

MEETING EXPECTATIONS

Changes proposed under the draft direct tax code.

Particulars	Current	Proposed
Corporate tax rate	33.99%	25%
Dividend distribution tax	16.99%	15%
Minimum alternate tax (MAT)	16.99% (of accounting profits)	2% of gross assets (net of depreciation)
Long-term capital gains	22.7%	25%
Tax on non-profit organizations	0% (subject to conditions)	15% [of receipts less outgoings (surplus)]
Carry-forward of losses	Up to 8 years	Unlimited carry-forward
Securities transaction tax	0.13% (on transaction value)	No STT. Stock market transaction would be subject to capital gains

Table 2

Industry sector	Net assets (Rs cr)	MAT* (Rs cr)	PBT (Rs cr)	MAT as % of PBT
Oil and gas exploration, petrochemicals	149,839	2,997	23,010	13
Telecom	22,993	460	825	55.8
Power	94,367	1,887	10,423	18.1
FMCG	1,734	35	776	4.5
Hotels	3,797	76	576	13.2
Auto	12,404	248	2,572	9.7
Engineering	5,320	106	495	21.5

*as proposed under the new code

DTC: Direct tax code, PBT: Profit before tax, FMCG: Fast-moving consumer goods

Source: Ernst and Young