

Chapter Name :- Alternate Minimum Tax (AMT) & New Tax Regime

Concepts to be studied in this Chapter :-



- Section 115JC(1) :- Obligation / Liability to pay AMT
- Section 115JC(2) :- Adjusted Total Income
- Section 115JC(3) :- Report from a Chartered Accountant
- Section 115JC(4) :- Rate of AMT in case of units located in IFSC
- Section 115JD :- Tax Credit for AMT
- Section 115JEE(1) :- Applicability of AMT Provisions
- Section 115JEE(2) :- Non-Applicability of AMT Provisions
- Section 115BAC :- New Tax Regime applicable to Individuals & HUF

Concessional Slab Rates



Refer Pg. No. 8.18 of Chapter No. 8 in ICAI Study Material
(Step. No. 13 only)

Section 115JC(1):-

Alternate Minimum Tax (AMT) :-

If regular income tax payable by any person (other than a company) on the total income



Alternate Minimum Tax Payable @ 18.5% on the Adjusted Total Income

Then, such Adjusted Total Income shall be deemed to be the total income of such person and such person shall be liable to pay income tax on such total income @ 18.5%.

Section 115JC(4):-

Rate of AMT in case of units located in IFSC :-

In the case of units located in IFSC, deriving their incomes in convertible foreign exchange, the rate of AMT u/s 115JC(1) shall be taken to be 9% instead of 18.5%.

Section 115JC(2):-

Adjusted Total Income :-

It means total income without giving effect to the provisions of section 115JC to 115JF but as increased by the :-

- (a) amount of deductions claimed u/s 80IA to 80RRB (except section 80P);
- (b) deduction claimed u/s 10AA; and
- (c) deduction claimed u/s 35AD as reduced by the amount of depreciation which is allowable u/s 32 as if no deduction u/s 35AD was allowed in respect of assets on which deduction under that section is claimed.

Section 115JC(3):-

Report from Chartered Accountant :-

The assessee must obtain report from a practising chartered accountant in prescribed form certifying that Adjusted Total Income and AMT have been computed in accordance with the provisions of section 115JC to 115JF and furnish such report on or before the due date of filing the return of income.

Section 115JEE(1):-

Applicability of AMT Provisions :-

Any Person (other than a company) who has claimed deduction u/s :-



Section 115JEE(2):-

Non-Applicability of AMT Provisions :-

If the assessee is Individual/HUF/AOP/BOI/AJP

and

Total Income is \leq ₹ 20,00,000

⇓

even if such assessee has claimed deduction u/s
80IA to 80RRB (except 80P) or 10AA or 35AD

<u>Assessee</u>	<u>Deductions w/s 80DIA to 80RRB OR 10AA OR 35AD?</u>	<u>Amount of Total Income</u>	<u>Applicability of AMT Provisions?</u>
* Individual	→ NO	Any Amount	NO
HUF	→ YES	≤ 20,00,000	NO
ADP BOI	→ YES	> 20,00,000	YES
AJP			
* Any Other Person	→ NO	Any Amount	NO
(Except Company)	→ YES	Any Amount	YES

Section 115JD :-

Tax Credit for AMT :-

$$\text{AMT Credit} = [\text{AMT Paid} (-) \text{Regular Income Tax Payable}]$$



Such AMT Credit shall be allowed to be carried-forward for 15 years



Such AMT Credit shall be allowed to be set-off against the regular income tax in the AY in which Regular Income Tax Payable is $>$ the amount of AMT for that AY.



However, the set-off of available AMT Credit shall be made to the extent of :-

$$\left[\begin{array}{l} \text{Regular Income Tax} \\ \text{for that AY} \end{array} (-) \begin{array}{l} \text{Amount of AMT} \\ \text{for that AY} \end{array} \right]$$

Example to understand the AMT Provisions :- Mr. Ram (Resident, age 45 years) has GTI amounting to ₹24,50,000 (including LTCG ₹1,20,000 and Royalty Income ₹3,50,000 from books of scientific nature which is eligible for Deduction u/s 80QQB). Further, he has deposited ₹90,000 in his PPF A/c and paid medical insurance premium to GIC for self ₹28,000. Compute the amount of income tax payable for the A.Y. 23-24

Solution:-

Computation of Total Income and Tax thereon (i.e. Regular Income Tax):-

Gross Total Income			24,50,000
<u>less:- Deductions under Chapter VI - A :-</u>			
Sec. 80C :- PPF Deposit		90,000	
Sec. 80D :- Medical Insurance Premium	28,000		
OR Maximum Amount u/s 80D	25,000	25,000	
Sec. 80QQB :- Deduction in respect of Royalty Income to the extent of maximum		3,00,000	
			(4,15,000)
			<u>20,35,000</u>
		Total Income \Rightarrow	

Income Tax liability on:-

₹ 1,20,000 @ 20%	24,000
₹ 19,15,000 @ Slab Rates	3,87,000
Tax on Total Income	<u>4,11,000</u>
<u>Add:-</u> Health & Education cess @ 4%	16,440
	<u>4,27,440</u>
	Regular Income Tax \Rightarrow

Computation of Adjusted Total Income and Alternate Minimum Tax (AMT):-

Total Income as Computed above	20,35,000
<u>Add:-</u> Deduction claimed u/s 80QQB	<u>3,00,000</u>
Adjusted Total Income \Rightarrow	<u><u>23,35,000</u></u>

Alternate Minimum Tax @ 18.5% on 23,35,000 \Rightarrow 4,31,975

Since, $\left[\begin{array}{l} \text{Regular Income Tax} \\ 4,11,000 \end{array} < \begin{array}{l} \text{Alternate Minimum Tax} \\ 4,31,975 \end{array} \right]$



therefore, Adjusted Total Income i.e. ₹ 23,35,000 shall be deemed to be the total income and the income tax payable by Mr. Ram shall be @ 18.5% on such total income.

\therefore Income tax payable is AMT @ 18.5% on ₹ 23,35,000	4,31,975
<u>Add:-</u> Health & Education Cess @ 4%	<u>17,279</u>
Final Tax liability Rounded-off u/s 288B	<u><u>4,49,250</u></u>

Therefore, AMT Credit to be carried-forward shall be :-

Alternate Minimum Tax (AMT) Paid	4,49,250
<u>less:-</u> Regular Income Tax Payable	<u>(4,27,440)</u>
AMT Credit \Rightarrow	<u><u>21,810</u></u>

The AMT Credit as computed above shall be carried-forward to next 15 years and shall be eligible for adjustment from the regular income tax payable in the year in which such regular income tax is more than the amount of alternate minimum tax.

* Important :- Also refer Question No. 11 on Pg. No. 8.65 in Chapter No. 8 of the ICAI study material

— END OF NOTES —