

Finance Act 2008

Chapter III - Direct Taxes

Section 3 - Amendment of section 2

In section 2 of the Income-tax Act,--

(a) in clause (1A), after Explanation 2, the following Explanation shall be inserted with effect from the 1st day of April, 2009, namely:--

"Explanation 3.--For the purposes of this clause, any income derived from saplings or seedlings grown in a nursery shall be deemed to be agricultural income;"

(b) for clause (15), the following clause shall be substituted with effect from the 1st day of April, 2009, namely:--

(15) charitable purpose includes relief of the poor, education, medical relief, and the advancement of any other object of general public utility:

Provided that the advancement of any other object of general public utility shall not be a charitable purpose, if it involves the carrying on of any activity in the nature of trade, commerce or business, or any activity of rendering any service in relation to any trade, commerce or business, for a cess or fee or any other consideration, irrespective of the nature of use or application, or retention, of the income from such activity;.

Section 4 - Amendment of section 10

In section 10 of the Income-tax Act,--

(a) after clause (26AA) as omitted by the Finance Act, 1997(26 of 1997), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1990, namely:--

(26AAA) in case of an individual, being a Sikkimese, any income which accrues or arises to him--

(a) from any source in the State of Sikkim; or

(b) by way of dividend or interest on securities:

Provided that nothing contained in this clause shall apply to a Sikkimese woman who, on or after the 1st day of April, 2008, marries an individual who

is not a Sikkimese.

Explanation. For the purposes of this clause, Sikkimese shall mean--

(i) an individual, whose name is recorded in the register maintained under the Sikkim Subjects Regulation, 1961 read with the Sikkim Subject Rules, 1961 (hereinafter referred to as the Register of Sikkim Subjects), immediately before the 26th day of April, 1975; or

(ii) an individual, whose name is included in the Register of Sikkim Subjects by virtue of the Government of India Order No. 26030/36/90-I.C.I., dated the 7th August, 1990 and Order of even number dated the 8th April, 1991; or

(iii) any other individual, whose name does not appear in the Register of Sikkim Subjects, but it is established beyond doubt that the name of such individuals father or husband or paternal grandfather or brother from the same father has been recorded in that register;;

(b) after clause (26AAA) as so inserted, the following clause shall be inserted with effect from the 1st day of April, 2009 namely:

(26AAB) any income of an agricultural produce market committee or board constituted under any law for the time being in force for the purpose of regulating the marketing of agricultural produce;;

(c) in clause (29A), after sub-clause (g), the following sub-clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2002, namely:.

(h) the Coir Board established under section 4 of the Coir Industry Act, 1953(45 of 1953);;

(d) after clause (42), the following clause shall be inserted, namely:--

(43) any amount received by an individual as a loan, either in lump sum or in instalment, in a transaction of reverse mortgage referred to in clause (xvi) of section 47..

Section 5 - Amendment of section 10A

In section 10A of the Income -tax Act, in sub-section (1), in the fourth proviso, for the figures "2010", the figures "2011" shall be substituted.

Section 6 - Amendment of section 10B

In section 10B of the Income -tax Act, in sub-section (1), in the third proviso, for the figures "2010", the figures "2011" shall be substituted.

Section 7 - Amendment of section 35

In section 35 of the Income-tax Act, with effect from the 1st day of April, 2009,--

(a) in sub-section (1), after clause (ii), the following clause shall be inserted, namely:--

(iia) an amount equal to one and one-fourth times of any sum paid to a company to be used by it for scientific research:

Provided that such company

(A) is registered in India,

(B) has as its main object the scientific research and development,

(C) is, for the purposes of this clause, for the time being approved by the prescribed authority in the prescribed manner, and

(D) fulfils such other conditions as may be prescribed;;

(b) in sub-section (2AB), after clause (5), the following clause shall be inserted, namely:--

(6) No deduction shall be allowed to a company approved under sub-clause (C) of clause (iia) of sub-section (1) in respect of the expenditure referred to in clause (1) which is incurred after the 31st day of March, 2008..

Section 8 - Amendment of section 35D

In section 35D of the Income-tax Act, with effect from the 1st day of April, 2009,--

(a) for the words industrial undertaking, wherever they occur, the word undertaking shall be substituted;

(b) for the words industrial unit, wherever they occur, the word unit shall be substituted.

Section 9 - Amendment of section 36

In section 36 of the Income-tax Act, in sub-section (1), after clause (xiv), the following clauses shall be inserted with effect from the 1st day of April, 2009, namely:--

(xv) an amount equal to the securities transaction tax paid by the assessee in respect of the taxable securities transactions entered into in the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head Profits and gains of business or profession..

Explanation.--For the purposes of this clause, the expressions securities transaction tax and taxable securities transaction shall have the meanings respectively assigned to them under Chapter VII of the Finance (No. 2) Act, 2004(23 of 2004);

(xvi) an amount equal to the commodities transaction tax paid by the assessee in respect of the taxable commodities transactions entered into in the course of his business during the previous year, if the income arising from such taxable commodities transactions is included in the income computed under the head Profits and gains of business or profession.

Explanation.--For the purposes of this clause, the expressions commodities transaction tax and taxable commodities transaction shall have the meanings respectively assigned to them under Chapter VII of the Finance Act, 2008.

