

**Tax Alert - Changes to corporate tax rates vide Ordinance dated 20 Sep 2019
effective FY 2019-20 onwards**

Rate of tax (including surcharge and cess) - comparison (Normal provisions)

S No	Particulars	Before ordinance	After ordinance*	Saving
A) Companies having Turnover of less than Rs 400 crores in FY 2017-18				
1	Companies having total income less than 1 crore	26.00%	25.17%	0.83%
2	Companies having total income greater than 1 crore and less than 10 crore	27.82%	25.17%	2.65%
3	Companies having total income greater than 10 crore	29.12%	25.17%	3.95%

B) Companies having Turnover of more than or equal to Rs 400 crores in FY 2017-18				
1	Companies having total income less than 1 crore	31.20%	25.17%	6.03%
2	Companies having total income greater than 1 crore and less than 10 crore	33.38%	25.17%	8.22%
3	Companies having total income greater than 10 crore	34.94%	25.17%	9.78%

* This is for companies opting for beneficial rate under section 115BAA

Notes

- The surcharge rate has been kept at 10% irrespective of the amount of total income for companies opting for beneficial rate under section 115BAA
- Companies incorporated after **1 October 2019** and engaged in **manufacturing** shall be eligible for lower rate of tax at 15% plus surcharge of 10% and cess of 4%, resulting in effective tax rate of 17.16% under section 115BAB subject to satisfaction of conditions.
- Companies opting for 115BAA and 115BAB **shall not be subject to Minimum Alternative Tax (MAT)** under section 115JB. For others, the base rate of MAT has been reduced from 18.5% to 15%.
- If 115BAA is opted for, then the following deduction / incentive cannot be claimed:
 - Sec10AA - Profit linked deduction for SEZ units
 - Sec 32(1)(iia) - Additional depreciation allowance under Sec 32(1)(iia)
 - Sec 32AD - Deduction for investment in new plant and machinery in notified backward states
 - Sec 33AB - Tea/Coffee/rubber development allowance
 - Sec 33ABA - Site restoration fund
 - Sec 35(1)(ii), (iia), (iii) and Sec 35(2AA), (2AB) - certain scientific research expenditure
 - Sec 35AD - Specified business
 - Sec 35CCC - Expenditure on agricultural extension project
 - Sec 35CCD - Expenditure on skill development project
 - Part C of Chapter VIA (such as Sec 80IA, 80IB, 80IBA, etc) excluding 80JJAA
- Companies opting for section 115BAA shall not be eligible for set off of any loss carried forward from earlier year if such loss is attributable to any of the deduction mentioned above. It would be deemed that full effect of the loss has already been given and no further deduction would be allowed for such loss in future. Further, depreciation under sec 32 shall be determined in the manner as may be prescribed.
- Once the option is exercised, the same cannot be withdrawn.