# MINIMUM ALTERNATE TAX (MAT)

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# ALTERNATE MINIMUM TAX (AMT)

**New:** Section 206 of the Income-tax Act 2025 | **Old:** Section 115JAA, 115JB & 115JC-115JF of the Income-tax Act 1961

**Effective:** Tax Year 2026-27 • Aligned with Finance Act 2026

# Introduction to Minimum Alternate Tax (MAT)

## OBJECTIVE

With the view to make the tax system more progressive, the Government inserted a new provision under the Income-tax Act, 1961 (hereinafter referred to as 'the old Act') called as 'Minimum Alternate Tax' (hereinafter referred to as 'MAT'), **to target the Zero-Tax companies and to bring them within the tax-net**. The Government found it reasonable that profitable and prosperous companies should contribute at least a small portion of their profits to the national exchequer at a time when other and less better off sections of society were bearing a burden, **as these companies were declaring high book profits and paying dividends, yet paying zero/ minimal income-tax by availing incentives and concessions available under the old Act.**

## BACKGROUND

- MAT provisions were originally introduced vide Finance Act 1987 by virtue of section 115J whereby the companies had to pay tax on atleast 30% of the book profits. However, the same was abolished in 1990.
- Vide Finance (No. 2) Act 1996, MAT provisions were reintroduced by virtue of section 115JA.
- **Vide Finance Act 1997, section 115JAA was inserted and the concept of MAT credit was brought into existence.**

# Introduction to Minimum Alternate Tax (MAT)

- The Government observed that there were some legal issues in the existing MAT provisions, therefore, vide Finance Act 2000, the Government abolished section 115JA and inserted new section 115JB & made the same applicable from AY 2001-02. However, **credit of tax paid under MAT was not available for the period commencing from AY 2001-02.**
- **From the AY 2006-07, concept of MAT credit was reintroduced in respect of tax paid on book profit computed under section 115JB.**
- In order to simplify the old Act, the Government introduced the Income-tax Act, 2025 (hereinafter referred to as 'the new Act') with effect from 01st April 2026. Under the new Act, sections have been renumbered, redundant provisions have been removed and sections have been reduced. Under the new Act, section 115JAA and 115JB have been renumbered to section 206.
- We have discussed the key provisions, amendments made vide Finance Act 2026 and its impacts in the subsequent slides.

# Provisions of MAT — Section 206(1) of the new Act

*Corresponding to Section 115JB of the old Act*

## Applicability — Section 206(1)(a)

Where the **income-tax payable on the total income of a company is less than the MAT payable for that Tax Year (hereinafter referred to as ‘TY’)**, the book profit computed in accordance with the provisions of section 206 shall be deemed to be the total income of the company and tax (MAT) shall be paid at an applicable rate.

## Rate of Tax — Section 206(1)(b)

- 14% on book profit (for all the companies) **[Upto FY 2025-26, tax rate was 15%]**.
- 9% for units located in IFSC, deriving income solely in convertible foreign exchange.
- Applicable rate of Surcharge and Health & Education Cess shall apply.

## Preparation of P&L Account— Section 206(1)(f)

For the purpose of computing book profit, profit and loss account shall be prepared in the following manner:

- For insurance company/ banking company/ electricity generation or supplier company, or any other specified company- **As per applicable law;**
- Other companies- **As per Schedule III of the Companies Act, 2013.**

## Reporting & Audit — Section 206(1)(s)

Every company to which section 206 of the new Act applies shall furnish a report from a Chartered Accountant in **Form 66** (Form 29B under the old Act), certifying computation of book profit, on or before the specified date under section 63 of the new Act (section 44AB of the old Act) i.e., one month prior to the due date of filing of original income tax return (**Form should be filed on or before 30th September or 31st October, as the case may be**).

