

Income Tax Act	Section 115BAB	Corporate tax rate for new manufacturing companies	17.16% (15% plus surcharge 10% and cess 4%)
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The government has introduced a favourable tax regime for new manufacturing companies. The Taxation Laws (Amendment) Ordinance, 2019 passed on 20 September 2019 has inserted Section 115BAB offering a low tax rate of 15% (plus surcharge and cess) to new manufacturing companies.

<p>Coverage:</p> <ul style="list-style-type: none"> • New manufacturing companies • Should be a domestic company • Company set up and registered on or after 1 October 2019 and has commenced manufacturing on or before 31 March 2023 • Engaged in the business of manufacture or production of any article or thing, and research in relation to such article or thing. Also include distribution of article or thing manufactured or produced by it. 	<p>Exclusion:</p> <ul style="list-style-type: none"> • Company not formed by the splitting up and reconstruction, except in case of a business re-established u/s 33B • Not use any P&M previously used for any purpose. However, • Can use P&M used outside India and used in India for the first time • Can use old P&M up to 20% value of total P&M • Not use any building previously used as hotel or a convention centre for which a deduction u/s 80ID has been allowed • Company is not engaged in the businesses of Software Development, Mining, Conversion of marble blocks or similar materials into slabs, Bottling of gas into cylinders, Printing of books, Production of cinematograph films and Any other notified business
<p>Exemption & Incentives Not Allowed:</p> <ul style="list-style-type: none"> • Deduction u/s 10AA for units in Special Economic Zone • Deduction for additional depreciation and investment allowance towards new P&M made in backward areas • Deduction u/s 33AB for tea, coffee and rubber manufacturing companies • Deduction towards site restoration fund u/s 33ABA • Deduction for scientific research expenditure u/s 35 • Deduction for capital expenditure by specified business u/s 35AD • Deduction for expenditure on agriculture extension project u/s 35CCC or on skill development project u/s 35CCD • Deduction under Chapter VI-A (in respect to section 80IA, 80IAB, 80IAC, 80IB and so on, except deduction u/s 80JJAA) • Set-off of any loss carried forward from earlier years (if such losses were incurred in respect of the aforementioned deductions) 	<p>Other Conditions:</p> <ul style="list-style-type: none"> • Applicable from FY 2019-20 (AY 2020-21) • Option to be exercised on or before due date of filing income tax returns • Once opts for section 115BAB, it cannot be withdrawn subsequently • Not required to pay minimum alternate tax (MAT) u/s 115JB • Will be subject to specified domestic Transfer Pricing u/s 92BA