

Office of the
Commissioner of Profession Tax,
Maharashtra State, Mumbai.
8th floor, Vikrikar Bhavan,
Mazgaon, Mumbai – 400 010.

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TRADE CIRCULAR

To

No.A.C.(P.T.)/2005/P.T./Adm-7/29/B- 120
Circular No. 7 T of 2006.

Mumbai Dt : 16.02.2006

Sub : **Payment of Profession tax by Government employees.**

Gentlemen/Sir/Madam,

The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975, provides for levy of tax on salary and wages earned by Government employees, at the rates specified in entry 1 of schedule I appended to the Act. All the employees of the Government covered by the pay slabs enumerated in the said entry are required to pay Profession Tax at the rates specified therein.

2. It has been observed that some of the offices of the Government, especially of the Central Government, had deducted the Profession Tax at a lower rate than the rates specified in the schedule of the Act and subsequently corrective actions had to be taken. The provisions applicable to employees and authorities of the Government under the Profession Tax Act and the relevant entry 1 of the schedule I appended to the Act are explained below.

3. Rule 17 of the Maharashtra State Tax on Professions, Trades, Callings and Employments Rules, 1975 explains the procedure of deduction and payment of the Profession Tax in respect of employees of Government.

A] The Drawing and Disbursing Officer shall be responsible for the deduction of tax in case of non-gazetted Government servants.

B] The Treasury Officer or the Pay and Accounts Officer, as the case may be, shall be responsible for the deduction of tax in case of gazetted servants.

C] Deduction of tax shall be made every month.

D] The pay or wages of an employee for the month of February shall not be drawn unless the tax due for the period from March to February or part thereof or from the month in which the employee has attracted liability to pay tax to the month of February, as the case may be, has been fully deducted and a statement showing such deductions has been enclosed with the pay bill.

E] In case, the tax is deducted in cash while disbursing salary to an employee, it shall be credited to the Govt. treasury within fifteen days of the date on which the salary is disbursed to the employee.

F] The Drawing and Disbursing Officer, the Treasury Officer or the Pay and Accounts Officer, as the case may be, shall furnish a certificate stating that the tax payable in respect of the employees for whom they drew or passed pay bills during the year, immediately preceding, has been deducted in accordance with the provisions of entry 1 in schedule I appended to the Act. The certificate is required to be submitted on or before 30th April every year to the respective Joint Commissioner of Sales Tax, in charge of Profession Tax, under whose jurisdiction the Govt. office is located.

G] The liability of an employee to pay tax shall not cease until the due amount of tax in respect of him has been fully paid into the Government account and the said amount may be recovered from such employee, if the employer or the prescribed authority is satisfied that the amount has not been deducted from salary or wages of such employee on account of the tax.

4. The present rates of tax applicable to the respective pay slabs enumerated in entry 1 of the schedule I appended to the Act are as under;

Salary and wage earners- Such persons whose monthly salaries or wages,-

(a) do not exceed rupees 2000.	Nil
(b) exceeds rupees 2000 but do not exceed rupees 2500.	30 per month
(c) exceeds rupees 2500 but do not exceed rupees 3500.	60 per month
(d) exceeds rupees 3500 but do not exceed rupees 5000.	120 per month
(e) exceeds rupees 5000 but do not exceed rupees 10000.	175 per month
(f) exceeds rupees 10000.	2500 per annum.

to be paid in the following manner:-

- (a) (a) rupees 200 per month except in the month of February;
- (b) (b) rupees 300 for the month of February.

Salary or wages includes pay or wages, dearness allowance and all other remunerations received by any person on regular basis, whether payable in cash or kind, and also includes perquisites 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.

5. All the concerned authorities of the Government are requested to ascertain the updated rates of Profession Tax from time to time and act according to the provisions as explained above and ensure that the Profession Tax is deducted at the prescribed rates and credited to Government, as per the provisions explained above.

6. This circular cannot be made use of for legal interpretation of provisions of law as it is only clarificatory in nature. If any member of the trade has any doubt, he may refer the matter to this office for further clarification.

7. You are requested to bring the contents of this circular to the notice of all the members of your association.

Yours faithfully,

(B. C. KHATUA)
Commissioner of Profession Tax,
Maharashtra State, Mumbai.