

CHAPTER 10

Alternate Minimum Tax (AMT)

Applicability of AMT [Sec 115JEE(1)]

The provisions of Alternate Minimum Tax (AMT) are applicable to:

Any person other than a company who has claimed a deduction under:

- * Any section (other than Section 80P) included in Chapter VI-A under the heading "C - Deductions in respect of certain incomes" (i.e., Sections 80-IA to 80RRB).
- * Section 10AA (Special Economic Zone benefits).
- * Section 35AD (Capital expenditure deduction for specified businesses).

Non Applicability of AMT [Section 115JEE(2)]

- Individuals, HUFs, AOPs, BOIs, or artificial juridical persons if their adjusted total income does not exceed ₹20 lakhs.
- A resident co-operative society that has exercised the option under Section 115BAD or Section 115BAE.
- An individual, HUF, AOP, BOI, or artificial juridical person who is paying tax under the default tax regime of Section 115BAC.
- A specified fund referred to in clause (c) of Explanation to Section 10(4D).

AMT payable

- The income tax payable by a person (other than a company) is first computed as per the regular provisions of the Income-tax Act, 1961.
- If applicable, AMT is payable at:
 - 18.5% of adjusted total income.
 - 9% for a unit located in an IFSC (International Financial Services Centre) deriving income solely in convertible foreign exchange.
 - 15% for a co-operative society.
- The adjusted total income will be deemed to be the total income of the person, and AMT will be charged accordingly.

Setoff of AMT Credit [Section 115JD]

- If a person has paid AMT in a previous year, they are eligible to claim credit in subsequent years.
- AMT credit can be set off to the extent that the regular tax liability in the future years exceeds the AMT liability.
- Credit can be carried forward for 15 assessment years.

Computation of Adjusted Total income**Step 1: Start with Total Income**

Total Income (before applying AMT provisions)

Step 2: Add Back Deductions

Add: - Deductions claimed under:

- + Chapter VI-A other than Section 80P
- + Section 10AA (SEZ deduction)
- + Section 35AD (Capital expenditure deduction for specified businesses)

Step 3: Subtract Depreciation Adjustment

Less: - Depreciation under Section 32

(As if no deduction under Section 35AD was claimed for the asset)