Section 10 - Amendment of section 40

In section 40 of the Income-tax Act, in clause (a),-

(a) in sub-clause (ia), with effect from the 1st day of April, 2005,

(i) for the words, brackets and figures has not been paid during the previous year, or in the subsequent year before the expiry of the time prescribed under sub-section (1) of section 200, the following words, brackets and figures shall be substituted and shall be deemed to have been substituted, namely:-

has not been paid,

(A) in a case where the tax was deductible and was so deducted during the last month of the previous year, on or before the due date specified in sub-section (1) of section 139; or

(B) in any other case, on or before the last day of the previous year;

(ii) for the proviso, the following proviso shall be substituted and shall be deemed to have been substituted, namely:-

Provided that where in respect of any such sum, tax has been deducted in any subsequent year, or has been deducted

(A) during the last month of the previous year but paid after the said due date; or

(B) during any other month of the previous year but paid after the end of the said previous year,

such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid.;

(b) sub-clause (ib) shall be omitted with effect from the 1st day of April, 2009.

Section 11 - Amendment of section 40A

In section 40A of the Income-tax Act, for sub-section (3), the following sub-sections shall be substituted, with effect from the 1st day of April, 2009, namely:--

(3) Where the assessee incurs any expenditure in respect of which a payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque drawn on a

bank or account payee bank draft, exceeds twenty thousand rupees, no deduction shall be allowed in respect of such expenditure.

(3A) Where an allowance has been made in the assessment for any year in respect of any liability incurred by the assessee for any expenditure and subsequently during any previous year (hereinafter referred to as subsequent year) the assessee makes payment in respect thereof, otherwise than by an account payee cheque drawn on a bank or account payee bank draft, the payment so made shall be deemed to be the profits and gains of business or profession and accordingly chargeable to income-tax as income of the subsequent year if the payment or aggregate of payments made to a person in a day, exceeds twenty thousand rupees:

Provided that no disallowance shall be made and no payment shall be deemed to be the profits and gains of business or profession under sub-section (3) and this sub-section where a payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque drawn on a bank or account payee bank draft, exceeds twenty thousand rupees, in such cases and under such circumstances as may be prescribed, having regard to the nature and extent of banking facilities available, considerations of business expediency and other relevant factors..

Section 12 - Amendment of section 43

In section 43 of the Income-tax Act, in clause (6), after Explanation 5, the following Explanation shall be inserted and shall be deemed to have been inserted, with effect from the 1st day of April, 2003, namely:--

Explanation 6.--Where an assessee was not required to compute his total income for the purposes of this Act for any previous year or years preceding the previous year relevant to the assessment year under consideration,--

- (a) the actual cost of an asset shall be adjusted by the amount attributable to the revaluation of such asset, if any, in the books of account;
- (b) the total amount of depreciation on such asset, provided in the books of account of the assessee in respect of such previous year or years preceding the previous year relevant to the assessment year under consideration shall be deemed to be the depreciation actually allowed under this Act for the purposes of this clause; and
- (c) the depreciation actually allowed under clause (b) shall be adjusted by the amount of depreciation attributable to such revaluation of the asset."

Section 13 - Amendment of section 44AB

In section 44AB of the Income -tax Act, in the Explanation, in clause (if), for the figures, letters and words "31st day of October", the figures, letters and words "30th day of September" shall be substituted.

Section 14 - Amendment of section 47

In section 47 of the Income-tax Act,--

(a) after clause (x), the following clause shall be inserted, namely:--

(xa) any transfer by way of conversion of bonds referred to in clause (a) of sub-section (1) of section 115AC into shares or debentures of any company;;

(b) after clause (xv), the following clause shall be inserted, namely:--

(xvi) any transfer of a capital asset in a transaction of reverse mortgage under a scheme made and notified by the Central Government..

Section 15 - Amendment of section 49

In section 49 of the Income-tax Act, for sub-section (2A), the following sub-section shall be substituted, namely:--

(2A) Where the capital asset, being a share or debenture of a company, became the property of the assessee in consideration of a transfer referred to in clause (x) or clause (xa) of section 47, the cost of acquisition of the asset to the assessee shall be deemed to be that part of the cost of debenture, debenture-stock, bond or deposit certificate in relation to which such asset is acquired by the assessee..

Section 16 - Amendment of section 80C

In section 80C of the Income-tax Act,--

(a) in sub-section (2), after clause (xxii), the following clauses shall be inserted, namely:--

(xxiii) in an account under the Senior Citizens Savings Scheme Rules, 2004;

(xxiv) as five year time deposit in an account under the Post Office Time Deposit Rules, 1981.;

(b) after sub-section (6), the following sub-section shall be inserted, namely:--

(6A) If any amount, including interest accrued thereon, is withdrawn by the assessee from his account referred to in clause (xxiii) or clause (xxiv) of sub-section (2), before the expiry of the period of five years from the date of its deposit, the amount so withdrawn shall be deemed to be the income of the assessee of the previous year in which the amount is withdrawn and shall be liable to tax in the assessment year relevant to such previous year:

Provided that the amount liable to tax shall not include the following amounts, namely:--

(i) any amount of interest, relating to deposits referred to in clause (xxiii) or clause (xxiv) of sub-section (2), which has been included in the total income of the assessee of the previous year or years preceding such previous year; and

(ii) any amount received by the nominee or legal heir of the assessee, on the death of such assessee, other than interest, if any, accrued thereon, which was not included in the total income of the assessee for the previous year or years preceding such previous year..