## Exemptions from MAT — Section 206(1)(l) & (q)

- Companies opting for concessional regime under section 200(5) or section 201(2) (corresponding to section 115BAA or section 115BAB respectively under the old Act).
- Life insurance business referred to in section 194(1) (corresponding to section 115B of the old Act).
- Foreign Co. opted for presumptive taxation referred to in section 61(2) (section 44B to 44BBD of the old Act).
- Foreign Co. to which DTAA applies and does not have any PE in India.
- Foreign Co. to which DTAA does not apply and it does not require to seek registration under any law.

# Adjustments to Compute Book Profit

*Section 206(1)(c) — Additions to and Deductions from Net Profit*

## ADD to Net Profit (if debited to P&L Account)

- Income-tax paid/payable (including interest, surcharge, cess).
- Transfers to any reserve (by any name).
- Provision for unascertained liabilities.
- Provision for losses of subsidiary companies.
- Dividends paid or proposed.
- Expenditure relatable to exempt income [section 11 / section 335 (corresponding to section 10/11/12 of the old Act)].
- Depreciation as per books (including on revaluation).
- Deferred tax and provision therefor.
- Provision for diminution in value of any asset (inserted vide Finance (No. 2) Act, 2009).
- Amount in Revaluation Reserve on retirement/disposal of revalued asset (if not credited to P&L Account).

## LESS from Net Profit (if credited to P&L Account)

- Amount withdrawn from any reserve/provision (subject to conditions).
- Exempt income [section 11 / section 335 (corresponding to section 10/11/12 of the old Act)].
- Depreciation excluding depreciation on revaluation of assets.
- Amount withdrawn from revaluation reserve, to the extent of depreciation on revalued asset.
- Deferred tax.
- Lower of (i) brought-forward business loss (excluding depreciation) or (ii) unabsorbed depreciation, as per books.

# Adjustments to Compute Book Profit

*Section 206(1)(d) & (e) — Additional Adjustments to Net Profit*

## Additional Adjustments to Net Profit (if debited or credited to Profit and Loss Account)

- Income on which no tax is payable and the related expenditure thereof, recognised by the company (being member of AOP or BOI) in accordance with the provisions of section 310 of the new Act should be adjusted.
- Incomes (such as capital gains on securities, dividend, interest, royalty, FTS, etc.) earned by the foreign company in India, taxable at a lower rate than rate of MAT and the related expenditure thereof, should be adjusted.
- Notional gain or loss from transfer of shares of a Special Purpose Vehicle in exchange of units of a business trust should be adjusted.
- Notional gain or loss resulting from change in carrying value of said units of a business trust should be adjusted.
- Gain or loss on transfer of such units should be adjusted.
- Where gain or loss on transfer of units is computed by taking into consideration cost of shares exchanged or carrying amount of such shares (if such shares are carried at a value other than cost through profit and loss account), such gain or loss should be added or reduced, as the case may be.
- Income from royalty in respect of patent chargeable under section 194(1) and the related expenditure thereof should be adjusted.
- Where the NCLT has suspended the board of directors and appointed the new directors, on an application moved by the CG, the entire amount of unabsorbed depreciation and brought forward losses (excluding depreciation) of the company and its subsidiaries/ step-subsidiaries, should be reduced.
- Where the CIRP has been admitted by the Adjudicating Authority, the entire amount of unabsorbed depreciation and brought forward losses (excluding depreciation) should be reduced.

# Adjustments to Compute Book Profit

*Section 206(1)(d) & (e) — Additional Adjustments to Net Profit*

## Additional Adjustments to Net Profit (if debited or credited to Profit and Loss Account)

- In the case of Sick Industrial Company under section 17(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986), as it stood immediately before its repeal by the Sick Industrial Companies (Special Provisions) Repeal Act, 2003 (1 of 2004), the profits from the TY in which such company has become a sick industrial company to the TY during which the entire net worth of such company becomes equal to or exceeds the accumulated losses, is to be reduced.

- Where the companies are preparing their financial statements as per Indian Accounting Standards (Ind AS), 'items that are not reclassified to profit and loss account' should be adjusted while computing book profit except for the revaluation surplus for assets as per Ind AS 16 & 38 and gain or loss on investment in equity instruments recognised through FVTOCI as per Ind AS 109.

