

# AMT

## Alternate Minimum Tax

↓  
AMT

CO'S = MAT  
Other than CO'S = AMT

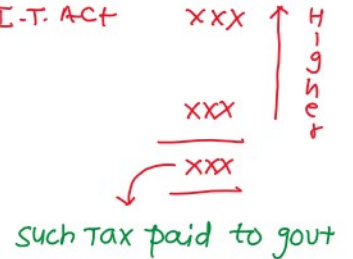
1. AMT is applicable to all assessee except CO'S

2. U/S 115JC Income tax payable by higher of

(i) Income tax as per normal provision of I-T Act

OR

(ii) 18.5% of Adjusted Total Income (ATI)  
(+ surcharge if any + cess 4.1)



### 3: Calculation of Adjusted total Income :

Total Income as per normal provision of Income tax Act xxx

Add: Deduction U/S 10AA (SEZ) xx

Add: Deduction U/S 35AD xx

Add: Under chapter VIA [80IA to 80RRB Except 80P] xxx

less: Depreciation allowed as per U/S 32 xx

(Assume that deduction U/S 35AD was not allowed on the assets on which ded<sup>n</sup> U/S 35AD is claimed)

Adjusted total Income xxx

Note:- AMT shall not be applicable if Adjusted total Income is upto 20 lakh in case of Individual / HUF / AOP / BOI / AJP.

Note:- The provision of AMT apply only if assessee is claiming deduction U/S 10AA, 35AD, 80IA to 80RRB (except 80P)

### # AMT Credit ∴ U/S 115JD

- 1) IF AMT > Normal Income Tax then excess shall be treated as AMT credit
- 2) AMT credit can be carry forward and set off for 15 year
- 3) Credit can be set-off in the year in which regular tax is more than AMT.

Ex MR-P

Total Income

P&BP Income [After Allowed U/S 35AD ₹ 40L] ⇒ 75L

cal. Tax payable of MR-P

Sol. Income Tax As per normal provision ⇒ 2359500  
 OR  
 $(18.5\% \times \text{Adjusted Total Income}) + \text{SC+cess} \Rightarrow \frac{2411734}{2411734}$  Higher  
 $[(109 \times 18.5\%) \times 104\%]$   
 AMT paid to govt.

cal. of Adjusted total Income

(1) Total Income As normal provision = 75L  
 (+) U/S 35AD ded<sup>n</sup>  $\frac{40L}{11.5L}$   
 (-) Depreciation (assume 15%)  $\frac{6L}{109L}$   
 A.T.I

Ex- AMT credit

Yr	Normal Income Tax	AMT (18.5% X ATI)	Tax paid to govt	AMT credit
1	100	115	115	-15
2	100	120	120	15 + 20 ⇒ 35
100	100	90	$(100-10) = 90$	$35-10 = 25$
115	100	70	$(100-25) = 75$	$25-25 = 0$