Section 17 - Substitution of new section for section 80D

For section 80D of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 2009,--

80D. Deduction in respect of health insurance premia.-(1) In computing the total income of an assessee, being an individual or a Hindu undivided family, there shall be deducted such sum, as specified in sub-section (2) or sub-section (3), payment of which is made by any mode, other than cash, in the previous year out of his income chargeable to tax.

(2) Where the assessee is an individual, the sum referred to in sub-section (1) shall be the aggregate of the following, namely:--

(a) the whole of the amount paid to effect or to keep in force an insurance on the health of the assessee or his family as does not exceed in the aggregate fifteen thousand rupees; and

(b) the whole of the amount paid to effect or to keep in force an insurance on the health of the parent or parents of the assessee as does not exceed in the aggregate fifteen thousand rupees.

Explanation. For the purposes of clause (a), family means the spouse and dependant children of the assessee.

(3) Where the assessee is a Hindu undivided family, the sum referred to in sub-section (1) shall be the whole of the amount paid to effect or to keep in force an insurance on the health of any member of that Hindu undivided family as does not exceed in the aggregate fifteen thousand rupees.

(4) Where the sum specified in clause (a) or clause (b) of sub-section (2) or in sub-section (3) is paid to effect or keep in force an insurance on the health of any person specified therein, and who is a senior citizen, the provisions of this section shall have effect as if for the words fifteen thousand rupees, the words twenty thousand rupees had been substituted.

Explanation.-- For the purposes of this sub-section, senior citizen means an individual resident in India who is of the age of sixty-five years or more at any time during the

relevant previous year.

(5) The insurance referred to in this section shall be in accordance with a scheme made in this behalf by--

(a) the General Insurance Corporation of India formed under section 9 of the General Insurance Business (Nationalisation) Act, 1972(57 of 1972) and approved by the Central Government in this behalf; or

(b) any other insurer and approved by the Insurance Regulatory and Development Authority established under sub-section (1) of section 3 of the Insurance Regulatory and Development Authority Act, 1999(41 of 1999)..

Section 18 - Amendment of Section 80-IB

In section 80-IB of the Income-tax Act,--

(a) in sub-section (9), after the second proviso, the following proviso shall be inserted, namely:--

Provided also that where such undertaking begins refining of mineral oil on or after the 1st day of April, 2009, no deduction under this section shall be allowed in respect of such undertaking unless such undertaking fulfils all the following conditions, namely :-

(i) it is wholly owned by a public sector company or any other company in which a public sector company or companies hold at least forty-nine per cent of the voting right;

(ii) it is notified by the Central Government in this behalf on or before the 31st day of Mar, 2008; and

(iii) it begins refining not later than the 31st day of March, 2012.";

(b) after sub-section (11B), the following sub-section shall be inserted with effect from the 1st day of April, 2009, namely:--

(11C) The amount of deduction in the case of an undertaking deriving profits from the business of operating and maintaining a hospital located anywhere in India, other than the excluded area, shall be hundred per cent. of the profits and gains derived from such business for a period of five consecutive assessment years, beginning with the initial assessment year, if

(i) the hospital is constructed and has started or starts functioning at any time during the period beginning on the 1st day of April, 2008 and ending on the 31st day of March, 2013;

(ii) the hospital has at least one hundred beds for patients;

(iii) the construction of the hospital is in accordance with the regulations or bye-laws of the local authority; and

(iv) the assessee furnishes along with the return of income, a report of audit in such form and containing such particulars, as may be prescribed, and duly signed and verified by an accountant, as defined in the Explanation to sub-section (2) of section 288, certifying that the deduction has been correctly claimed.

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

(a) a hospital shall be deemed to have been constructed on the date on which a completion certificate in respect of such construction is issued by the local authority concerned;

(b) initial assessment year means the assessment year relevant to the previous year in which the business of the hospital starts functioning;

(c) excluded area shall mean an area comprising

(i) Greater Mumbai urban agglomeration;

(ii) Delhi urban agglomeration;

(iii) Kolkata urban agglomeration;

(iv) Chennai urban agglomeration;

(v) Hyderabad urban agglomeration;

(vi) Bangalore urban agglomeration;

(vii) Ahmedabad urban agglomeration;

(viii) District of Faridabad;

(ix) District of Gurgaon;

(x) District of Gautam Budh Nagar;

(xi) District of Ghaziabad;

(xii) District of Gandhinagar; and

(xiii) City of Secunderabad;

(d) the area comprising an urban agglomeration shall be the area included in such

urban agglomeration on the basis of the 2001 census..

