## Question:

Is the Assessee an "Assessee in default" u/s 201 because it did not deduct tax in each month?

## Answer:

Subsection (3) to section 195 of the ITA states that the person responsible for making payment under subsection (1), (1A), (2) , (2A) and (2B) may at the time of making any deduction, increase or reduce the amount to be deducted for the purpose of adjusting any excess or deficiency arising out of any previous deduction or failure to deduct tax during the financial year

Subsection (3) makes it abundantly clear that if there is a failure to deduct in a financial year, the same can be deducted by way of adjustment during the financial year

Accordingly, the mandate to deduct tax u/s 192 stands extended to the end of the financial year.

Accordingly, the assessee is not an assessee in default.

*For More Refer:* **CIT v. Enron Expat Services Inc. [2011] (330 ITR 496) (Uttarakhand)**