Minimum Alternate Tax

Rates of Corporation Tax – AY 2011-12

Domestic Company	30% + 7.5% Surcharge* + 3% Education Cess (after Marginal Relief*)
Any other Company	40% + 2.5% Surcharge* + 3% Education Cess (after Marginal Relief*)

*Surcharge and Marginal Relief applicable only if total income exceeds ₹ One Crore.

Marginal Relief

In case of company having a total income exceeding ₹ 1 Crore, the income tax plus surcharge payable is:-

(i) Tax as per applicable rates
(ii) Tax on ₹ 1 Crore + [Total Income – ₹ 1 Crore]

whichever is less.

Special Provision for payment of tax by certain companies – Section 115JB

The income tax payable on the total income of the companies shall be higher of the following:-

a. Income Tax on the total Income computed as per the normal provisions of the Income Tax Act; or
b. Tax computed @ 18%* of the Book Profits

The Tax as above shall be increased by Surcharge & Cess as applicable.

Computation of Book Profits – Explanation 1 to Section 115JB(2)

Net Profit as shown in P&L Account prepared as per Schedule VI of Companies Act, 1956

Add:

(a) Income Tax paid or provided
(b) Amount transferred to reserves
(c) Amount provided for unascertained liabilities
(d) Provision for losses of subsidiary companies
(e) Provision for dividends paid or proposed
(f) Expenditure relating to exempt incomes [except Section 10(38)]
(g) Depreciation provided
(h) Provision for deferred tax debited to P&L Account
(i) Provision for any diminution in value of assets

Less:

(i) Amount withdrawn from reserves
(ii) Incomes exempt u/s 10,11,12 [except Section 10(38)]
(iii) Depreciation in P&L excluding depreciation on any revaluation of assets
(iv) Amount credited to P&L as withdrawal from revaluation reserve (not exceeding the depreciation on revaluation of assets)
(v) Brought forward loss or unabsorbed depreciation, whichever is less, as per books of account
(vi) Profits of a sick industrial company
(vii) Amount of deferred tax credited to P&L Account

Credit of MAT – Section 115JAA

Credit of MAT in any Assessment Year	
Amount of MAT Credit	Tax payable u/s 115JB – Tax payable at normal rates
Year in which allowed	Tax payable at normal rates > Tax payable u/s 115JB
Carry forward of MAT Credit	10 successive Assessment Years
Amount of Set-off allowed	Tax payable at normal rates – Tax payable u/s 115JB

When MAT is not applicable

1. On any income exempt u/s 10 [other than LTCG exempt u/s 10(38)]
2. On income exempt u/s 11 and 12 [Income of charitable/religious trusts]
3. On income accrued or arising after 31.3.2005 from any business carried on, or services rendered by an entrepreneur or a developer, in a unit or special economic zone [***Section 115JB(6)***].
4. On income from the activities of shipping company opting for tonnage tax scheme under Section 115V-I(1). [***Section 115VO***]