Section 19 - Amendment of Section 80-ID

In section 80-ID of the Income-tax Act, with effect from the 1st day of April, 2009,--

(a) in sub-section (2), after clause (ii), the following clause shall be inserted, namely:--

(iii) engaged in the business of hotel located in the specified district having a World Heritage Site, if such hotel is constructed and has started or starts functioning at any time during the period beginning on the 1st day of April, 2008 and ending on the 31st day of March, 2013.;

(b) in sub-section (6), after clause (d), the following shall be inserted, namely: -

(e) specified district having a World Heritage Site means districts, specified in column (2) of the Table below, of the States, specified in the corresponding entry in column (3) of the said Table:

Table

S. No.	Name of district	Name of State
(1)	(2)	(3)
1.	Agra	Uttar Pradesh
2.	Jalgaon	Maharashtra
3.	Aurangabad	Maharashtra
4.	Kancheepuram	Tamil Nadu
5.	Puri	Orissa
6.	Bharatpur	Rajasthan
7.	Chhatarpur	Madhya Pradesh
8.	Thanjavur	Tamil Nadu
9.	Bellary	Karnataka
10.	South 24 Parganas (excluding areas falling within the Kolkata urban agglomeration on the basis of the 2001 census)	West Bengal
11.	Chamoli	Uttarakhand
12.	Raisen	Madhya Pradesh
13.	Gaya	Bihar

14.	Bhopal	Madhya Pradesh
15.	Panchmahal	Gujarat
16.	Kamrup	Assam
17.	Goalpara	Assam
18.	Nagaon	Assam
19.	North Goa	Goa
20.	South Goa	Goa
21.	Darjeeling	West Bengal
22.	Nilgiri	Tamil Nadu..

Section 20 - Amendment of section 88E

In section 88E of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted, namely:--

(3) No deduction under this section shall be allowed in, or after, the assessment year beginning on the 1st day of April, 2009..

Section 21 - Amendment of section 111A

In section 111A of the Income-tax Act, in sub-section (1), in clause (i), for the words ten per cent., the words fifteen per cent. shall be substituted with effect from the 1st day of April, 2009.

Section 22 - Amendment of section 115AD

In section 115AD of the Income-tax Act, in sub-section (1), in the proviso, for the words ten per cent., the words fifteen per cent. shall be substituted with effect from the 1st day of April, 2009.

Section 23 - Amendment of section 115JB

In section 115JB of the Income-tax Act, after sub-section (2),--

(a) the Explanation shall be numbered as Explanation 1 and in Explanation 1 as so numbered, after clause (g), for the portion beginning with the words if any amount referred and ending with the words as reduced by--, the following shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2001, namely:--

(h) the amount of deferred tax and the provision there for, if any amount referred to in clauses (a) to (h) is debited to the profit and loss account, and as reduced by--;

(b) in Explanation 1 as so numbered, after clause (vii), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2001, namely:

(viii) the amount of deferred tax, if any such amount is credited to the profit and loss account..

(c) after Explanation 1 as so numbered, the following shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2001, namely:--

Explanation 2.-- For the purposes of clause (a) of Explanation 1, the amount of income-tax shall include--

- (i) any tax on distributed profits under section 115-O or on distributed income under section 115R;
- (ii) any interest charged under this Act;
- (iii) surcharge, if any, as levied by the Central Acts from time to time;
- (iv) Education Cess on income-tax, if any, as levied by the Central Acts from time to time; and
- (v) Secondary and Higher Education Cess on income-tax, if any, as levied by the Central Acts from time to time..

Section 24 - Amendment of section 115-O

In section 115-O of the Income-tax Act, after sub-section (1), the following sub-section shall be inserted, namely:--

(1A) The amount referred to in sub-section (1) shall be reduced by the amount of dividend, if any, received by the domestic company during the financial year, if

- (a) such dividend is received from its subsidiary;
- (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.

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".

Section 25 - Amendment of section 115WB

In section 115WB of the Income-tax Act,--

(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:--

"(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:--

"Explanation.-For the purposes of this clause, any expenditure incurred or payment made to-

(i) fulfill 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 crche facility for the children of the employee; or

(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.

Section 26 - Amendment of section 115WC

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

(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.

Section 27 - Amendment of section 115WD

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.

Section 28 - Amendment of section 115WE

In section 115WE of the Income-tax Act,-

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

'(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

(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:

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,

(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

(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).

(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.

(1C) Every notification issued under sub-section (1B), along with the scheme made under subsection (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 the proviso, for the words twelve months from the end of the month, the words six months from the end of the financial year, shall be substituted.

Section 29 - Insertion of new section

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

115WKB. Deemed payment of tax by employee. (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.

(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..

Section 30 - Amendment of section 139

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.

Section 31 - Amendment of section 142

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.

Section 32 - Amendment of section 143

In section 143 of the Income-tax Act,--

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

(1) Where a return has been made under section 139, or in response to a notice under subsection (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

(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);

(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;

(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:

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.

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;

(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;

(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.

(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.

(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, namely:--

Provided that no notice under clause (ii) shall be served on the assessee after the expiry of six months from the end of the financial year in which the return is furnished..

Section 33 - Amendment of section 147

In section 147 of the Income-tax Act, after the proviso, the following proviso shall be inserted, namely:--

Provided further that the Assessing Officer may assess or reassess such income, other than the income involving matters which are the subject matter of any appeal, reference or revision, which is chargeable to tax and has escaped assessment..

Section 34 - Amendment of section 151

In section 151 of the Income-tax Act, after sub-section (2), the following Explanation shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1998, namely:--

Explanation.--For the removal of doubts, it is hereby declared that the Joint Commissioner, the Commissioner or the Chief Commissioner, as the case may be, being satisfied on the reasons recorded by the Assessing Officer about fitness of a case for the issue of notice under section 148, need not issue such notice himself..

