Provided further** that the sum deducted in accordance with the provisions of section 194N for the purpose of computing the income of an assessee, shall not be deemed to be income received.]"

26. Section 199 deals with the provisions relating to the credit for tax deducted. We reproduce Section 199 of the IT Act hereunder:-

"[9][**199. Credit for tax deducted.**—(*1*) Any deduction made in accordance with the foregoing provisions of this Chapter and paid to the Central Government shall be treated as a payment of tax on behalf of the person from whose income the deduction was made, or of the owner of the security, or of the depositor or of the owner of property or of the unit-holder, or of the shareholder, as the case may be.

(*2*) Any sum referred to in sub- Section (*1A*) of section 192 and paid to the Central Government shall be treated as the tax paid on behalf of the person in respect of whose income such payment of tax has been made.

5. Substituted by Act 23 of 2004, S. 40, for the portion beginning with the words and figures "the provisions of sections 192" and ending with the word, figures and letter "section 196-D" (w.e.f. 1-10-2004).
6. Inserted by Act 15 of 2024, S. 66 (w.e.f. 1-4-2025).
7. Inserted by Act 20 of 2002, S. 86 (w.e.f. 1-6-2002).
8. Inserted by Act 23 of 2019, S. 49 (w.e.f. 1-9-2019).
9. Inserted by Act 18 of 2008, S. 45 (w.e.f. 1-4-2008).

(*3*) The Board may, for the purposes of giving credit in respect of tax deducted or tax paid in terms of the provisions of this Chapter, make such rules as may be necessary, including the rules for the purposes of giving credit to a person other than those referred to in sub-section (*1*) and sub-section (*2*) and also the assessment year for which such credit may be given.]"

27. Section 200 of the IT Act casts duty upon the person deducting tax to pay the deducted amount to the credit of the Central Government within the prescribed period. Section 200A lays down the procedure for processing of the statements of tax deducted at source, made by a person deducting the amount (in short "the deductor") under Section 200 of the IT Act. Section 201 lays down the consequences of failure to deduct or pay. We reproduce Section 201 of the IT Act hereunder:-

"**201. Consequences of failure to deduct or pay.**—
[1][(*1*) Where any person, including the principal officer of a company,—
(*a*) who is required to deduct any sum in accordance with the provisions of this Act; or
(*b*) referred to in sub- Section (*1A*) of section 192, being an employer, does not deduct, or does not pay, or after so deducting fails to pay, the whole or any part of the tax, as required by or under this Act, then, such person, shall, without prejudice to any other consequences which he may incur, be deemed to be an assessee in default in respect of such tax:

1. Substituted by Act 18 of 2008, S. 46, for sub-S. (1) (w.r.e.f. 1-6-2002).

[2][**Provided** that any person, including the principal officer of a company, who fails to deduct the whole or any part of the tax in accordance with the provisions of this Chapter on the sum paid to a [3][payee] or on the sum credited to the account of a [3][payee] shall not be deemed to be an assessee in default in respect of such tax if such [3][payee]—

(*i*) has furnished his return of income under section 139;

(*ii*) has taken into account such sum for computing income in such return of income; and

(*iii*) has paid the tax due on the income declared by him in such return of income, and the person furnishes a certificate to this effect from an accountant in such form as may be prescribed:]

[4][**Provided further** that] no penalty shall be charged under section 221 from such person, unless the Assessing Officer is satisfied that such person, without good and sufficient reasons, has failed to deduct and pay such tax.]

[5][(1-A) Without prejudice to the provisions of sub-section (*1*), if any such person, principal officer or company as is referred to in that sub-section does not deduct the whole or any part of the tax or after deducting fails to pay the tax as required by or under this Act, he or it shall be liable to pay simple interest,—

---

2. Inserted by Act 23 of 2012, S. 79 (w.e.f. 1-7-2012).
3. Substituted by Act 23 of 2019, S. 50(a), for "resident" (w.e.f. 1-9-2019).
4. Substituted by Act 23 of 2012, S. 79, for "Provided that" (w.e.f. 1-7-2012).
5. Substituted by Act 14 of 2010, S. 42, for sub-S. (1-A) (w.e.f. 1-7-2010).

(*i*) at one per cent for every month or part of a month on the amount of such tax from the date on which such tax was deductible to the date on which such tax is deducted; and

(*ii*) at one and one-half per cent for every month or part of a month on the amount of such tax from the date on which such tax was deducted to the date on which such tax is actually paid, and such interest shall be paid before furnishing the statement in accordance with the provisions of subsection (3) of section 200:]

[2][**Provided** that in case any person, including the principal officer of a company fails to deduct the whole or any part of the tax in accordance with the provisions of this Chapter on the sum paid to a [1][payee] or on the sum credited to the account of a [1][payee] but is not deemed to be an assessee in default under the first proviso to sub-section (*1*), the interest under clause (*i*) shall be payable from the date on which such tax was deductible to the date of furnishing of return of income by such [1][payee]:]

[2][Provided further that where an order is made by the Assessing Officer for the default under sub-section (1), the interest shall be paid by the person in accordance with such order.]

(*2*) Where the tax has not been paid as aforesaid after it is deducted, [3][the amount of the tax together with the amount of simple interest thereon referred to in sub-section (*1A*) shall be a charge upon all the assets of the person, or the company, as the case may be, referred to in sub-section (*1*).]

1. Substituted by Act 23 of 2019, S. 50(b), for "resident" (w.e.f. 1-9-2019).
2. Inserted by Act 23 of 2012, S. 79 (w.e.f. 1-7-2012).

