

(b) the subsidiary has paid tax under this section on such dividend; and

(c) the domestic company is not a subsidiary of any other company:

Provided that the same amount of dividend shall not be taken into account for reduction more than once.

5 *Explanation.*—For the purposes of this sub-section, a company shall be a subsidiary of another company, if such other company holds more than half in nominal value of the equity share capital of the company.”.

22. In section 115WB of the Income-tax Act,—

Amendment of section 115WB.

10 (a) in sub-section (1), in the *Explanation* to clause (d), in clause (i), for the words “and includes employees’ stock option”, the words “and, where employees’ stock option has been granted under any plan or scheme therefor, includes the securities offered under such plan or scheme” shall be substituted;

(b) in sub-section (2), with effect from the 1st day of April, 2009,—

(I) in clause (B), after sub-clause (ii), the following sub-clause shall be inserted, namely:—

15 “(iii) any expenditure on or payment through non-transferable pre-paid electronic meal card usable only at eating joints or outlets and which fulfils such other conditions as may be prescribed;”;

(II) in clause (E), for the *Explanation*, the following *Explanation* shall be substituted, namely:—

20 “*Explanation.*—For the purposes of this clause, any expenditure incurred or payment made to—

(i) fulfil any statutory obligation; or

(ii) mitigate occupational hazards; or

(iii) provide first aid facilities in the hospital or dispensary run by the employer; or

(iv) provide crèche facility for the children of the employee; or

25 (v) sponsor a sportsman, being an employee; or

(vi) organise sports events for employees,

shall not be considered as expenditure for employees’ welfare;”;

(III) clause (K) shall be omitted.

30 23. In section 115WC of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 2009,—

Amendment of section 115WC.

(i) in clause (c), for the words, brackets and letters “clauses (A) to (K)”, the words, brackets and letters “clauses (A) to (L)” shall be substituted;

(ii) in clause (d), for the words, brackets and letters “clauses (L) to (P)”, the words, brackets and letters “clauses (M) to (P)” shall be substituted.

35 24. In section 115WD of the Income-tax Act, in sub-section (1), in the *Explanation*, in clause (a), for the figures, letters and words “31st day of October”, the figures, letters and words “30th day of September” shall be substituted.

Amendment of section 115WD.

25. In section 115WE of the Income-tax Act, for sub-section (1), the following sub-sections shall be substituted, namely:—

Amendment of section 115WE.

40 ‘(1) Where a return has been made under section 115WD, such return shall be processed in the following manner, namely:—

(a) the value of fringe benefits shall be computed after making the following adjustments, namely:—

(i) any arithmetical error in the return; or

45 (ii) an incorrect claim, if such incorrect claim is apparent from any information in the return;

(b) the tax and interest, if any, shall be computed on the basis of the value of fringe benefits computed under clause (a);

(c) the sum payable by, or the amount of refund due to, the assessee shall be determined after

adjustment of the tax and interest, if any, computed under clause (b) by any advance tax paid, any tax paid on self-assessment and any amount paid otherwise by way of tax or interest;

(d) an intimation shall be prepared or generated and sent to the assessee specifying the sum determined to be payable by, or the amount of refund due to, the assessee under clause (c); and

(e) the amount of refund due to the assessee in pursuance of the determination under clause (c) shall be granted to the assessee: 5

Provided that no intimation under this sub-section shall be sent after the expiry of one year from the end of the financial year in which the return is made.

*Explanation.*—For the purposes of this sub-section,—

(a) “an incorrect claim apparent from any information in the return” shall mean a claim, on the basis of an entry, in the return, 10

(i) of an item, which is inconsistent with another entry of the same or some other item in such return;

(ii) in respect of which the information required to be furnished to substantiate such entry has not been so furnished under this Act; or 15

(iii) in respect of a deduction or value of fringe benefits, where such deduction or value exceeds specified statutory limit which may have been expressed as monetary amount or percentage or ratio or fraction;

(b) the acknowledgment of the return shall be deemed to be the intimation in a case where no sum is payable by, or refundable to, the assessee under clause (c), and where no adjustment has been made under clause (a). 20

(1A) For the purposes of processing of returns under sub-section (1), the Board may make a scheme for centralised processing of returns with a view to expeditiously determining the tax payable by, or the refund due to, the assessee as required under that sub-section.

(1B) Save as otherwise expressly provided, for the purpose of giving effect to the scheme made under sub-section (1A), the Central Government may, by notification in the Official Gazette, direct that any of the provisions of this Act relating to processing of returns shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in that notification; so, however, that no direction shall be issued after the 31st day of March, 2009. 25

(1C) Every notification issued under sub-section (1B), along with the scheme made under sub-section (1A), shall, as soon as may be after the notification is issued, be laid before each House of Parliament. 30

Insertion of new section 115WKB.

