

## RATIONALISATION OF CORPORATE TAX REGIME

(i) Reduction of rate of Minimum Alternate Tax (MAT) and allowance of set-off of brought forward MAT credit to companies shifting to the new tax regime.

To enable companies to shift to the new regime, MAT is proposed to be made as a final tax and the corresponding rate is reduced from 15% to 14%. There shall be no allowance of credit in future tax years in respect of such payment.

Further, the set-off of any brought forward MAT credit available from prior to tax year 2026-27 will only be allowed to domestic companies which shift henceforth to the new regime.

This set-off of MAT credit brought forward as on 1/4/2026 is proposed to be allowed in the new tax regime to domestic companies to the extent of 25% of their tax liability.

The brought forward MAT credit shall be available only up to the fifteenth year from the year when the corresponding credit was first available.

In the case of foreign companies, set off is proposed to be allowed to the extent of the difference between the tax on the total income and the minimum alternate tax, for the tax year in which normal tax is more than MAT.