

APPENDIX G
DETAILS OF THE LEVY OF PROFESSION TAX IN CERTAIN STATES

WEST BENGAL

In the Calcutta Municipal Corporation and other municipalities in West Bengal, trades and professions are divided into a number of classes and the maximum profession tax payable by each class is fixed. The maximum rate of tax varies from Rs. 3 to Rs. 500 per year in the case of the Calcutta Municipal Corporation and from Re. 1 to Rs. 200 per half-year in the other municipalities. The assessee has to pay the tax half-yearly in the case of a municipality and annually in the case of the corporation in advance, as a fee for taking out a licence for carrying on the trade, etc.

The maximum rates of the tax laid down for the several classes in the municipalities other than the Calcutta Corporation are as below.

Serial No.	Classes	Maximum half-yearly tax in rupees
1	2	3
		R
1	Company transacting business within the municipality for profit or as a benefit society not being a registered co-operative society of which the paid up capital is equivalent to :—	
	(a) More than Rs. 10,00,000	200
	(b) More than Rs. 5,00,000 but not more than Rs. 10,00,000	100
	(c) More than Rs. 1,00,000 but not more than Rs. 5,00,000	50
	(d) Rs. 1,00,000, or less	20
2	Merchant, banker not being a registered co-operative society, money-lender, wholesale trader, owner or occupier of a market, bazar or theatre or place of public entertainment, broker or <i>datal</i> in jute, cotton, precious stones, landed property, country produce, silk or other merchandise—whose place of business is valued under this Act at not less than :—	
	(a) Rs. 100 per mensem	50
	(b) Rs. 50 per mensem	25
	(c) Rs. 25 per mensem	12
3	Commission agent, broker not included in serial No. 2, architect, engineer, contractor, medical practitioner, dentist, barrister, legal practitioner :—	
	(a) in respect of whose income, income-tax is payable	10
	(b) in respect of whose income, no income-tax is payable	5

Serial No.	Classes	Maximum half-yearly tax in rupees
1	2	3
4	Retail trader or shop-keeper, boarding house keeper, hotel-keeper, lodging house-keeper, tea-stall keeper, eating-house keeper—whose place of business is valued under this Act at not less than :—	
	(a) Rs. 25 per mensem	8
	(b) Rs. 12 per mensem	4
	(c) Rs. 6 per mensem	2
	(d) Rs. 3 per mensem	1

District boards in West Bengal do not levy profession tax, but the union boards levy a union rate which is of the nature of the 'tax on circumstances and property', which itself is a kind of profession tax. The maximum amount of assessment to the union rate is Rs. 84 per annum.

MADRAS AND ANDHRA

Profession tax is levied by all municipalities including the Corporation of Madras, a few district boards and several panchayats. The tax is levied as a local tax on income. Income from professions, trades, callings, salaries, pensions and income from investments are all liable to profession tax. Agricultural income, however, is not liable to the tax. The tax is levied half-yearly on the basis of the half-yearly income of the assessee. Persons whose half-yearly income does not exceed Rs. 600 in the city of Madras and Rs. 300 in the mofussil are exempt from the tax. Assesseees are divided on the basis of their income into 10 classes, and the maximum tax payable by each class has been fixed by statutory rule issued by the State Government with the approval of both the Houses of the Legislature on progressive scales as under:—

Class	Half-yearly income	Maximum half-yearly tax	Minimum half-yearly tax in the case of village panchayats	A.
1	2	3	4	
I	More than Rs. 15,000	Rs. 125	100	0
II	More than Rs. 12,000 but not more than Rs. 15,000	100	75	0
III	More than Rs. 9,000 but not more than Rs. 12,000	75	50	0
IV	More than Rs. 6,000 but not more than Rs. 9,000	50	25	0
V	More than Rs. 4,800 but not more than Rs. 6,000	25	12	0
VI	More than Rs. 3,000 but not more than Rs. 4,800	12	6	0
VII	More than Rs. 1,800 but not more than Rs. 3,000	6	4	0
VIII	More than Rs. 1,200 but not more than Rs. 1,800	4	2	0
IX	More than Rs. 600 but not more than Rs. 1,200	2	1	0
X	More than Rs. 300 but not more than Rs. 600	1	0	8

In the city of Madras, class X is not taxed. With this exception, the maximum rates are applicable to all municipalities, district boards and panchayats. In the case of village panchayats alone, minimum rates of the tax of the several classes have been laid down. All assesses are required by local authorities to furnish to them a return of their half-yearly income, but the assesseees are not compelled to submit their detailed accounts to the local authorities. If the executive authority of the local body considers in any case that the return of income is not a correct one, he fixes the income according to his own estimate. All employers are required by law to furnish to local authorities, on requisition, returns of the salary paid by them to each of their employees liable to profession tax.