**26.** After section 115WKA of the Income-tax Act, the following section shall be inserted, namely:—

Deemed payment of tax by employee.

“115WKB. (1) Where an employer has paid any fringe benefit tax with respect to allotment or transfer of specified security or sweat equity shares, referred to in clause (d) of sub-section (1) of section 115WB, and has recovered such tax subsequently from an employee, it shall be deemed that the fringe benefit tax so recovered is the tax paid by such employee in relation to the value of the fringe benefit provided to him only to the extent to which the amount thereof relates to the value of the fringe benefit provided to such employee, as determined under clause (ba) of sub-section (1) of section 115WC. 35 40

(2) Notwithstanding anything contained in any other provisions of this Act, where the fringe benefit tax recovered from the employee is deemed to be the tax paid by such employee under sub-section (1), such employee shall, under this Act, not be entitled to claim —

(i) any refund out of such payment of tax; or

(ii) any credit of such payment of tax against tax liability on other income or against any other tax liability.”. 45

Amendment of section 139.

**27.** In section 139 of the Income-tax Act,—

(a) in sub-section (1), in *Explanation 2*, in clause (a), for the figures, letters and words “31st day of October”, the figures, letters and words “30th day of September” shall be substituted;

(b) in sub-section (9), in the *Explanation*, in clause (c), in sub-clause (i), the words, figures and letters “before the 1st day of April, 2008” shall be omitted. 50

28. In section 142 of the Income-tax Act, in sub-section (2C), in the proviso, for the words “on an application”, the words “*suo motu*, or on an application” shall be substituted. Amendment of section 142.

29. In section 143 of the Income-tax Act,— Amendment of section 143.

(a) for sub-section (1), the following sub-sections shall be substituted, namely:—

5 ‘(1) Where a return has been made under section 139, or in response to a notice under sub-section (1) of section 142, such return shall be processed in the following manner, namely:—

(a) the total income or loss shall be computed after making the following adjustments, namely:—

(i) any arithmetical error in the return; or

10 (ii) an incorrect claim, if such incorrect claim is apparent from any information in the return;

(b) the tax and interest, if any, shall be computed on the basis of the total income computed under clause (a);

15 (c) the sum payable by, or the amount of refund due to, the assessee shall be determined after adjustment of the tax and interest, if any, computed under clause (b) by any tax deducted at source, any tax collected at source, any advance tax paid, any relief allowable under an agreement under section 90 or section 90A, or any relief allowable under section 91, any rebate allowable under Part A of Chapter VIII, any tax paid on self-assessment and any amount paid otherwise by way of tax or interest;

20 (d) an intimation shall be prepared or generated and sent to the assessee specifying the sum determined to be payable by, or the amount of refund due to, the assessee under clause (c); and

(e) the amount of refund due to the assessee in pursuance of the determination under clause (c) shall be granted to the assessee:

25 Provided that an intimation shall also be sent to the assessee in a case where the loss declared in the return by the assessee is reduced but no tax or interest is payable by, or no refund is due to, him:

Provided further that no intimation under this sub-section shall be sent after the expiry of one year from the end of the financial year in which the return is made.

30 *Explanation.*—For the purposes of this sub-section,—

(a) “an incorrect claim apparent from any information in the return” shall mean a claim, on the basis of an entry, in the return,—

(i) of an item, which is inconsistent with another entry of the same or some other item in such return;

35 (ii) in respect of which the information required to be furnished under this Act to substantiate such entry has not been so furnished; or

(iii) in respect of a deduction, where such deduction exceeds specified statutory limit which may have been expressed as monetary amount or percentage or ratio or fraction;

40 (b) the acknowledgment of the return shall be deemed to be the intimation in a case where no sum is payable by, or refundable to, the assessee under clause (c), and where no adjustment has been made under clause (a).

(1A) For the purposes of processing of returns under sub-section (1), the Board may make a scheme for centralised processing of returns with a view to expeditiously determining the tax payable by, or the refund due to, the assessee as required under the said sub-section.

45 (1B) Save as otherwise expressly provided, for the purpose of giving effect to the scheme made under sub-section (1A), the Central Government may, by notification in the Official Gazette, direct that any of the provisions of this Act relating to processing of returns shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in that notification; so, however, that no direction shall be issued after the 31st day of March, 2009.

50 (1C) Every notification issued under sub-section (1B), along with the scheme made under sub-section (1A), shall, as soon as may be after the notification is issued, be laid before each House of Parliament.’;

(b) in sub-section (2), in clause (ii), for the proviso, the following proviso shall be substituted,