

Finance Act, 1992

Section 15 - Amendment of Section 37

In section 37 of the Income-tax Act, for sub-sections (2) and (2A), the following sub-section shall be substituted with effect from the 1st day of April, 1993, namely :-

'(2) Notwithstanding anything contained in sub-section (1), any expenditure in the nature of entertainment expenditure incurred by any assessee during any previous year commencing on the 1st day of April, 1992 shall be allowed as follows :-

(a) where the amount of such expenditure does not exceed ten thousand rupees, the whole of such amount;

(b) in any other case, ten thousand rupees as increased by a sum equal to fifty per cent. of such expenditure in excess of ten thousand rupees.

Explanation : For the purposes of this sub-section, "entertainment expenditure" includes -

(i) the amount of any allowance in the nature of entertainment allowance paid by the assessee to any employee or other person;

(ii) the amount of any expenditure in the nature of entertainment expenditure [not being expenditure incurred out of an allowance of the nature referred to in clause (i)] incurred for the purposes of the business or profession of the assessee by any employee or other person;

(iii) expenditure on provision of hospitality of every kind by the assessee to any person, whether by way of provision of food or beverages or in any other manner whatsoever and whether or not such provision is made by reason of any express or implied contract or custom or usage of trade, but does not include expenditure on food or beverages provided by the assessee to his employees in office, factory or other place of their work.'.
