

Rasipuram

OFFICE OF THE COMMISSIONER OF MUNICIPAL ADMINISTRATION,
CHEPAUK, CHENNAI - 600 005.

Roc.No.29495/98/R1

Dated : 25.2.99

C I R C U L A R

Sub: PROFESSION TAX - Tamil Nadu Tax on Professions, Trades, Callings and Employments Act, 1998 and Rules - Follow up action - Guidelines - Issued.

- Ref:
1. Act No.59 of 1998
 2. G.O.Ms.No.249, M.A.S.W.S. Department dated 23.12.98.
 3. G.O.Ms.No.11, M.A.S.W.S. Department dated 12.1.99.
 4. This office Circular Roc.No.29495/98/R1 dated 29.12.98.
 5. This office letter Roc.No.29495/98/R1 dated 12.1.99.

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The attention of all Commissioners of Municipalities and Corporations is invited to the references cited. In the reference first cited, viz. the Tamil Nadu Municipal Laws (Second Amendment) Act, 1998 (Act No.59/98), the Profession tax Act of 1992 has been repealed and in its place, suitable amendments have been issued to Tamil Nadu District Municipalities Act, 1920 and the different Acts of Municipal Corporations. In the reference second cited, special Rules have been issued for collection of arrears of Profession Tax for the period from 1.4.92 to 30.9.98. In the reference third cited, Rules have been issued regarding the implementation of the new provisions and rates of Profession Tax from 1.10.98.

2. In this office circular fourth cited, instructions have been issued to all the Commissioners of Corporations and Municipalities to take immediate action (i) to get the returns from the traders for payment of arrears of tax on profession, trade, calling and employment with reference to Rule-2 of the Rules communicated therewith, (ii) to get adequate number of copies of Form-I in which the returns are to be filed, printed or cyclostyled and (iii) to give wide publicity to make the contents of the provisions of the Rules known to all concerned.

...2.

3. A review meeting conducted recently to review the progress of work in this connection has revealed that systematic action has not been taken by some of the Municipal Commissioners, mainly because, the important provisions of the amended Act and Rules have not been gone through carefully. This is viewed seriously. The Municipalities and Corporations have been facing problems over the last 6 years over levying and collecting the Profession Tax and only to sort out these problems, the amendments to the Acts and new Rules have been issued. If prompt action is taken to call for returns both for arrears and for the current (from 1998-99 II Half Year), there is likely to be substantial receipt, as the assesses have to pay the tax along with the return both in respect of arrears from 1.4.92 to 30.9.98 under the old slab rates and the current tax from 1.10.98 under the new slab rates.

4. The following guidelines are therefore issued for immediate adherence:-

- (i) The rate of Profession Tax has been fixed in the Table below Section 124 (1)(2) of the Tamil Nadu District Municipalities Act and corresponding Sections in the Corporation Acts for the first 5 years commencing from 1.10.98 to 30.9.2003. These rates are to be adopted for levy of Profession Tax. Once the Council adopts these rates, this has to be published and returns for the current half year called for from the persons other than salaried class vide Rule-6 of the Town Panchayats, Municipalities and Municipal Corporations (Collection of Tax on Professions, trades, callings and Employments) Rules 1999. Some of the Municipal Commissioners have notified the revised Act and called for returns. This process should be completed before 28.2.99, so that receipt of returns and collection of taxes commences from 1st March 1999.
- (ii) In respect of salaried persons, the attention of the Commissioners of Corporations and Municipalities is invited to Rule-5 according to which the Drawing and Disbursing Officers of the offices concerned shall recover the half year tax as fixed by the Municipality as per the above slabs in the Pay Bill of the Employees for the months of August and January for first and second half years in a year. The revised tax should have been recovered and paid before 15th February, as per the time limit prescribed in the rules, and if not, it should be ensured that the same is obtained immediately. A copy of the rules may be sent

to Treasury Officers/Sub Treasury Officers, inviting attention to Rule-5 of the Profession Tax Rules for ensuring payment of Profession Tax in the month of August and January for the first and second half years of the year respectively before honouring pay bills.

- (iii) The revision of rate of Profession Tax once in 5 years will take effect only from 1.10.2003 and action can be taken at the appropriate time. This should not be confused with the implementation of revised tax from 1.10.93 as per the slabs fixed in the Act.
- (iv) In respect of arrears of Profession Tax under the old rates, separate rules have been issued prescribing procedure for collection of arrears of tax from the persons, who have not paid tax at the old rates for the period from 1.4.92 to 30.9.98. In this case also, separate returns have to be called for from those persons, who have transacted business within the Municipal/Corporation limits during the said period and payment is allowed in half yearly instalments at the rate of two, half year arrears. For this, the maximum time limit prescribed in the rules for filing returns including the extension of period, that can be allowed by the Executive Authority, is upto 28.2.99. Action should have been taken by this time to obtain returns by adopting appropriate strategy before the time limit prescribed in the said rules. However, proposals have been sent to Government for extending the time limit for filing the returns and depending on the orders to be issued by the Government, the Commissioners of Municipalities and Corporations should ensure that the returns are obtained along with the payment within the time limit, so extended.
- (v) As per Rule-4 of the Profession Tax Rules, 1999, the Commissioners shall make arrangements for preparation of a Master Register containing the details, relating to the traders, professionals and employments within the limit of the local body. For preparation of the Master Register of traders, other professionals; including Companies employing personnel, a survey may be conducted and Master Register prepared for maintenance in the Municipality. A format in which the Master Register shall be maintained in two parts is in Annexure-I.
- (vi) The person filing a return as per Rule-6 shall make self assessment on the basis of average half-yearly income of the previous year. This income worked out based on the annual income of the previous year divided by two. The welcome

change in the existing procedure is that the assessee himself pays the tax calculating his Profession Tax with reference to the declared average half-yearly income and adopting the slabs of rate of Profession Tax prescribed in the Act. The penal provisions for belated return, for filing in-correct return, for belated payment etc. in the Act and Rules should be strictly gone through.

