

Maharashtra Profession Tax Act

SCOPE

Every person, engaged actively or otherwise in any profession, trade, calling or employment and falling under one or other classes mentioned in Schedule I of the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975, is liable to pay, to the State Government, tax prescribed under the said Schedule. [S. 3(2)]

Persons earning salary or wages are also covered. Employers are required to deduct Profession Tax, at prescribed rates, from salary/wages paid to employees, and to pay the tax to State Government on behalf of employees. Employer is liable to pay tax irrespective of deduction. (S.4)

Where any employee is covered by one or more entries other than entry 1 in Schedule I and rate of tax under any such other entry is more than rate of tax under entry I of that Schedule and if he issues to his employer, a certificate in Form IIB, or where employee is simultaneously engaged in employment of more than one employer and if such employee issues to his employer, a certificate in Form IIC, the employer(s) has not to deduct tax from the salary/wages payable and such employer(s) are not liable to deposit tax on behalf of such employee.

REGISTRATION AND ENROLMENT

Section 5 — every person, liable to pay tax u/s. 4, shall obtain a Certificate of Registration, and, every person, liable to pay tax u/s. 3(2), shall obtain a Certificate of Enrolment from prescribed authority in prescribed manner.

Application for enrolment/registration shall be made within 30 days from date of commencement of profession, trade, calling or employment or within 30 days of becoming liable to pay tax under the Act.

Application for enrolment and application for registration have to be made online, w.e.f. 1st April, 2012, in Form I and II respectively, (Ref.: Cir. No. 5T dated 31st March, 2012). The procedure for obtaining Certificate of Enrolment and Certificate of Registration under the Profession Tax Act has been further simplified by providing for a combined online application form (for MVAT, CST and PT) w.e.f. 7th May, 2015. This online registration facility is available to all resident dealers/persons. On submission of correct and complete data through such online application, the TIN (Tax-payer Identification Number) will be generated by the Department within three working days and the same shall be displayed on the website of the Department. The certificate of TIN shall be sent to the address of applicant by post/courier, within a month. Thus, now for profession tax enrolment/registration there is no need for personal attendance or physical submission of documents. (Refer Trade Circular No. 4T of 2015 dated 9th March, 2015 and 5T of 2015 dated 6th May, 2015).

Where a person liable for registration/enrolment has wilfully failed to apply for such certificate within required time, the prescribed authority may, after a reasonable opportunity of hearing, impose penalty @ ₹ 5 (registration)/₹ 2 (enrolment) per day of delay.

RETURNS

Every registered employer shall furnish a return in Form III-B (electronic return). Non filing of return, in time, may attract penalty. The payment of tax, if any, should be made in Challan Form No. MTR-6, before uploading the return.

Due Dates (w.e.f. 1st April, 2011)

a)	If tax liability during the previous year or	Annual Return on or before 31st March of the year (for salary
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	part thereof was less than ₹ 50,000	paid for the months from 1st March to 28th February)
b)	₹ 50,000 or more	Monthly Returns on or before the last day of the month (covering salary paid for the preceding month)

In case of new registration, the employer shall file monthly return for all the months commencing from date of liability till 31st March of that financial year. The first return in such cases shall be for the month in which certificate of registration granted (covering salary paid for the period commencing from date of liability till the last date of preceding month in which certificate of registration granted), thereafter monthly returns as per due dates till the end of financial year.

Note: It may be noted that although the accounts of a business are normally maintained on mercantile basis thus salary/wages for a month or a year is understood to have been accounted accordingly, but for the purposes of profession tax the 'return period' may differ. For example: Salary for the month of April is normally accounted as an item of expenses in the month of April, but for profession tax return it will be considered in the return period of the month of May, the due date for payment of tax and filing of return will be 31st May. Likewise, in case of monthly return for all other months. Similarly, in case of yearly return say for Financial Year 2015-16, salary is to be considered for the 12 months period from 1st March, 2015 to 29th February, 2016.