- Adjustments of transition amount where the Ind AS are applied for the first time (transitional phase), $1/5^{th}$ of the transition amount should be adjusted every year for 5 consecutive TY.

- Certain other adjustments where the financial statements are prepared as per Ind AS.

# Structure of MAT — Pre & Post 01st April 2026

*Amendments made vide Finance Act 2026*

## Position before 01st April 2026

- Governing Provision: Section 115JAA and 115JB of the old Act.
- Rate: 15% of Book Profit (9% for units located in IFSC).
- MAT Credit: Fresh credit generated annually; carried forward up to 15 succeeding AYs.
- Credit set-off permissible under normal tax regime only.
- Applicable to all the companies except those opting for concessional tax regimes under section 115BAA / 115BAB, life insurance business and specified foreign companies i.e., where the total income of the foreign companies comprises income referred to in section 44B to 44BBB.
- Audit Report: Form 29B.

## Position on or after 01st April 2026

- Governing Provision: Section 206 of the new Act.
- Rate Reduced: **14% of Book Profit** (units located in IFSC will continue @ 9%).
- MAT becomes a **FINAL TAX** under the normal tax regime — no fresh MAT credit will be generated **for any company**.
- **Existing MAT credit (accumulated up to 31st March 2026) can be utilized only if the domestic companies have opted for concessional tax regimes-capped at 25% of normal tax liability. In the case of foreign companies-limited to excess of normal tax over MAT.**
- Existing MAT credit (accumulated up to 31st March 2026) can be **carried forward & set-off upto 15 succeeding TYs** in which MAT credit first became allowable.
- Wider exclusions: **specified foreign companies under presumptive taxation exempt from MAT i.e., foreign companies covered under section 61(2) (corresponding to section 44B to 44BBD of the old Act). Earlier, exemption to foreign companies covered under section 44B to 44BBB only was allowed. Now, exemption has been extended to foreign companies to whom section 44BBC (engaged in operation of cruise ships) and 44BBD (engaged in setting up of electronics manufacturing facility) are applicable.**
- Audit Report: Form 66.

# Conversion of Unlisted Company to Limited Liability Partnership (LLP)

*Section 206(3)(d) of the new Act*

- As per the provisions of section 206(3)(d), where the private company or unlisted public company converts into an LLP, MAT credit accumulated upto 31st March 2026 cannot be carried forward and set-off by the successor LLP.

To avoid any ambiguity concerning the carry forward and utilization of accumulated MAT credit in cases where a private company or an unlisted public company is converted into an LLP, it has been clarified that the successor LLP shall not be entitled to such MAT credit, since the MAT provisions are applicable only to companies.

# MAT credit & its utilization

*Section 206(3) & (4) of the new Act (Corresponding to Section 115JAA of the old Act)*

## Mechanism of MAT Credit

- MAT Credit = MAT paid (including Surcharge and Health & Education Cess) – Gross tax liability (including Surcharge and Health & Education Cess) under normal provisions.
- As mentioned in the previous slide, no fresh MAT credit will be generated from TY 2026-27 for any company.
- Existing MAT credit (accumulated up to 31st March 2026) can be utilized only if the domestic companies have opted for concessional tax regimes- capped at 25% of normal tax liability. In the case of foreign companies- limited to excess of normal tax over MAT.
- No interest is payable on unutilized MAT credit.
- While computing interest under section 423, 424 & 425 (corresponding to section 234A, 234B & 234C of the old Act), relief of MAT credit should be adjusted.

