



AMERICAN CHAMBER OF COMMERCE IN INDIA

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May 10, 2016

The Chairman
Central Board of Direct Taxes
North Block
New Delhi-110001

Dear Sir,

Sub.: Levy of MAT under Section 115JB of the Income-Tax Act, 1961 for Indian Accounting Standards (IndAS) Compliant Companies

Greetings from the American Chamber of Commerce in India (AmCham), the association of American companies operating in India!

AmCham truly appreciates the consultative approach adopted by the Ministry of Finance and giving an opportunity to the stakeholders to share their views on the levy of Minimum Alternate Tax for IndAS companies.

We attach a detailed note containing our suggestions on the subject. The key suggestions are as follows:

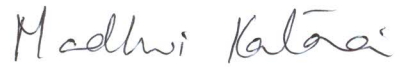
- We support the Committee's recommendation on exclusion of notional/unrealised profits from MAT levy and consequential MAT pick up at the stage of actual realisation
- MAT should be discontinued in the light of tax policy of present Government or alternatively, levied on a different basis.
- Committee should reconsider its recommendation on MAT pick up for adjustments to Retained earnings on first time adoption in the year of first adoption of Ind-AS
- Notional/unrealised profits recognised under Ind-AS should be excluded for normal computation as well
- In case MAT continues, then in the interest of simplicity and with a view to reducing litigation, companies may be given option to compute MAT with reference to Ind-AS or IGAAP financial statements during phase out of tax incentives.
- Committee's recommendation that there may be upfront levy of MAT on adjustments recorded in retained earnings on first time adoption of Ind-AS is inconsistent with Committee's own recommendation of exclusion of notional/unrealised profits from MAT levy. Committee's recommendation will also discourage enterprises from full scale adoption of Ind-AS philosophy
- Defer taxation of fair valuation differences to the year of realisation
- Clarify that there is no duplicated taxation when asset is sold, if there has been upfront taxation

- MAT should not be levied on notional/unrealised profits forming part of P&L.
- Clarify that normal computation under ITL will also exclude taxation in respect of notional / unrealised gains or losses emerging on account of Ind-AS including first time adoption.

We trust our suggestions will be duly considered by the Government while finalising its views on the subject. In case any further details are needed on any of the issues included in our note, we will be happy to meet you for further discussions.

With kind regards,

Yours sincerely,



Madhvi Kataria
Deputy Executive Director

Encl.