

# Tax on Profession, Trade, Calling and Employment-Basic Information

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## 1.Introduction:

Municipalities and Corporations are levying, collecting tax on Profession, Trade, Calling and Employment as per the provisions contained in the relevant of Act, Rules and Byelaws.

### Definitions:

(a) "**employee**" means a person employed on salary and includes, —

(i) a Government servant receiving pay from the revenue of the Central Government or any State Government;

(ii) a person in the service of a body, whether incorporated or not, which is owned or controlled by the Central Government or any State Government, where, such body operates within the municipal limit even though its headquarters may be outside the municipal limit; and

(iii) a person engaged in any employment by any employer not covered by sub-clauses (i) and (ii) ;

(b) "**employer**" in relation to an employee earning any salary on a regular basis under his means, the person or the officer who is responsible for disbursement of such salary and includes the head of the office or any establishment as well as the Manager or Agent of the employer;

(c) "**half-year**" shall be from the 1st day of April to 30th day of September and from the 1st day of October to the 31st day of March of a year ;

(d) "**month**" means a calendar month;

(e) "person" means any person who is engaged actively or otherwise in any profession, trade, calling or employment in the State of Tamil Nadu and includes a Hindu undivided family, firm,-company, corporation or other corporate body, any society, club, body of persons or association, so engaged, but does not include any person employed on a casual basis;

(f) "tax" means the tax on profession, trade, calling and employment levied under this Chapter.

## **2. Levy of Profession Tax :**

- There shall be levied by the Municipalities/Corporations Council a tax on profession, trade calling and employment for every half year (i.e) from 1<sup>st</sup> day of April to 30<sup>th</sup> September and from the 1<sup>st</sup> day of October to 31<sup>st</sup> of March of the year.
- Each branch or unit of a company, Hindu undivided family, firm corporation or other corporate body, society, club, body of persons or association which transacts business and every person,]<sup>1</sup> who is engaged actively or otherwise in any profession, trade, calling or employment within the Municipality on the first day of the half-year for which return is filed, shall pay half-yearly tax at the rates specified in such manner as may be prescribed.
- The rate of tax payable shall be received and published by the executive authority once in every five years.
- The tax leviable from a firm, association or Hindu undivided family may be levied on any adult member of the firm, association or family.
- Even in instances where drawing officer recovers the half-yearly tax due in monthly installments from the employee and officers, he shall make arrangements to remit the half-yearly tax amount due in one lump sum to the municipality concerned within the time limit prescribed above (i.e) before 15<sup>th</sup> September and February of every year.

## **3. Payment of Profession Tax:**

- The Profession Tax shall be paid online or by cash/cheque/demand draft (Cheque/demand draft shall be drawn in favour of the Commissioner of concerned ULB)
- On payment receipt will be issued electronically and can be downloaded.

#### **4. Time Limit for filing half yearly returns:**

1. Employees working in Central of State Government Departments, PSU, Private Companies and Organizations including Quasi Government Organizations.

Before 15<sup>th</sup> of September and 15<sup>th</sup> of February of every year along with details in Form – 1 for the first and second half year respectively by the employer/drawing and disbursing officer.

2. Other persons :

Before 30<sup>th</sup> of September for the first half year and before 31 of March for the Second half year respectively in Form – 2

The Half yearly returns shall be accompanied by the proof of payment of profession tax i.e. receipt issued by the municipality/corporation concerned.

#### **5. Levy of penalty for belated payment:**

- When a person or employer fails to pay the half-yearly tax within the period the commissioner shall levy a penalty at the rate of one rupee per mensem or part of a month for the tax amount of every Rs. 100/- or part thereof due to be paid.
- Provided that no such penalty shall be collected from the person or employer concerned unless the Commissioner has given a notice to him and has allowed him of being heard within thirty days from the date of receipt of the notice by him;

#### **6. Exemptions:**

a) the members of the Armed Forces of the Union serving in any part of this State to whom the provisions of the Army Act, 1950 (Central Act XLV of 1950), the Air Force Act, 1950 (Central Act XLV of 1950) or the Navy Act, 1957 (Central Act 62 of 1957) applies ;

(b) the members of the Central Reserve Police Force to whom the Central Reserve Police Force Act, 1949 (Central Act XLVI of 1949) applies and serving in any part of this State ;

(c) Physically disabled persons with total disability in one or both the hands or legs, spastics, totally dumb or deaf persons or totally blind persons are exempted from profession tax.