## ILLUSTRATION — Credit Utilization (Assuming the domestic company has opted for concessional tax regime during TY 2026-27)

| Tax Year | Tax Liability | B/f MAT Credit (accumulated upto 31st March 2026) | Credit Utilization | Net Tax Payable |
|---|---|---|---|---|
| 2026-27 | ₹ 6,00,000/- | ₹ 4,00,000/- | ₹ 1,50,000/- (upto 25% of ₹ 6,00,000/-) | ₹ 4,50,000/- |
| 2027-28 | ₹ 15,00,000/- | ₹ 2,50,000/- (₹ 4,00,000/- less ₹ 1,50,000/-) | ₹ 2,50,000/- (upto 25% of ₹ 15,00,000/-) | ₹ 12,50,000/- |

**Note:** Accumulated MAT credit can be carried forward and set-off upto 15 succeeding TYs in which MAT credit first became allowable, therefore, during the TY 2026-27, **MAT credit accumulated upto 31st March 2011 cannot be set-off.**

# Frequently Asked Questions (FAQs)

**<u>Question no. 1</u>**

**Impact of amendment on the assessees claiming an exemption under section 80-IAC (Deductions in respect of profits and gains from eligible start-up) or 80-IBA (Deductions in respect of profits and gains from housing projects) of the old Act?**

**<u>Answer</u>**

Till FY 2025-26, eligible assessees enjoying exemption benefit under section 80-IAC or 80-IBA of the old Act were required to pay MAT, if liable. However, credit of the same could have been utilized by them in the year in which the normal tax liability exceeds the MAT liability, to the extent of such excess.

Under the new Act, where the domestic company opts for the old regime, MAT liability becomes the final tax liability and no exemption would be granted to such company w.r.t utilisation of MAT paid by it. Therefore, the MAT paid by it would be the final cash outflow.

However, where the domestic company opts for concessional tax regime, it would be able to carry forward and set-off its accumulated MAT credit upto 31st March 2026 against the normal tax liability up to 25% of its tax liability for each TY, until its credit balance is fully exhausted or 15 years period, from the year when the MAT credit was first allowed, expires, whichever is earlier. In such a case, exemption under section 140 or 142 of the new Act (corresponding to section 80-IAC or 80-IBA of the old Act) would not be allowed.

**<u>Question no. 2</u>**

**Whether the provision of set-off of MAT credit will be available to companies who have previously (i.e., on or before 31st March 2026) opted for concessional tax regime?**

**<u>Answer</u>**

No. A company's shift to the concessional tax regime prior to this amendment was a business decision that was made on basis of the financials, status and analysis of the impact of deductions/exemptions in respective years and the tax liability upon these companies in the old as compared to the concessional tax regime. They have been benefitted as they had paid tax at rates applicable to assessees opted for concessional tax regime which were less than the old tax regime.

# Frequently Asked Questions (FAQs)

**Question no. 3**

**Which domestic companies can use the MAT credit accumulated from earlier years?**

**Answer**

Only domestic companies moving to the concessional tax regime for the TY 2026-27 and onwards will be allowed to use the existing MAT credit.

# Relief under Rule 118 of the Income-tax Rules, 2026

*Corresponding to Rule 10RB of the Income-tax Rules, 1962*

## BACKGROUND

- Various representations were received by the department that the computation of book profit under section 115JB of the old Act does not provide for any adjustment on account of additional income of past year(s) included in books of account of current year on account of an Advance Pricing Agreement (hereinafter referred to as 'APA') entered with the taxpayer under section 92CC of the old Act (section 168 of the new Act) or on account of secondary adjustment under section 92CE of the old Act (section 170 of the new Act).
- Vide Finance Act 2021, sub-section 2D to section 115JB was inserted wherein it was provided that in cases where past year income is included in books of account during the current year on account of an APA or a secondary adjustment, the Assessing Officer shall, on an application made to him in this behalf by the assessee, recompute the book profit of the past year(s) and tax payable.
- In this connection, vide notification no. 92/2021 dated 10th August 2021, Rule 10RB under the Income-tax Rules, 1962 was introduced to provide relief in tax payable under section 115JB(1) due to operation of section 115JB(2D).
- Vide Income-tax Rules, 2026, Rule 10RB has been renumbered to Rule 118. However, the key provisions have been kept same.