[4][5][(*3*) No order shall be made under sub-section (*1*) deeming a person to be an assessee in default for failure to deduct the whole or any part of the tax from [6][any person, at any time after the expiry of six years] from the end of the financial year in which payment is made or credit is given [7][or two years from the end of the financial year in which the correction statement is delivered [6][under the first proviso] to sub-section (3) of section 200, whichever is later].]

(*4*) The provisions of sub-clause (*ii*) of sub-section (3) of section 153 and of *Explanation 1* to section 153 shall, so far as may, apply to the time limit prescribed in sub-section (*3*).]

[8][*Explanation.*—For the purposes of this section, the expression "accountant" shall have the meaning assigned to it in the *Explanation* to sub-section (*2*) of section 288.]"

28. Section 203 of the IT Act is under heading "Certificate for Tax Deducted". Under Sub-Section (1) of Section 203 every person deducting tax has a duty to credit or payment of the same within the prescribed period and furnish to the person to whose account such credit is given or to whom such payment is made or the cheque or warrant is issued, a certificate to the effect that tax has been deducted, specifying the amount so deducted, the rate at which tax has been deducted and such other particulars as may be prescribed.

4. Inserted by Act 33 of 2009, S. 66 (w.e.f. 1-4-2010).
5. Substituted by Act 25 of 2014, S. 62, for sub-S. (3) (w.e.f. 1-10-2014).
6. Substituted by Act 15 of 2024, S. 69, for certain words (w.e.f. 1-4-2025).
7. Inserted by Act 23 of 2019, S. 50(c) (w.e.f. 1-9-2019).
8. Inserted by Act 23 of 2012, S. 79 (w.e.f. 1-7-2012).

29. Section 203A is under heading "Tax Deduction and Collection Account Number". Section 203A is reproduced hereunder for a ready reference:-

"[2][**203A. Tax deduction and collection account number.**—(*1*) Every person, deducting tax or collecting tax in accordance with the provisions of this Chapter, who has not been allotted a tax deduction account number or, as the case may be, a tax collection account number, shall, within such time as may be prescribed, apply to the Assessing Officer for the allotment of a "tax deduction and collection account number".

(*2*) Where a "tax deduction account number" or, as the case may be, a "tax collection account number" or a "tax deduction and collection account number" has been allotted to a person, such person shall quote such number –

(*a*) in all challans for the payment of any sum in accordance with the provisions of section 200 or sub-section (*3*) of section 206C;

(*b*) in all certificates furnished under section 203 or sub-section (*5*) of section 206-C;

[3][(*ba*) in all the [4][***] statements prepared and delivered or caused to be delivered in accordance with the provisions of sub-section (*3*) of section 200 or sub-section (*3*) of section 206-C;]

(*c*) in all the returns, delivered in accordance with the provisions of section 206 or sub-section (*5A*) or sub-section (*5B*) of section 206C to any income-tax authority; and

(*d*) in all other documents pertaining to such transactions as may be prescribed in the interests of revenue.]

[5][(*3*) The provisions of this section shall not apply to such person, as may be notified by the Central Government in this behalf.]"

2. Substituted by Act 23 of 2004, S. 45, for S. 203-A (w.e.f. 1-10-2004).
3. Inserted by Act 21 of 2006, S. 44 (w.e.f. 1-6-2006).
4. The word "quarterly" omitted by Act 33 of 2009, S. 67 (w.e.f. 1-10-2009).
5. Inserted by Act 20 of 2015, S. 53 (w.e.f. 1-6-2015).

30. Section 205 creates a bar against direct demand on assessee. It reads as under:-

> “**205. Bar against direct demand on assessee.**— Where tax is deductible at the source under [2][the foregoing provisions of this Chapter], the assessee shall not be called upon to pay the tax himself to the extent to which tax has been deducted from that income.”

31. Section 206 casts an obligation upon the person deducting the tax to furnish prescribed returns. From the Scheme of the IT Act, there is no iota of doubt that it is the duty of the deductor to furnish a statement of tax deducted at source and failure to deduct or to deposit the deducted amount would make the deductor an assessee in default in respect of such tax. The bar under Section 205 is attracted if the deductions have been made.

32. In these cases, there is no denial of the statements made in the writ applications that the Respondent No. 2 has issued show cause notices to the Deductor.

33. The certificates issued by the Respondent-Bank (Respondent No. 3) contain all relevant informations as required in law. It was the duty of the Department to conduct

2. Substituted by Act 23 of 2004, S. 48, for certain words (w.e.f. 1-10-2004).

verification and only in case those informations furnished in the certificate and Form 16A would have been wrong, the Department could have denied giving credit of the amount to the deductee. That has not been done in these cases despite lapse of several years. The Department has not denied correctness of the informations furnished in the certificates and Form 16A.

34. In such circumstances, this Court directs the Department of Income Tax and its Authorities to verify the information furnished in Form 16A and the certificates within a period of one month from the date of receipt/ communication of a copy of the judgment. If the genuineness of the certificates and the information furnished in Form 16A, copies of which are enclosed with the writ applications, are not in question on the face of the stand taken by the Respondent No. 3, the Department cannot keep on sitting over the matter and deny giving credit of the TDS amount to the petitioner(s). If nothing adverse is found in the genuineness of the certificates and Form 16A, within the stipulated period of one month, the Department and its authorities are directed to give full credit of the TDS amount and issue refunds, if any, after adjustments against any previous outstanding tax against the petitioner(s) within one month thereafter. The refund amount shall carry statutory interest with effect from the date the refund became due on passing of the regular assessment order.

35. These writ applications stand disposed of accordingly.

(Rajeev Ranjan Prasad, J)

(Soni Shrivastava, J)

SUSHMA2/-

AFR/NAFR	AFR
CAV DATE	
Uploading Date	22.05.2026
Transmission Date	