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Eg. MAT + PGBP + 10AA

VVIP pvt ltd; manufacturing in SEZ, Business started in 2020-21, Total Sales of VVIP Pvt ltd is ₹1000cr in P.Y. 2022-23. Total profits for VVIP Pvt ltd. was ₹ 100cr for P.Y. 2022-23 & Export Sales was ₹600cr in P.Y. 2022-23. You need to compute Tax payable by VVIP Pvt Ltd. as per normal provision and as per MAT u/s 115JB. & Find out any MAT credit, if there.

Soln

PGBP	₹ 100cr.
GTI	₹ 100cr.
Less: Ded. u/s 10AA (Note-1)	(₹60cr)
NTI	₹40cr.
Tax @ 30% of 40cr.	12cr.
Add: 12% of 12cr.	1.44cr.
	13.44cr.
Add: HEC @ 4% of 13.44cr	0.54cr.
Normal Tax	13.98cr.

Note-1 Ded. u/s 10AA (3rd year)

= 100% of Export Profit

= 100% of 60 cr = ₹60 cr.

$$= \frac{100\,cr}{1000\,cr} \times 600\,cr = ₹60\,cr$$ [Export Profit

MAT u/s 115JB

Book profit

NTI	40 cr.
Add: Ded. u/s 10AA	60 cr.
Book Profit	₹100 cr
MAT @ 15% of 100 cr.	15 cr.
Add: Surcharge @ 12% of 15 cr.	1.80 cr.
	16.80 cr.
Add: HEC @ 4% of 16.80 cr	0.67 cr.
MAT Payable	17.47 cr

Tax Payble

(i) Normal Tax 13.98 cr.

(ii) MAT 17.47 cr

$\boxed{\text{Tax Payble} = 17.47\,cr.}$

MAT Credit = MAT − Normal Tax

(if MAT > Normal Tax) = 17.47cr − 13.98cr.

= 3.49cr.

MAT credit shall be carried forward for Next 15 A.Y. & whenever Normal Tax > MAT, then such Credit can be utilise to Reduce Normal Tax.

Eg. A.Y. 2024-25 (next A.Y.)

(i) MAT ₹ 12cr.

(ii) Normal Tax ₹ 15cr.

Tax payable = 15cr.

Tax payable = 15cr − 3cr. (Max. credit can be utilize)

Tax payable = ₹12cr.

Balance MAT credit = 3.49cr − 3cr = 0.49cr

C/F for Balance 14 A.Y.