Section 35 - Amendment of section 153

In section 153 of the Income-tax Act, after sub-section (3),--

(a) the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2003, namely:--

(4) Notwithstanding anything contained in the foregoing provisions of this section, sub-section (2) of section 153A and sub-section (1) of section 153B, the order of assessment or reassessment, relating to any assessment year, which stands revived under sub-section (2) of section 153A, shall be made within one year from the end of the month of such revival or within the period specified in this section or sub-section (1) of section 153B, whichever is later.;

(b) in Explanation 1, after the proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2007, namely:--

Provided further that where a proceeding before the Settlement Commission abates under section 245HA, the period of limitation available under this section to the

Assessing Officer for making an order of assessment, reassessment or re-computation, as the case may be, shall, after the exclusion of the period under sub-section (4) of section 245HA, be not less than one year; and where such period of limitation is less than one year, it shall be deemed to have been extended to one year; and for the purposes of determining the period of limitation under sections 149, 153B, 154, 155, 158BE and 231 and for the purposes of payment of interest under section 243 or section 244 or, as the case may be, section 244A, this proviso shall also apply accordingly..

Section 36 - Amendment of section 153A

Section 153A of the Income-tax Act shall be renumbered as sub-section (1) thereof and,--

(a) in sub-section (1) as so renumbered, in the second proviso, for the words referred to in this section, the words referred to in this sub-section shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 2003;

(b) after sub-section (1) as so renumbered and before the Explanation, the following shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2003, namely:--

(2) If any proceeding initiated or any order of assessment or reassessment made under subsection (1) has been annulled in appeal or any other legal proceeding, then, notwithstanding anything contained in sub-section (1) or section 153, the assessment or reassessment relating to any assessment year which has abated under the second proviso to sub-section (1), shall stand revived with effect from the date of receipt of the order of such annulment by the Commissioner:

Provided that such revival shall cease to have effect, if such order of annulment is set aside..

Section 37 - Amendment of section 153(B)

In section 153B of the Income-tax Act, in sub-section (1), with effect from the 1st day of June, 2003,--

(i) in clause (a), for the word, figures and letter section 153A, the words, brackets, figures and letter sub-section (1) of section 153A shall be substituted and shall be deemed to have been substituted;

(ii) in the Explanation,--

(A) after clause (vi) and before the words shall be excluded, the following clause shall be inserted and shall be deemed to have been inserted, namely:--

(vii) the period commencing from the date of annulment of a proceeding or order of assessment or reassessment referred to in sub-section (2) of section 153A till the date of the receipt of the order setting aside the order of such annulment, by the Commissioner,;

(B) in the proviso, for the words, brackets and letters clause (a) or clause (b) of this section, the words, brackets and letters clause (a) or clause (b) of this sub-section shall be substituted and shall be deemed to have been substituted.

Section 38 - Amendment of section 153C

In section 153C of the Income-tax Act, in sub-section (1), in the proviso, for the word, figures and letter section 153A, the words, brackets, figures and letter sub-section (1) of section 153A shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 2003.

Section 39 - Amendment of section 153D

In section 153D of the Income-tax Act, for the word, figures and letter section 153A, the words, brackets, figures and letter sub-section (1) of section 153A shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 2003.

Section 40 - Amendment of section 156

In section 156 of the Income-tax Act, the following proviso shall be inserted, namely:--

Provided that where any sum is determined to be payable by the assessee under sub-section (1) of section 143, the intimation under that sub-section shall be deemed to be a notice of demand for the purposes of this section..

Section 41 - Amendment of section 191

In section 191 of the Income-tax Act, for the Explanation, the following Explanation shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 2003, namely:--

Explanation. For the removal of doubts, it is hereby declared that if 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 after so deducting fails to pay, or does not pay, the whole or any part of the tax, as required by or under this Act, and where the assessee has also failed to pay such tax directly, then, such person shall, without prejudice to any other consequences which he may incur, be deemed to be an assessee in default within the meaning of sub-section (1) of section

201, in respect of such tax..

Section 42 - Amendment of section 193

In section 193 of the Income-tax Act, in the proviso, after clause (viii) and before the Explanation, the following clause shall be inserted with effect from the 1st day of June, 2008, namely:--

(ix) any interest payable on any security issued by a company, where such security is in dematerialised form and is listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956(42 of 1956) and the rules made thereunder..

Section 43 - Amendment of section 194 C

In section 194C of the Income-tax Act, in sub-section (1), after clause (K), after the words "Hindu undivided family", the words "or an association of persons of a body of individuals, whether incorporated or not, other than those falling under any of the proceeding clauses" shall be inserted with effect from the 1st day of June, 2008.

Section 44 - Amendment of section 195

In section 195 of the Income-tax Act, after sub-section (5), the following sub-section shall be inserted, namely:--

(6) The person referred to in sub-section (1) shall furnish the information relating to payment of any sum in such form and manner as may be prescribed by the Board..

Section 45 - Amendment of section 199

For section 199 of the Income-tax Act, the following section shall be substituted, namely:--

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.

(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..

Section 46 - Amendment of section 201

In section 201 of the Income-tax Act, for sub-section (1), the following sub-section shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 2002, namely:--

(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:

Provided 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..

