Serial No....................

Date ....

Minimum Alternate Tax (MAT)

(A.Y. 2017-18)

- Arpit Manu Garg

(1) Rates Applicable :- (Sec. 115JB)

18.5 % of Book Profits (Domestic companies)
9 % of Book Profits (Unit in IFSC)

(increase by Surchase of 7% or 12% and education cess @ 3% in all cases).

(2) How to Compute Book Profits ?

Following adjustments to be made in Net Profit & Loss A/C as shown in financial Books of Accounts :-

Reduce Income By :-	Increase Expense By :-
(i) Amount withdrawn from any reserves or excess provisions.	(i) Amount transfered to reserves or excess provisions.
(ii) Whichever is Less :- • Losses B/F. • Unabsorbed Depreciation.	(ii) Provision for losses of Subsi. companies (even the actual loss to be added).
(iii) Profits of the Sick Industrial Company.	(iii) Provisions made for Liabilities that are uncertain.
(iv) Amount of Depreciation Debited (excluding Revaluation)	(iv) Amount of Depreciation. (including revaluation)
(v) Amt. withdrawn from Revaluation Reserve (does not exceed Dep. on account of Revaluation)	(v) Provision for Diminution in value of Asset.

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Reduce Amount By :-	Increase Amt. By :-
(vi) Income u/s 10, 11, 12 (except u/s 10(38)).	(vi) Expenditure related to this income.
(vii) Income as member's share in AOP or BOI, where no tax is payable u/s 86.	(vii) Expenditure relating to this income.
(viii) Income of foreign Company • Capital Gains - Securities • Section 115A	(viii) Expenditure relating to this income.
(ix) Section 47 (xvii) Transfer [Out → Share of SPV In → Unit of Business Trust] • Notional Gain Arises. • Loss Incurred Actually.	(ix) Section 47 (xvii) Transfer [SPV Share → Unit of Business Trust] • Actual Gain Arised. • Notional Loss Booked.
(x) Income by way of Royalty w.r.t. Patents u/s 115BBF.	(x) Expenditure relating to this income.
(xi) Amount of Deferred Tax credited to P/L A/c.	(xi) Amount of Deferred Tax and Provision there to.
	(xii) Amount in Revaluation Reserve on Disposal of such asset.
	(xiii) Amount of Income Tax Payable, Interest, CDT, Cess.

	Reduce Amount By:-		Increase Amount By:-
		(xiv)	Amount of Dividend Paid or proposed.

(3) MAT Credit (Section 115JAA)

- MAT credit available to assessee :-

$$\boxed{\text{Tax Paid under section 115JB}} - \boxed{\text{Tax as per Normal Provisions}} = \boxed{\text{MAT Available}}$$

- MAT Credit can be utilised in assessment year in which Normal Tax > MAT Payable. The excess of Normal Tax can be paid through utilisation of MAT Credit available.

- MAT Credit can be carried forward and set off upto max. 10 A/Y. [Section 115JB(3) to be read along-with]

- If Company converts into LLP, then MAT Credit cannot be transferred. Thus, new LLP cannot utilise MAT credit.

(4) Section 115JB(5)

The company shall also be liable to pay Advance Taxes, Interest u/s 234A, 234B, 234C and penalties also.

(5) Exemption by $\boxed{\text{FA 2016}}$

MAT will not be applicable to a foreign Company, if :-

(i) The company is resident of country or territory with which India has DTAA and TIEA and do not have a P.E. in India.

(ii) Other than above ; Assessee is not required to seek registration under any law related to companies.

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THANK YOU & BEST OF LUCK

With Warm Regards
Arpit Haruna Garg