- (vii) As per Rule-7, the Commissioner after receiving the return filed under Sub-Rule (i) of Rule-5 and Sub-Rule (i) of Rule-6 shall issue a Pass Book or Card valid for 5 years as in Form-III shall be issued within 30 days from the date of receipt of such return and as per Sub-Rule (ii) of Rule-7, the Commissioner shall assign a permanent number for a person who files return under Sub-Rule(i) of Rule-5 and Sub-Rule (i) of Rule-6. In respect of Rule-5, the Company/Organisation or Central or State Government Offices is assigned a separate assessment number under Permanent Account Number. In respect of Sub-Rule (i) of Rule-6, each assessee is given a separate permanent number. The Account Number may be assigned as follows:-

PTAN/WARD No./SL.No./Year/.....Municipality/
Corporation.

The form of order assigning permanent account number is in Annexure-II. The register of Permanent Account Number indicating the assignment of Profession Tax Account Number (PTAN) should be continuously maintained. The PTAN shall be entered in the Master Register also.

- (viii) The provisions regarding the (a) Mode of Assessment, (b) Checking of Returns, (c) Time Limit for payment, (d) Mode of payment, levy of penalties, (e) action to be taken where return is not filed and (f) penal provisions should be carefully gone through and adhered to without any omission.

- (ix) As per Rule-13, the Assessment Book for collection of tax shall be kept in the Municipal office for use from one general revision to next general revision i.e. for 5 years commencing from 1998-99 - 2nd Half year. The form in which the Assessment Book (Demand Register) shall be maintained is in Annexure-III. The Book may be printed in such a way that inner leaves are provided so that for 5 years continuous record is maintained without changing the register.

5. It is reiterated that since there are new provisions, the Act and Rules have to be carefully gone through and made known to the assesseees, so that the percentage of compliance is substantial, reducing penal action by the Municipalities/Corporations. The Commissioners should ensure that the field officers like, Bill Collector, Revenue Inspectors, Revenue Officers and persons entrusted with the receipt of money in the Municipal Treasury are thorough with the new provisions, if necessary, by conducting classes explaining the new provisions.

6. An action taken report should be submitted before 20.3.99.

7. The receipt of this Circular shall be acknowledged by return of post.

Sd/- SAHAT RAM,
COMMISSIONER OF MUNICIPAL
ADMINISTRATION.

To

All Commissioners of Corporations (Thro' the
Mayors)

All Commissioners of Municipalities (Thro' the
Chairpersons)

All the Regional Directors of Municipal Administration.

Copy to: Additional Director (M&EC)

/Forwarded By Order/

[Signature]
FOR COMMISSIONER OF MUNICIPAL
ADMINISTRATION.

ANNEXURE I A

PROFESSION TAX - MASTER REGISTER

Part-I

(Vide Rule 5(1)/)

Sl. No.	Name of the Institution with address.	PIAN No.	No. of Employees	Pay Slabs	Average Half Year Tax.	Remarks
1.						
2.						
3.						
4.						
5.						
6.						
7.						

ANNEXURE 11

FORM NO.

(See rule 7)

Form of order assigning Permanent Account Number
Proceedings of the Commissioner/ Executive Officer Corporation/
Municipality

Rec.No.

Dated:

Sub: Profession Tax(Local Authority)
Assignment of Permanent Account Number ordered.

Read: Application No. Dated of
Thiru/Tmt.

ORDER:

In exercise of powers under rule of
on
TNUPL Tax of Professions, Trades, Callings and employments
rules 1998, a Permanent Account Number is ordered to be
assigned to the applicant-assessee as detailed below:

1. Name of the assessee :
2. Name of work place :
3. Ward/Division No. :
4. Permanent Account No.assigned PTAN/Ward No./Sl.No./Year
Mty/Corp.
5. Date of assignment

2. The applicant assessee is requested to indicate the
above Profession Tax Permanent Account Number (PTAN) in all
his correspondences with this office.

EXECUTIVE AUTHORITY

To

The applicant

Copy to:

The

(dealing with Profession Tax for
effecting necessary entries in
the record.)

ANNEXURE - I B

PROFESSION TAX - MASTER REGISTER

Part II

(Vide Rule 6(1))

Sl. No.	Name (Firm / Trade / Profession / Calling)	Address	Card No.	Nature of trade / Profession (Briefly)	Remarks
1.					
2.					
3.					
4.					
5.					
6.					

ANNEXURE III
FORM NO
(Vide Rule)

Demand Register

1. Serial No.
2. Ward No./Division No. and name of the street or survey No. where located
3. Assessment No.
4. Permanent Account Number
5. Name of the Assessee
6. Address in brief
7. Amount of tax assessed or due
8. Amount of tax fixed on revision after enquiry
9. Details of payment of tax

(For Five Years)

April		May		June	
Amount	Date of Payment	Amount	Date of Payment	Amount	Date of Payment
July		August		September	
Amount	Date of Payment	Amount	Date of Payment	Amount	Date of Payment
October		November		December	
Amount	Date of Payment	Amount	Date of Payment	Amount	Date of Payment
January		February		March	
Amount	Date of Payment	Amount	Date of Payment	Amount	Date of Payment
Penalty if any realised			Grand Total		
Amount	Date of collection			Initials of clerk	