Section 47 - Amendment of section 203

In section 203 of the Income-tax Act, in sub-section (3), for the figures, letters and words 1st day of April, 2008, the figures, letters and words 1st day of April, 2010 shall be substituted.

Section 48 - Amendment of section 206 C

In section 206C of the Income-tax Act,--

(a) for sub-section (4), the following sub-section shall be substituted, namely:--

(4) Any amount collected in accordance with the provisions of this section and paid to the credit of the Central Government shall be deemed to be a payment of tax on behalf of the person from whom the amount has been collected and credit shall be given to such person for the amount so collected in a particular assessment year in accordance with the rules as may be prescribed by the Board from time to time.;

(b) in sub-section (5), in the first proviso, for the figures, letters and words 1st day of April, 2008, the figures, letters and words 1st day of April, 2010 shall be substituted.

Section 49 - Amendment of section 251

In section 251 of the Income -tax Act, in sub-section (1), after clause (a), the following clause shall be inserted, namely:--

"(aa) in an appeal against the order of assessment in respect of which the proceeding before the Settlement Commission abates under section 245HA, he may, after taking into consideration all the material and other information produced by the assessee before, or the results of the inquiry held or evidence recorded by, the Settlement Commission, in the course of the proceeding before it and such other material as may be brought on his record, confirm, reduce, enhance or annual the assessment;"

Section 50 - Amendment of section 254

In section 254 of the Income-tax Act, in sub-section (2A), for the third proviso, the following proviso shall be substituted with effect from the 1st day of October, 2008, namely:--

Provided also that if such appeal is not so disposed of within the period allowed under the first proviso or the period or periods extended or allowed under the second proviso, which shall not, in any case, exceed three hundred and sixty-five days, the order of stay shall stand vacated after the expiry of such period or periods, even if the delay in disposing of the appeal is not attributable to the assessee..

Section 51 - Insertion of new section 268A

After section 268 of the Income-tax Act, the following section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1999, namely:--

268A.Filing of appeal or application for references by income-tax authority.-(1) The Board may, from time to time, issue orders, instructions or directions to other income-tax authorities, fixing such monetary limits as it may deem fit, for the purpose of regulating filing of appeal or application for reference by any income-tax authority under the provisions of this Chapter.

(2) Where, in pursuance of the orders, instructions or directions issued under sub-section (1), an income-tax authority has not filed any appeal or application for reference on any issue in the case of an assessee for any assessment year, it shall not preclude such authority from filing an appeal or application for reference on the same issue in the case of

(a) the same assessee for any other assessment year; or

(b) any other assessee for the same or any other assessment year.

(3) Notwithstanding that no appeal or application for reference has been filed by an income-tax authority pursuant to the orders or instructions or directions issued under sub-section (1), it shall not be lawful for an assessee, being a party in any appeal or reference, to contend that the income-tax authority has acquiesced in the decision on the disputed issue by not filing an appeal or application for reference in any case.

(4) The Appellate Tribunal or Court, hearing such appeal or reference, shall have regard to the orders, instructions or directions issued under sub-section (1) and the circumstances under which such appeal or application for reference was filed or not filed in respect of any case.

(5) Every order, instruction or direction which has been issued by the Board fixing monetary limits for filing an appeal or application for reference shall be deemed to have been issued under sub-section (1) and the provisions of sub-sections (2), (3) and (4) shall apply accordingly..

Section 52 - Amendment section 271

In section 271 of the Income-tax Act, after sub-section (1A), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1989, namely:--

(1B) Where any amount is added or disallowed in computing the total income or loss of an assessee in any order of assessment or reassessment and the said order contains a direction for initiation of penalty proceedings under clause (c) of sub-section (1), such an order of assessment or reassessment shall be deemed to constitute satisfaction of the Assessing Officer for initiation of the penalty proceedings under clause (c).

Section 53 - Insertion of new section 273AA

After section 273A of the Income-tax Act, the following section shall be inserted, namely:--

273AA.Power of Commissioner of grant immunity from penalty.- (1) A person may make an application to the Commissioner for granting immunity from penalty, if--

(a) he has made an application for settlement under section 245C and the proceedings for settlement have abated under section 245HA; and

(b) the penalty proceedings have been initiated under this Act.

(2) The application to the Commissioner under sub-section (1) shall not be made after the imposition of penalty after abatement.

(3) The Commissioner may, subject to such conditions as he may think fit to impose, grant to the person immunity from the imposition of any penalty under this Act, if he is satisfied that the person has, after the abatement, co-operated with the income-tax authority in the proceedings before him and has made a full and true disclosure of his income and the manner in which such income has been derived.

(4) The immunity granted to a person under sub-section (3) shall stand withdrawn, if such person fails to comply with any condition subject to which the immunity was

granted and thereupon the provisions of this Act shall apply as if such immunity had not been granted.

(5) The immunity granted to a person under sub-section (3) may, at any time, be withdrawn by the Commissioner, if he is satisfied that such person had, in the course of any proceedings, after abatement, concealed any particulars material to the assessment from the income-tax authority or had given false evidence, and thereupon such person shall become liable to the imposition of any penalty under this Act to which such person would have been liable, had not such immunity been granted..

Section 54 - Insertion of new section 278B

After section 278AA of the Income-tax Act, the following section shall be inserted, namely:--

278AB. Power of Commissioner to grant immunity from prosecution.-(1) A person may make an application to the Commissioner for granting immunity from prosecution, if he has made an application for settlement under section 245C and the proceedings for settlement have abated under section 245HA.