Trade Circular No. 4T dated 19th March, 2011 provides for a grace period of 10 days for uploading e-return provided that the payment of tax due has been made within the due date.

If any return is not filed in time, mandatory late fees is payable @ ₹ 1,000/- per return, in respect of all those returns filed on/or after 1st August, 2012. (Earlier the provision was to levy penalty @ ₹ 300/- per return.)

An employer can file revised return of profession tax within 6 months from the end of the year. [Section 6(4)]

PAYMENT OF TAXES

Every registered employer shall pay tax before filing the return as per due dates.

Every enrolled person shall pay the tax within one month from the date of enrolment in the first year, thereafter by 30th June of every year.

Facility of e-payment of profession tax has been made available from 1st January, 2012.

LUMP SUM PAYMENT (COMPOSITION SCHEME)

Enrolled person/s can avail the benefit of above scheme, as provided u/s. 8(3) of the Act. Accordingly one can discharge his liability for five years by making advance payment, of an amount equal to four times of annual tax liability, on or before 30th June of the year. If the amount is not paid by 30th June it can still be paid before 31st March, by paying an additional lump sum amount calculated @ ₹ 200 p.m. (w.e.f. 1-4-2000) for the period of delay. Any increase or decrease in the rate of tax within the aforesaid period of five years shall not vary the tax liability of such person.

INTEREST AND PENALTY FOR NON-PAYMENT OF TAX

If an enrolled person/registered employer fails to pay the tax in time he shall be liable to pay simple interest @ 1.25% of the tax payable for each month for which the tax remains unpaid. The Commissioner is empowered to reduce/waive this interest in respect of any period, after recording reasons.

Further if the enrolled person/registered employer fails without reasonable cause, to make payment of any tax within the required time the prescribed authority may, after a reasonable opportunity of hearing, impose a penalty equal to 10% of the tax due.

EXEMPTION

Following classes of persons are exempt from payment of profession tax:

1. Members of armed forces of Union serving in the State;
2. Badli workers in the textile industry;
3. Any person suffering from a permanent physical disability (including blindness) specified in the rules, certified by a physician, a surgeon or an oculist, working in a Government hospital, which has the effect of reducing considerably such individual's capacity for normal working or engaging in a gainful employment or occupation and also his parents or guardians;
4. Women exclusively engaged as agents under the Mahila Pradhan Kshetriya Bachat Yojana of Directorate of Small Savings;
5. Any person and parents or guardians of such person who is suffering from mental retardation specified in the rules, and, certified by a psychiatrist working in a Government hospital;
6. Persons having completed age of 65 years (w.e.f. 1-4-1995);
7. Parents or guardians of a child suffering from a physical disability mentioned in (3) above;
8. Partnership firms and HUFs (but each partner of a partnership firm and each coparcener of HUF are liable for enrolment, see Entries 19 & 20 in Schedule 1).
9. Mathadi Kamgar (Casual workers) [Cir. 12T dated 3-8-2011].
10. Professionals, covered by Entry 2 of the Schedule, up to one year of standing in the profession.

RATES OF PROFESSION TAX

Rates of tax are prescribed under Schedule I of the Act containing Entries 1 to 21 for different classes of persons.

Schedule I (w.e.f. 1-7-2014)

Rates of tax on professions, trades, callings and employments

Sl. No.	No. Class of Persons	Rate of tax ₹
(1)	(2)	(3)
1	Salary and wage earners — Such persons whose monthly salaries or wages,— (a) do not exceed ₹ 7,500 Note: (1) : Earlier the limit was ₹ 5000 pm till 30th June 2014: (2) : In case of female employees, w.e.f. 1st April, 2015, exemption is granted for salary/wages up to ₹ 10000 pm	Nil
	(b) Till 30th June, 2014 exceeds rupees 5,000 but do not exceed ₹ 10,000;	175 per month 175 per month