## PROVISION

- Formula has been given in the rule to determine the amount of relief. We have summarized the same as under:

  **Additional MAT liability on past year's income if the same has been included in the current year's book profit**

  ***less***

  **Additional MAT liability on past year's income if the same has been included in the relevant past year's book profit**
- If the value of formula is negative, its value shall be deemed to be zero.
- Tax credit allowed to the assessee shall be reduced by the amount of relief granted under Rule 118.
- To claim this relief, the taxpayer must file an application before the Assessing Officer in **Form 53 (Erstwhile Form 3CEEA)**.
- No interest shall be payable to an assessee in case of refund.

# Relief under Rule 118 of the Income-tax Rules, 2026

*Corresponding to Rule 10RB of the Income-tax Rules, 1962*

## ILLUSTRATION

XYZ Ltd. has book profit of ₹ 15,00,00,000/- for the FY 2025-26, which includes an income of ₹ 1,20,00,000/- for the FY 2024-25 due to APA or secondary adjustment. In the FY 2024-25, the company had a book profit of ₹ 7,50,00,000/-.

**Computation of MAT liability**

| | | | | |
|---|---|---|---|---|
| (1) | MAT for FY 2025-26 (Including the income of FY 2024-25) | [(15,00,00,000 x 15%)+12%+4%] | | ₹ 2,62,08,000/- |
| **(2)** | **Less: Relief** | | | |
| (A) | MAT for FY 2025-26 (Including the income of FY 2024-25) | [(15,00,00,000 x 15%)+12%+4%] | ₹ 2,62,08,000/- | |
| (B) | MAT for FY 2025-26 (Excluding the income of FY 2024-25) | [(13,80,00,000 x 15%)+12%+4%] | ₹ 2,41,11,360/- | |
| (C) | MAT for FY 2024-25 (Including the income of FY 2024-25) | [(8,70,00,000 x 15%)+7%+4%] | ₹ 1,45,22,040/- | |
| (D) | MAT for FY 2024-25 (Excluding the income of FY 2024-25) | [(7,50,00,000 x 15%) +7%+4%] | ₹ 1,25,19,000/- | |
| | **Relief [(A-B) – (C-D)]** | | | (₹ 93,600/-) |
| (3) | **Final MAT liability (1-2)** | | | **₹ 2,61,14,400/-** |

# MAT — Judicial Precedents

## Apollo Tyres Ltd.

*Supreme Court of India • (2002) 255 ITR 273 (SC)*

In this judgement, it has been held that while computing book profit under section 115J, the Assessing Officer has no jurisdiction to go beyond the audited books of accounts and recompute the book profit.

Following the ratio of the above-mentioned case law, **the Hon’ble Karnataka High Court in the case of Sri Hariram Hotels (P.) Ltd. v. Commissioner of Income-tax-(III), Bangalore [(2016) 66 Taxmann.com 233] has decided the matter in favour of the assessee & against the revenue** and held that while computing book profit under section 115JB, the Assessing Officer cannot recompute or recast the audited accounts of the company. Once accounts are certified by statutory auditors, approved by shareholders and filed under the Companies Act, **the Assessing Officer can make only those adjustments specifically permitted under Explanation 1 to section 115JB.**

## Rolta India Ltd.

*Supreme Court of India • (2011) 196 ITR 594 (SC)*

In this judgement, it has been held that interest under section 234B and 234C shall be payable on failure to pay advance tax in respect of tax payable under section 115JA/115JB. However, in the case of **Mangalore Refinery & Petrochemicals Ltd. [(2020) 117 taxmann.com 391]**, the Hon’ble Bombay High Court has held that interest under sections 234B and 234C is not liable to be paid with respect to tax liability determined under MAT as the entire exercise of computing book profit could only be made at the end of the financial year.

# MAT — Judicial Precedents

## Bangalore International Airport Ltd.

*High Court of Karnataka • (2023) 154 taxmann.com 394*

In this judgement, relying on the CBDT Circular no. 495 dated 22nd September 1987 (w.r.t section 115J), it has been held that 'amount of brought forward loss or unabsorbed depreciation, as per books, whichever is less' should be allowed as deduction **on cumulative basis and not year-wise**.

