

## Tax Hotline

September 13, 2000

### CORPORATES COVERED UNDER THE MINIMUM ALTERNATE TAX (MAT) PROVISIONS WOULD BE LIABLE TO PAY ADVANCE TAXES

Under the MAT provisions if the tax payable by a corporate is less than 7.5% of its book profits, 7.5% of book profits would be the minimum tax payable by it. In a recent judgement, Commissioner of Income Tax (Appeals) in Mumbai, India, held that any corporate covered under the Indian Income Tax Act, 1961 will be liable to pay advance tax in four installments during the accounting year on its normally estimated taxable profits. This obligation would exist irrespective of the fact that at the end of the accounting year on the basis of its audited accounts it may be liable to pay tax under the MAT provisions.

**P.S.** Prior to Finance Act 2000, under the MAT provisions if the taxable profit of a corporate was less than 30% of its book profits, then 30% of book profits would be deemed to be its taxable profit.

*Source: The Economic Times, September 13, 2000*

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