



Income Tax Department

Ministry of Finance, Government of India

Alternate Minimum Tax (AMT)

Alternate Minimum Tax (AMT)

Introduction

Alternate Minimum Tax (AMT) is a mechanism to ensure that certain taxpayers claiming large deductions still pay a minimum amount of tax. AMT is applicable to non-company assesseees whose regular tax liability on total income is less than 18.5% (9% for IFSC units and 15% for co-operative societies) of their adjusted total income. However, individuals, HUFs, AOPs, BOIs, and AJP, are not liable to pay AMT if their adjusted total income does not exceed by Rs. 20 lakh. Further, AMT provisions do not apply to taxpayers opting for concessional tax regimes under Sections 115BAC, 115BAD, or 115BAE.

Key Provisions

- **Persons liable to pay AMT:**

Non-corporate taxpayers are subject to AMT if any of the following deductions are claimed:

- Deduction under Part-C of Chapter VI-A (excluding Section 80P).
- Deduction under Section 10AA (SEZ units).
- Deduction under Section 35AD (specified businesses).

- **Persons not liable to pay AMT:**

The following persons are not subject to AMT:

- Companies
- Taxpayers not claiming the above-specified deductions.
- Individuals, HUFs, AOPs, BOIs, and AJP, with adjusted total income \leq Rs. 20 lakh.
- Taxpayers opting for alternative tax regime under Sections 115BAC, 115BAD, or 115BAE of the Act.
- A specified fund as defined under section 10(4D).

- **AMT liability**

If the regular tax liability (calculated as per normal provisions) is less than 18.5% (9% for IFSC units and 15% for co-operative societies) of the adjusted total income, then tax is calculated on the adjusted total income at the applicable AMT rate.

- **Rate of AMT:**

- 18.5% for regular cases.
- 9% for IFSC units earning solely in convertible foreign exchange.
- 15% for co-operative societies.

Computation of Adjusted Total Income

1. Calculate total income as per normal provisions.
2. Add back deductions claimed under:
 - Chapter VI-A (Part C) (except Section 80P).
 - Section 10AA.
 - Section 35AD (but reduce depreciation as if no deduction under Section 35AD was claimed).

Chartered Accountant Certification

A certificate in Form 29C from a Chartered Accountant must confirm the computation of adjusted total income and AMT. It must be filed at least one month before the due date of the filing return under Section 139(1).

Advance Tax and Interest Provisions

Assesseees liable for AMT must pay advance tax to avoid interest under Sections 234B and 234C.

Alternate Minimum Tax Credit

Alternate Minimum Tax Credit

AMT credit arises when the Alternate Minimum Tax (AMT) paid exceeds the tax liability under the regular provisions of the Income-tax Act. This credit can be carried forward for 15 assessment years following the year in which it becomes available and utilised when tax payable under normal provisions exceeds AMT.

Key Provisions

- **What is AMT Credit?**

- When AMT paid on adjusted total income exceeds the tax computed as per regular provisions, the excess is allowed as AMT credit

- **Utilization of AMT Credit**

- AMT credit can be utilized when the tax liability under normal provisions exceeds the AMT liability.
- Set-off is limited to the extent tax payable under normal provisions exceeds AMT, ensuring net tax liability does not fall below the AMT.
- **Illustrative Example:** If tax payable under normal provisions is Rs. 2,00,000, and AMT liability is Rs. 3,00,000, the AMT credit of Rs. 1,00,000 can be carried forward. In a subsequent year, if the normal tax liability exceeds AMT liability, this credit can be utilized.

- **Carry Forward of AMT Credit:**

- Unused AMT credit can be carried forward for up to 15 assessment years.
- Unutilized credit lapses after 15 years.



Income Tax Department

Ministry of Finance, Government of India

- **Exceptions to AMT Credit Carry Forward**

- a. **Foreign Tax Credit Adjustment:**

AMT credit cannot be carried forward to the extent it relates to the difference between:

- Foreign Tax Credit (FTC) allowable against AMT.
 - FTC allowable against tax computed as per regular provisions.

- b. **Concessional Tax Regime:**

Assessees who have opted for concessional tax regimes under Sections 115BAC, 115BAD, or 115BAE cannot carry forward or utilize AMT credit.

Other Important Points

- AMT credit includes surcharge and cess.
- Adjustments to AMT credit may occur due to revisions in tax assessments or appellate orders.
- No interest is payable on AMT credit.