SLP filed before the Hon'ble Supreme Court of India has been dismissed vide order dated 14th August 2023 **[(2023) 154 taxmann.com 395]**.

## Growth Avenue Securities (P.) Ltd.

*ITAT Delhi • (2010) 126 ITD 179*

In this judgement, it has been held that exemption under section 54EC should not be allowed against the book profit as it has no application in the computation of book profit under section 115JB of the old Act. Therefore, in the absence of any provision for exclusion of capital gains exempted under section 54EC in the computation of book profit under the provisions contained in the Explanation to section 115JB, the assessee is not entitled to the exclusion thereof as claimed. However, in the case of **Metal & Chromium Plater (P.) Ltd. [(2019) 415 ITR 123]**, the Hon'ble Madras High Court has held that an assessee is entitled to relief under section 54EC for the purpose of computation of tax under section 115JB.

# MAT — Judicial Precedents

### Moon Star Securities Trading & Finance Co. (P.) Ltd.

*High Court of Delhi • (2024) 161 taxmann.com 158*

In this judgement, it has been held that while computing book profit under section 115JB, disallowance under section 14A cannot be added back as it pertains to the disallowance under the normal provisions of the Act and not for the purpose of the levy of MAT.

### Gulbrandsen (P.) Ltd.

*Ahmedabad ITAT • (2026) 187 taxmann.com 445*

In this judgement, it has been held that while computing book profit under section 115JB, prior period expenses debited to the profit and loss account cannot be added back.

# Provisions of AMT — Section 206(2) of the new Act

*Corresponding to Sections 115JC–115JF of the old Act*

## Background

- In order to widen the tax base, vide Finance Act 2011, provisions of AMT were introduced. The same was made applicable to the LLPs only.
- However, vide Finance Act 2012, AMT was made applicable to all the non-corporate assessees.

## Applicability — Section 206(2)(a) & (c)

Applies to every non-corporate assessee— firms (including LLPs), individuals, HUFs, AOPs, BOIs and artificial juridical persons (AJPs) etc. who has claimed deductions under the specified provisions [Chapter VIII-C (other than section 149) or section 46] [corresponding to Chapter VI-A Part-C (other than section 80P), section 10AA or section 35AD of the old Act].

## Rate of Tax — Section 206(2)(b)(ii)

- Units located in IFSC deriving income solely in convertible foreign exchange- **9%**
- Co-operative societies- **15%**
- All other assessees- **18.5%**
- Applicable rate of Surcharge and Health & Education Cess shall apply.

## Adjusted Total Income — Section 206(2)(b)(i)

Total Income computed under normal provisions as increased by deductions under Chapter VIII-C (other than section 149) and section 46 (net of depreciation under section 33 thereon).

## Reporting — Section 206(2)(j)

Every assessee to whom section 206(2) of the new Act applies shall furnish a report from a Chartered Accountant in **Form 67** (Form 29C under the old Act), certifying computation of adjusted total income, on or before the specified date under section 63 of the new Act (section 44AB of the old Act) i.e., one month prior to the due date of filing of original income tax return.

## Exclusions — Section 206(2)(d)

- Assessee who has opted for the concessional tax regime specified under section 202(1), 203(5) or 204(2) [corresponding to section 115BAC, 115BAD or 115BAE of the old Act].
- Individual/HUF/AOP/BOI/AJP whose adjusted total income does not exceed ₹ 20 lacs.
- **Any fund specified under Schedule VI (Note 1).**

