

Press Release
For Immediate Release

Impact of corporate tax announcement on PNB Housing Finance

New Delhi, 23rd September 2019: The Ministry of Law and Justice via ordinance on Friday i.e. 20th Sept, 2019 announced a landmark reform in the corporate tax history. The Finance Minister has announced the reduction in basic corporate tax rate for domestic companies to 22% from 30%. The effective tax rate for domestic companies reduced to 25.17% from 34.94% inclusive of surcharge & cess. In addition to this, the new manufacturing companies that start production on or before March 31, 2023 and are incorporated on or after October 1, 2019 will have an option to pay tax at a lower rate of 15% if they do not avail any exemption/ incentive. The effective tax rate for these companies shall be 17.01% inclusive of surcharge & cess. This is a very positive move and is expected to result in enhanced economic activity along with the reduction in effective tax rates.

We had been getting queries with respect to the impact of this change on the Company. To give a perspective for FY18-19, PNB Housing effective tax rate on a consolidated basis was 31.30%. Considering the tax reduction as per the announcement, the expected reduction in the effective tax rate for PNB Housing can be anywhere between 8%-9%.

Speaking on this occasion, Mr. Sanjaya Gupta, Managing Director, PNB Housing Finance Ltd said, “We are pleased with the slew of measures taken by the Government to revive the economy and the sector. This includes measures viz relaxation in the minimum holding period to six months for securitisation, additional liquidity support to NHB for further lending to HFCs, on-lending of housing loans upto INR 20 lakh to be qualified under PSL, relaxation in ECB end use and fund for real estate sector are all positive for the Housing Finance sector. All these measures will boost liquidity in the sector and shall immensely help in enhancing our fund position and further strengthen our ALM. Moreover, the reduction in corporate tax rate will be a big boost to the capital base and help revive the growth and employment generation across all sectors.”

About PNB Housing Finance Limited

PNB Housing Finance Limited (NSE: PNBHOUSING, BSE: 540173) is promoted by Punjab National Bank and is a registered Housing Finance Company with National Housing Bank (NHB). The Company got listed on the Indian stock exchanges on 7th November, 2016. The Company offer its retail customers “housing and non-housing loans”. The Company is also into construction finance loans to real estate developers for residential housing. PNB Housing Finance is a deposit taking Housing Finance Company.

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