**FORM A**

Application for Registration of Profession Tax for the employees and officers working in..... for the half year period ending September /March

(Name of the Company /Organization or Central or State Government offices with address)

<b>Sl.NO.</b>	<b>Name and designation or the employee or officer</b>	<b>Gross half – yearly Income</b>	<b>Amount of Tax to be deducted as per the slab</b>
			(Rs.)
<b>Total =</b>			Rs.

Number of employees for whom half yearly tax to be deducted in the immediate previous half year and amount thereof.

(Copy of receipt for such payment)

## **Certificate**

I \_\_\_\_\_ certify that the particulars given above are true to the best of my knowledge.

Signature

**Form B**

**APPLICATION FOR REGISTRATION FOR PAYMENT OF TAX ON PROFESSION,  
TRADE, CALLING AND EMPLOYMENT**

1. Name :  
(Trade/Firm/Company/  
Organization /Professional)
  
2. Address: : Ward No. Zone/Ward office  
.....  
.....  
.....
  
3. Nature of Profession :  
(in brief)
  
4. Half-yearly gross income :  
(indicate the average six  
months gross income of the  
previous financial year) (Xerox  
copy of the proof for the gross  
Income to be enclosed)
  
5. Amount of half-year tax to be :  
paid

**Certificate**

I \_\_\_\_\_ certify that the particulars given above are true to the best of my knowledge.

Signature

**Acknowledgement**

Received application for registration of tax on profession from  
Thiru/Tmt/Selvi:\_\_\_\_\_ engaged in the profession  
of \_\_\_\_\_ on \_\_\_\_\_.

Signature &  
Designation

**FORM I**  
**(See rule 5(1))**

Return for recovery of tax from the employees and officers working  
in.....  
for the half year period.....

(Name of the Company /Organization or Central or State Government offices with  
address)

Assessment No.....

<b>Sl.NO.</b>	<b>Name and designation or the employee or officer</b>	<b>Gross half – yearly Income</b>	<b>Amount of tax deducted and paid.</b>	<b>Details of Chalan if paid in cash in the municipal office or the Cheque / Demand Draft number and date in which amount is remitted</b>
			(Rs.)	
<b>Total =</b>			Rs.	

Number of employees for whom half yearly tax was deducted and paid in the immediate previous half year and amount thereof.

(Copy of receipt for such payment)



**Form 2**  
**(See rule 6(1))**  
**(Pages 1, 2)**

**RETURN FOR PAYMENT OF TAX ON PROFESSION, TRADE, CALLING AND**  
**EMPLOYMENT**

1. Name :  
(Trade/Firm/Company/  
Organization /Professional)
  
2. Address: : Ward No. Zone/Ward office  
.....  
.....  
.....
  
3. Nature of Profession :  
(in brief)
  
4. Half-yearly gross income :  
(indicate the average six  
months gross income of the  
previous financial year) (Xerox  
copy of the proof for the gross  
Income to be enclosed)
  
5. Amount of half-year tax to be :  
paid
  
6. Whether all the tax amount :  
due for the previous half-years  
have been paid if not, whether  
return has been filed for  
arrears of tax due.
  
7. Details of Chalan or Demand :  
Draft/Cheque for payment of  
the half-yearly tax relating to  
the period in which this return  
is being filed.

## **Certificate**

I \_\_\_\_\_ certify that the particulars given above are true to the best of my knowledge.

Signature

## **Acknowledgement**

Received Return for payment of tax on profession along with Chalan No. ----- dated for a sum of Rs. \_\_\_\_\_/-being the tax for the half year \_\_\_\_\_ from Thiru/Tmt/Selvi: \_\_\_\_\_ engaged in the profession of \_\_\_\_\_ on \_\_\_\_\_  
This acknowledgement is deemed to be the assessment order, subject to verification.

Signature &  
Designation