(2) The application to the Commissioner under sub-section (1) shall not be made after institution of the prosecution proceedings after abatement.

(3) The Commissioner may, subject to such conditions as he may think fit to impose, grant to the person immunity from prosecution for any offence under this Act, if he is satisfied that the person has, after the abatement, co-operated with the income-tax authority in the proceedings before him and has made a full and true disclosure of his income and the manner in which such income has been derived:

Provided that where the application for settlement under section 245C had been made before the 1st day of June, 2007, the Commissioner may grant immunity from prosecution for any offence under this Act or under the Indian Penal Code or under any other Central Act for the time being in force.

(4) The immunity granted to a person under sub-section (3) shall stand withdrawn, if such person fails to comply with any condition subject to which the immunity was granted and thereupon the provisions of this Act shall apply as if such immunity had not been granted.

(5) The immunity granted to a person under sub-section (3) may, at any time, be withdrawn by the Commissioner, if he is satisfied that such person had, in the course of any proceedings, after abatement, concealed any particulars material to the assessment from the income-tax authority or had given false evidence, and thereupon such person may be tried for the offence with respect to which the immunity was granted or for any other offence of which he appears to have been guilty in connection with the proceedings..

Section 55 - Insertion of new section 282A

After section 282 of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 2008, namely:--

282A. Authentication of notice and other documents.-(1) Where this Act requires a notice or other document to be issued by any income-tax authority, such notice or other document shall be signed in manuscript by that authority.

(2) Every notice or other document to be issued, served or given for the purposes of this Act by any income-tax authority, shall be deemed to be authenticated if the name and office of a designated income-tax authority is printed, stamped or otherwise written thereon.

(3) For the purposes of this section, a designated income-tax authority shall mean any income-tax authority authorised by the Board to issue, serve or give such notice or other document after authentication in the manner as provided in sub-section (2)..

Section 56 - Insertion of new section 292BB Notice deemed to be valid in certain circumstance

After section 292B of the Income-tax Act, the following section shall be inserted, namely:--

292BB. Notice deemed to be valid in certain Circumstance.-Where an assessee has appeared in any proceeding or cooperated in any inquiry relating to an assessment or reassessment, it shall be deemed that any notice under any provision of this Act, which is required to be served upon him, has been duly served upon him in time in accordance with the provisions of this Act and such assessee shall be precluded from taking any objection in any proceeding or inquiry under this Act that the notice was--

(a) not served upon him; or

(b) not served upon him in time; or

(c) served upon him in an improper manner.

Provided that nothing contained in this section shall apply where the assessee has raised such objection before the completion of such assessment or reassessment..

Section 57 - Amendment of section 292C

Section 292C of the Income-tax Act shall be renumbered as sub-section (1) thereof and

(a) in sub-section (1) as so renumbered, after the words and figures search under section 132, the words, figures and letter or survey under section 133A shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2002;

(b) after sub-section (1) as so renumbered, the following sub-section shall be inserted, and shall be deemed to have been inserted with effect from the 1st day of October, 1975 namely:--

(2) Where any books of account, other documents or assets have been delivered to the requisitioning officer in accordance with the provisions of section 132A, then, the provisions of sub-section (1) shall apply as if such books of account, other documents or assets which had been taken into custody from the person referred to in clause (a) or clause (b) or clause (c), as the case may be, of sub-section (1) of section 132A, had been found in the possession or control of that person in the course of a search under section 132..

Section 58 - Amendment of section 295

In section 295 of the Income-tax Act, in sub-section (2), after clause (f), the following clause shall be inserted, namely:--

(fa) the form and manner in which the information relating to payment of any sum may be furnished under sub-section (6) of section 195;.

Section 59 - Amendment of Fourth Schedule

In the Fourth Schedule to the Income-tax Act, in Part A, in rule 3, in sub-rule (1), in the first proviso, for the figures, letters and words 31st day of March, 2008, the figures, letters and words 31st day of March, 2009 shall be substituted.

Section 60 to 67 - Wealth-tax

Section 60 - Amendment of section 17

In section 17 of the Wealth-tax Act,--

(a) in sub-section (1), after the second proviso, the following proviso shall be inserted, namely:--

Provided also that the Assessing Officer may assess or reassess such net wealth, other than the net wealth which is the subject matter of any appeal, reference or revision, which is chargeable to tax and has escaped assessment.;

(b) in sub-section (1B), after clause (b), the following Explanation shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1998, namely:--

Explanation.--For the removal of doubts, it is hereby declared that the Joint Commissioner, the Commissioner or the Chief Commissioner, as the case may be, being satisfied on the reasons recorded by the Assessing Officer about fitness of a case for the issue of notice, need not issue such notice himself..

Section 61 - Amendment of section 17A

In section 17A of the Wealth-tax Act, after sub-section (4), in Explanation 1, after the proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2007, namely:--

Provided further that where a proceeding before the Settlement Commission abates under section 22HA, the period of limitation referred to in this section available to the Assessing Officer for making an order of assessment or reassessment, as the case may be, shall, after the exclusion of the period under sub-section (4) of section 22HA, be not less than one year; and where such period of limitation is less than one year, it shall be deemed to have been extended to one year..

