

## Lesson 18: Profession Tax

### 1. Important Definitions

- **"Assessee"** means a person or employer by whom tax is payable under this Act.
- **"Profession tax"** means a tax leviable under this Act.
- **"Year"** means the twelve months ending on the 31st day of March.
- **"Salary or Wages"** includes pay, or wages, dearness allowances and all other remuneration received by any assessee on regular basis, whether payable in cash or kind and also includes requisitions and profits in lieu of salary as defined in section 17 of the Income-tax Act, 1961, but does not include bonus in any form and on any account or gratuity.
- **"Person"** means any person who is engaged in any profession, trade, calling or employment in the State of Andhra Pradesh and includes a Hindu undivided family, fir, company, corporation or other corporate body, any society, club or association, so engaged but does not include any person who earns wages on a casual basis. **Note: Every branch of a firm, company, corporation or other corporate body, any society, club or association shall be deemed to be a person.**

### 2. Registration and Enrolment

<b>Registration</b>	<ul style="list-style-type: none"> <li>▪ Every assessee (not being an officer of the State Government or the Central Government) liable to pay tax shall obtain a certificate of registration from the assessing authority in the prescribed manner.</li> <li>▪ Every assessee (other than a person earning salary or wages, in respect of whom the tax is payable by his employer), liable to pay the tax shall obtain a certificate of enrolment from the assessing authority in the prescribed manner.</li> <li>▪ Every assessee required to obtain a certificate of registration or enrolment under this section shall               <ul style="list-style-type: none"> <li>a. within thirty days from the date of commencement of this Act; or</li> <li>b. if he was not engaged in any profession, trade calling or employment on the date of such commencement within thirty days of the receipt of the application (which period in the first year from the commencement of this Act shall be extended to ninety days) if the application is in order grant him such certificate of registration or enrolment.</li> </ul> </li> </ul>
<b>Enrolment</b>	<ul style="list-style-type: none"> <li>▪ The assessing authority, shall mention in every certificate of enrolment the amount of tax payable by the holder according to the First Schedule and the date by which it shall be paid and such certificate shall serve as a notice of demand.</li> <li>▪ Where an assessee liable to registration or enrolment has wilfully failed to apply for such certificate within the time, the assessing authority may, after giving him a reasonable opportunity of being heard, impose a penalty which shall not be less than rupees ten but which shall not exceed rupees twenty for each day of delay in case of any employer and not exceeding rupees five for each day of delay in case of others.</li> <li>▪ Where an assessee liable to registration or enrolment has deliberately given false information in any application submitted under this section, the assessing authority may, after giving him a reasonable opportunity of being heard, impose a penalty which shall not be less than rupees one hundred but which shall not exceed rupees one thousand.</li> </ul>

### 3. Returns

- Every assessee registered under this Act, shall submit to the assessing authority a return in such form for such period or periods and by such dates as may be prescribed showing therein the salaries and wages paid by him and the amount of tax deducted by him in respect thereof.

**Note: As per Rule 12(1) The return under sub-section (1) of Section 7 shall be furnished in Form V.**

- Every such return shall be accompanied by a treasury challan in proof of payment of full amount of tax due according to the return, and a return without such proof of payment shall not be deemed to have been duly submitted.
- Where an assessee has without reasonable cause failed to submit such return within the specified period, the assessing authority may, after giving him a reasonable opportunity of making representation impose upon him a penalty which shall not be less than rupees five but which shall not exceed rupees one hundred for each day of delay.

**Note: As per Rule 16: Notice shall be issued by the assessing authority in Form VIII.**

### 4. Consequences of failure to deduct or to pay tax

- If an assessee (not being an officer of the State Government or the Central Government) does not deduct the tax at the time of payment of salary or wages or after deducting, fails to pay the tax as required by or under this Act, he shall-
  - a) be deemed to be an assessee in default in respect of the tax; and
  - b) be liable to pay such interest as may be prescribed on the amount of tax due for each month of part thereof for the period for which the tax remains unpaid.
- If an enrolled person fails to pay the tax as required, he shall be liable to pay interest at the rate and in the manner as mentioned above.

### 5. Penalty for non-payment of tax

If an **assessee** fails, without reasonable cause to make payment of any amount of tax within the time specified in the notice of demand, the **assessing authority** may, after giving him a reasonable opportunity of making his representation, impose upon him a penalty which shall not be less than twenty five percent but not exceeding fifty percent of the amount of tax due.

**Note: This penalty shall be in addition to the interest Payable under sub-section (1) or sub-section (2) of Section 11.**

## 6. Slab Rates

### Profession Tax Rate Applicable (2019-2020)

State	Income (per month)	Tax Rate/ (INR) Amount (per month)
Gujarat	Up to INR 5,999	Nil
	INR 6,000 – 8,999	INR 80
	INR 9,000- 11,999	INR 150
	INR 12,000 above.	INR 200
Maharashtra	Up to 7,500	Nil
	Up to 7,501 – 10,000	INR 175
	Above 10,001	INR 200 (11 months) & INR 300 (1 month)
Karnataka	Up to 15,000	Nil
	15,001 or above	INR 200

**Notes:**

1. The maximum amount of professional tax cannot exceed INR 2,500 annually.
2. Profession Tax not applicable in Delhi.

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