	<p>From 1st July, 2014 to 31st March, 2015</p> <p>exceeds ₹ 7,500 but do not exceed ₹ 10,000;</p> <p>From 1st April, 2015 onwards:</p> <p>(i) In case of male - exceeds ₹ 7,500 but do not exceed ₹ 10,000</p> <p>(ii) In case of female - do not exceed ₹ 10,000</p>	<p>175 per month</p> <p>NIL</p>
	(c) exceeds ₹ 10,000	<p>2,500 per annum, to be paid in the following manner:</p> <p>a. 200 per month except for the month of February;</p> <p>b. 300 for the month of February</p>
2	(a) Legal Practitioners including Solicitor and Notaries;	2,500 per annum
	(b) Medical Practitioners including Medical Consultants and Dentists;	"
	(c) Technical and Professional Consultants, including Architects, Engineers, R.C.C. Consultants, Tax Consultants, Chartered Accountants, Actuaries and Management Consultants;	2,500 per annum
	(d) Chief Agents, Principal Agents, Insurance Agents and Surveyors and Loss Assessors registered or licenced under the Insurance Act, 1938, (4 of 1938) U.T.I. Agents under U.T.I. Scheme, N.S.S. Agents under postal scheme;	"
	(e) Commission Agents, Dalals and Brokers (other than estate brokers covered by any other entry elsewhere in this Schedule);	"
	(f) All types of Contractors (other than building contractors covered by any other entry elsewhere in this Schedule); and	"
	(g) Diamond dressers and diamond polishers, having not less than one year's standing in the profession.	"
3	(a) Members of Association recognised under the Forward Contracts (Regulation) Act, 1952; (74 of 1952)	"
	(b) i. Member of Stock Exchanges recognised under the Security Contracts (Regulation) Act, 1956; (42 of 1956)	"
	ii. Remisiers recognised by the Stock Exchange	"
4	(a) Building Contractors	"
	(b) Estate Agents, Brokers or Plumbers, having not less than one year's standing in the profession	"
5	<p>Directors (other than those nominated by Government) of Companies registered under the Companies Act, 1956, (1 of 1956) and Banking Companies as defined in the Banking Regulation Act, 1949 (10 of 1949) Explanation.</p> <p>— The term 'Directors' for the purpose of this entry will not include the persons who are Directors of the companies whose registered offices are situated outside the State of Maharashtra and who are not residing in the State of Maharashtra.</p>	"
6	(a) Bookmakers and Trainers licensed by the Royal Western India Turf Club Limited;	"