# Sections contained in Chapter VIII-C

*Corresponding to Chapter VI-A Part-C of the old Act*

- **Section 138 (Section 80-IA of the old Act):** Deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development, etc.
- **Section 139 (Section 80-IAB of the old Act):** Deductions in respect of profits and gains by an undertaking or enterprise engaged in development of Special Economic Zone.
- **Section 140 (Section 80-IAC of the old Act):** Special provision in respect of specified business.
- **Section 141 (Section 80-IB of the old Act):** Deduction in respect of profits and gains from certain industrial undertakings.
- **Section 142 (Section 80-IBA of the old Act):** Deductions in respect of profits and gains from housing projects.
- **Section 143 (Section 80-IE of the old Act):** Special provisions in respect of certain undertakings in North-Eastern States.
- **Section 144 (Section 10AA of the old Act):** Special provisions in respect of newly established Units in Special Economic Zones.
- **Section 145 (Section 80JJA of the old Act):** Deduction for businesses engaged in collecting and processing of bio-degradable waste.
- **Section 146 (Section 80JJAA of the old Act):** Deduction in respect of additional employee cost.
- **Section 147 (Section 80LA of the old Act):** Deductions for income of Offshore Banking Units and Units of International Financial Services Centre.
- **Section 148 (Section 80M of the old Act):** Deduction in respect of certain inter-corporate dividends.
- **Section 149 (Section 80P of the old Act):** Deduction in respect of income of co-operative societies.
- **Section 150:** Deduction in respect of income of federal co-operative.
- **Section 151 (Section 80QQB of the old Act):** Deduction in respect of royalty income, etc , of authors of certain books other than text-books.
- **Section 152 (Section 80RRB of the old Act):** Deduction in respect of royalty on patents.

# Funds specified in Schedule VI (Note 1)

- Funds established or incorporated in India in the form of LLP/ Trust/ Company/ body corporate and located in International Financial Services Centres and-

I. Such fund has been granted a Category III AIF registration; or

II. Such fund has been granted a certification as a retail scheme/ an exchange traded fund; or

III. Units of such funds held by a non-resident other than units held by sponsor or manager subject to other conditions;

- Investment unit of an offshore banking unit having Category I foreign portfolio investor registration.

# AMT Credit & its utilization

*Section 206(2)(f) & (g) of the new Act (Corresponding to Section 115JD of the old Act)*

- AMT Credit = AMT paid (including Surcharge and Health & Education Cess) – Gross tax liability (including Surcharge and Health & Education Cess) under the normal provisions for the relevant TY.
- AMT credit can be carried forward and set-off upto 15 succeeding TYs in which AMT credit first became allowable.
- Set-off of brought forward AMT credited will be permitted to the extent of the difference between the regular tax liability and AMT liability, provided that the regular tax in the relevant TY exceeds AMT.
- No interest is payable on unutilized AMT credit.
- While computing interest under section 423, 424 & 425 (corresponding to section 234A, 234B & 234C of the old Act), relief of AMT credit should be adjusted.

# MAT v/s AMT — Comparative Table

| Basis | Minimum Alternate Tax | Alternate Minimum Tax |
|---|---|---|
| **Applicable To** | Corporate assessees | Non-Corporate assessees |
| **Governing Section (New)** | Section 206 of the new Act | Section 206 of the new Act |
| **Governing Section (Old)** | Section 115JAA & 115JB of the old Act | Sections 115JC-115JF of the old Act |
| **Tax Base** | Book profit as per Statement of P&L with statutory adjustments | Adjusted Total Income — Total Income with certain adjustments |
| **Tax Rate** | 14% (15% Upto FY 2025-26); 9% for units located in IFSC | 15% for co-operatives; 9% for units located in IFSC; 18.5% for all other assessees |
| **Threshold** | No threshold | Individual/HUF/AOP/BOI/AJP whose adjusted total income exceeds ₹ 20 lacs.<br>Any other assessee - No threshold |
| **Audit Report** | Form 66 | Form 67 |
| **Credit Carry-forward** | 15 successive TY (post 2026: no fresh credit; existing MAT credit can only be utilized in concessional regime) | 15 successive TY |
| **Trigger Condition** | Normal Tax < MAT on Book Profit | Normal Tax < AMT on Adjusted Total Income |

# THANK YOU


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