

Relief to certain charitable institutions or funds in respect of certain dividends.

236A. (1) Where seventy-five per cent of the share capital of any company is throughout the previous year beneficially held by an institution or fund established in India for a charitable purpose the income from dividend whereof is exempt under section 11, credit shall be given to the institution or fund against the tax, if any, payable by it, of a sum calculated in accordance with the provisions of sub-section (2), in respect of its income from dividends other than dividends on preference shares declared or distributed during the previous year relevant to any assessment year beginning on or after the 1st day of April, 1966 by such a company, and where the amount of credit so calculated exceeds the tax, if any, payable by the said institution or fund, the excess shall be refunded.

(2) The amount to be given as credit under sub-section (1) shall be a sum which bears to the amount of the tax payable by the company under the provisions of the annual Finance Act with reference to the relevant amount of distributions of dividends by it the same proportion as the amount of the dividends other than dividends on preference shares received by the institution or fund from the company bears to the total amount of dividends other than dividends on preference shares declared or distributed by the company during the previous year.

Explanation.—In sub-section (2) of this section and in section 280ZB, the expression “the relevant amount of distributions of dividends” has the meaning assigned to it in the Finance Act of the relevant year.