	(b) Jockeys licensed by the said Club.	"
7	Self-employed persons in the Motion Picture Industry, Theatre, Orchestra, Television Modelling or Advertising Industries as follows:—	
	(a) Writers, Lyricists, Directors, Actors and Actresses (excluding Junior Artists), Musicians, Playback Singers, Cameramen, Recordists, Editors and Still-Photographers;	"
	(b) Junior Artists, Production Managers, Assistant Directors, Assistant Recordists, Assistant Editors and Dancers.	1,000 per annum
8	Dealers registered under the Maharashtra Value Added Tax Act, 2002, (Mah. IX of 2005) or Dealers registered only under the Central Sales Tax Act, 1956, (74 of 1956) whose annual turnover of sales or purchases of previous year,—	
	(i) is ₹ 25 lakh or less	2,000 per annum
	(ii) exceeds ₹ 25 lakh	2,500 per annum
9	Occupiers of Factories as defined in the Factories Act, 1948, (63 of 1948) who are not covered by entry 8 above.	2,500 per annum
10	(1)(A) Employers of establishments as defined in the Bombay Shops and Establishments Act, 1948, where their establishments are situated within an area to which the aforesaid Act applies, and who are not covered by entry 8—Such employers of establishments,—	
	(a) where no employee is employed;	1,000 per annum
	(b) where not exceeding two employees are employed;	2,000 per annum
	(c) where more than two employees are employed.	2,500 per annum
	(B) Employers of establishments as defined in the Bombay Shops and Establishments Act, 1948, (Bom. LXXIX of 1948) where their establishments are not situated within an area to which the aforesaid Act applies, and who are not covered by entry 8. Such employers of establishment, —	
	(a) where no employee is employed;	500 per annum
	(b) where not exceeding two employees are employed;	1,000 per annum
	(c) where more than two employees are employed.	2,500 per annum
	(2) Persons owning/running STD/ISD booths or Cyber Cafes, other than those owned or run by Government or by physically handicapped persons;	1,000 per annum
	(3) Conductors of Video or Audio Parlours, Video or Audio Cassette Libraries, Video Game Parlours;	2,500 per annum
	(4) Cable Operators, Film Distributors;	2,500 per annum
	(5) Persons owning/running marriage halls, conference halls, beauty parlours, health centres, pool parlours;	2,500 per annum
	(6) Persons running/conducting coaching classes of all types.	2,500 per annum
11	Owners or Lessees of Petrol/Diesel/Oil Pumps and Service Stations/Garages and Workshops of Automobiles.	2,500 per annum
12	Licensed Foreign Liquor Vendors and employers of Residential Hotels and Theatres as defined in the Bombay Shops and Establishments Act, 1948. (Bom. LXXIX of 1948).	2,500 per annum
13	Holders of permits for Transport Vehicles granted under the Motor Vehicles Act, 1988, (59 of 1988) which are used or adopted to be used for hire or reward, where any such person holds permit or permits for,—	
	(a) three wheeler goods vehicles, for each such vehicle;	750 per annum

	(b) any taxi, passenger car, for each such vehicle;	1,000 per annum
	(c) (i) goods vehicles other than those covered by (a);	1,500 per annum
	(ii) trucks or buses for each such vehicle : Provided that the total tax payable by a holder under this entry shall not exceed rupees 2,500 per annum.	1,500 per annum
14	Money-lenders licensed under the Bombay Money-lenders Act, 1946 (Bom. XXXI of 1947)	2,500 per annum
15	15 Individuals or Institutions conducting Chit Funds.	2,500 per annum
16	Co-operative Societies registered or deemed to be registered under the Maharashtra Co-operative Societies Act, 1960 (Mah. XXIV of 1961) and engaged in any profession, trade or calling,—	
	(i) State level Societies;	2,500 per annum
	(ii) Co-operative Sugar Factories and Spinning Mills;	2,500 per annum
	(iii) District Level Societies;	750 per annum
	(iv) Handloom Weavers Co-operative Societies;	500 per annum
	(v) All other Co-operative Societies not covered by clauses (i), (ii), (iii) and (iv) above	750 per annum
17	Banking Companies, as defined in the Banking Regulation Act, 1949 (10 of 1949).	2,500 per annum
18	Companies registered under the Companies Act, 1956 (1 of 1956) and engaged in any profession, trade or calling.	2,500 per annum
19	Each partner of a firm (whether registered or not under the Indian Partnership Act, 1932) (9 of 1932) engaged in any profession, trade or calling.	2,500 per annum
20	Each Coparcener (not being a minor) of a Hindu Undivided Family, which is engaged in any profession, trade or calling.	2,500 per annum
21	Persons other than those mentioned in any of the preceding entries who are engaged in any profession, trade, calling or employment and in respect of whom a notification is issued under the second proviso to sub-section (2) of section 3.	2,500 per annum

PERSONS COVERED BY MORE THAN ONE ENTRY

At the highest rate of tax specified under any of those entries shall be applicable. [Except for entry 16(iv)]

It may also be noted that:

- Professionals retired from their profession but continuing on the list of any council, association etc., are not liable for enrolment (Cir. No. 99 dated 30-3-1981 and No. 5 dated 12-4-1989)
- If L.I.C. agent gets commission, only on past business, he is not liable for enrolment or to pay Profession Tax (Dwarka Pardiwala : R.A. No. 47 of 1979 dated 13-3-1980).