Section 62 - Amendment of section 18

In section 18 of the Wealth-tax Act, after sub-section (1), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1989, namely:--

(1A) Where any amount is added or disallowed in computing the net wealth of an assessee in any order of assessment or reassessment and the said order contains a direction for initiation of penalty proceedings under sub-section (1), such an order of assessment or reassessment shall be deemed to constitute satisfaction of the Assessing Officer for initiation of the penalty proceedings under sub-section (1)..

Section 63 - Insertion of new section 18BA

After section 18B of the Wealth-tax Act, the following section shall be inserted, namely:--

18BA. Power of Commissioner to grant immunity from penalty.(1) A person may make an application to the Commissioner for granting immunity from penalty, if

(a) he has made an application for settlement under section 22C and the proceedings for settlement have abated under section 22HA; and

(b) the penalty proceedings have been initiated under this Act.

(2) The application to the Commissioner under sub-section (1) shall not be made after the imposition of penalty after abatement.

(3) The Commissioner may, subject to such conditions as he may think fit to impose, grant to the person immunity from the imposition of any penalty under this Act, if he is satisfied that the person has, after the abatement, co-operated with the wealth-tax authority in the proceedings before him and has made a full and true disclosure of his net wealth and the manner in which such net wealth has been derived.

(4) The immunity granted to a person under sub-section (3) shall stand withdrawn, if such person fails to comply with any condition subject to which the immunity was granted and thereupon the provisions of this Act shall apply as if such immunity had not been granted.

(5) The immunity granted to a person under sub-section (3) may, at any time, be withdrawn by the Commissioner, if he is satisfied that such person had, in the course of any proceedings, after abatement, concealed any particulars, material to the assessment, from the wealth-tax authority or had given false evidence, and thereupon such person shall become liable to the imposition of any penalty under this Act to which such person would have been liable, had not such immunity been granted..

Section 64 - Amendment of section 23A

In section 23A of the Wealth-tax Act, after sub-section (9), the following subsection shall be inserted, namely:--

"(9A) In disposing of an appeal against the order of assessment, in respect of which the proceeding before the Settlement Commission abates under section 22HA, he may, after taking into consideration all the material and other information produced by the assessee before, or the results of the inquiry held or evidence recorded by, the Settlement Commission, in the course of the proceedings before it and such other material as may be brought on his record, confirm, reduce, enhance or annul the assessment."

Section 65 - Insertion of new section 35GA

After section 35G of the Wealth-tax Act, the following section shall be inserted, namely:--

35GA. Power of Commissioner to grant immunity from prosecution (1) A person may make an application to the Commissioner for granting immunity from prosecution, if he has made an application for settlement under section 22C and the proceedings for settlement have abated under section 22HA.

(2) The application to the Commissioner under sub-section (1) shall not be made after institution of the prosecution proceedings after abatement.

(3) The Commissioner may, subject to such conditions as he may think fit to impose, grant to the person immunity from prosecution for any offence under this Act, if he is satisfied that the person has, after the abatement, co-operated with the wealth-tax authority in the proceedings before him and has made a full and true disclosure of his net wealth and the manner in which such net wealth has been derived:

Provided that where the application for settlement under section 22C had been made before the 1st day of June, 2007(45 of 1980), the Commissioner may grant immunity from prosecution for any offence under this Act or under the Indian Penal Code or under any other Central Act for the time being in force.

(4) The immunity granted to a person under sub-section (3) shall stand withdrawn, if such person fails to comply with any condition subject to which the immunity was

granted and thereupon the provisions of this Act shall apply as if such immunity had not been granted.

(5) The immunity granted to a person under sub-section (3) may, at any time, be withdrawn by the Commissioner, if he is satisfied that such person had, in the course of any proceedings, after abatement, concealed any particulars, material to the assessment, from the wealth-tax authority or had given false evidence, and thereupon such person may be tried for the offence with respect to which the immunity was granted or for any other offence of which he appears to have been guilty in connection with the proceedings..

Section 66 - Insertion of new section 42

After section 41 of the Wealth-tax Act, the following section shall be inserted, namely:--

42. Notice deemed to be valid in certain circumstances.—Where an assessee has appeared in any proceeding or cooperated in any inquiry relating to an assessment or reassessment, it shall be deemed that any notice under any provision of this Act, which is required to be served upon him, has been duly served upon him in time in accordance with the provisions of this Act and such assessee shall be precluded from taking any objection in any proceeding or inquiry under this Act that the notice was--

- (a) not served upon him; or
- (b) not served upon him in time; or
- (c) served upon him in an improper manner.

Provided that nothing contained in this section shall apply where the assessee has raised such objection before the completion of such assessment or reassessment..

Section 67 - Amendment of section 42D

Section 42D of the Wealth-tax Act shall be renumbered as sub-section (1) thereof and after subsection (1) as so renumbered, the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day October, 1975, namely:--

- (2) Where any books of account, other documents or assets have been delivered to the requisitioning officer in accordance with the provisions of section 37B, then, the provisions of subsection (1) shall apply as if such books of account, other documents or assets which had been taken into custody from the person referred to in clause (a) or clause (b) or clause (c), as the case may be, of sub-section (1) of section 37B, had been found in the possession or control of that person in the course of a search under section 37A..