Where a person or company transacts business exclusively in a single municipality and is an income-tax assessee, one-half of the income of the person or company computed for the purposes of income-tax assessment for the year comprising the half-year concerned shall be taken by the municipality as his or its income assessable to profession tax for the half-year. Where the income is not so ascertainable or the person or company is not an assessee to income-tax or transacts business in more than one municipality, the income for purposes of assessment to profession tax is calculated at the percentages of his or its turnover of business in the municipality given in the following table. If in any case the income so calculated is less than the minimum sum specified in column (3) of the table, the percentage shall be enhanced to such a rate as would yield such minimum sum.

	Percentage	Minimum Rs.
Where the turnover of business exceeds Rs. 12 lakhs	1	18,000
Where the turnover of business exceeds Rs. 6 lakhs but does not exceed Rs. 12 lakhs.	1.5	12,000
Where the turnover of business exceeds Rs. 3 lakhs but does not exceed Rs. 6 lakhs.	2	9,000
Where the turnover of business exceeds Rs. 1,50,000 but does not exceed Rs. 3 lakhs.	3	6,000
Where the turnover of business does not exceed Rs. 1,50,000.	4	..

As soon as the maximum limit for profession tax was increased from Rs. 50 to Rs. 250 in the Constitution of India, the Government of Madras enhanced correspondingly with effect from 1st April 1950 the maximum rates of the tax payable by all classes of assesseees.

Several municipalities in the two States levy profession tax at the revised maximum rates shown above. Other municipalities levy the tax at lower rates, i.e., at three-fourths or other proportion of the maximum rates. The Corporation of Madras levies the tax at about 70 per cent. of the said maximum rates.

Several district boards in Madras gave up the levy of profession tax as they found it difficult and costly for them to employ the necessary special collection staff. The system of collection of the tax by district boards through the agency of village officers of the Government Revenue Department on a commission basis was also tried, but proved a failure. In 1952-53, the number of district boards which levied the tax and the total income derived by them were:—

State	Total No. of district boards in the State	No of district boards which levied the tax in 1952-53	Income from the tax in 1952-53 (in lakhs of Rs.)
Madras	13	5	1.52
Andhra	11	8	0.69

Under the Madras Village Panchayats Act, 1950 (which applies to the Andhra State also), the levy of profession tax by all village panchayats is compulsory. Though the Act came into force on 1st April 1951, most minor or class II panchayats were reluctant to levy the tax and commenced to collect the tax only in 1953-54. In most small villages, there are no persons liable to pay profession tax except one or two elementary school teachers and petty shopkeepers. The Government of Madras are considering, it is understood, the question of making the levy of profession tax optional for village panchayats.

Companies Tax.—In the City of Madras, companies are assessed to the tax on companies and not to profession tax. The tax on companies is levied on the basis of the paid-up capital of the companies and ranges from Rs. 30 per half-year for companies whose paid-up capital is less than Rs. 1 lakh to Rs. 1,000 per half-year for companies whose paid-up capital is Rs. 20 lakhs or more. It is not possible under the Constitution for other municipal corporations or municipalities in any State to levy this tax newly at similar rates.

PUNJAB

In the Punjab, only four out of 61 municipal committees and three out of the 33 town committees levied profession tax in 1951-52. The income of these municipal and town committees from this source was Rs. 14,318 in 1951-52.

All district boards in this State levy profession tax. Their income from this source was Rs. 11.84 lakhs in 1951-52 and Rs. 14.13 lakhs in 1952-53. The Government has laid down a model schedule of rates which has been adopted by all the district boards in the State. The tax is not leviable on co-operative societies, or any person who is mainly dependent on agriculture for livelihood or is a widow or whose income does not exceed Rs. 400 per annum. It appears that agricultural income is liable to the tax except in the case of persons mainly dependent on agriculture for livelihood. A flat rate of tax of Rs. 8 per year is levied in respect of several specified small professions such as country shoe maker, cobbler, mat manufacturer, fisher, fruit and vegetable seller, juggler, washerman, water-carrier, etc. In respect

of other professions, the tax is leviable on each class on the basis of income according to the following scales:—

Serial No. of class	Annual income of the class	Tax per year
		Rs.
1	Exceeding Rs. 400 but not exceeding Rs. 500	7
2	Exceeding Rs. 500 but not exceeding Rs. 600	10
3	Exceeding Rs. 600 but not exceeding Rs. 700	13
4	Exceeding Rs. 700 but not exceeding Rs. 800	16
5	Exceeding Rs. 800 but not exceeding Rs. 900	20
6	Exceeding Rs. 900 but not exceeding Rs. 1,000	24
7	Exceeding Rs. 1,000 but not exceeding Rs. 1,200	28
8	Exceeding Rs. 1,200 but not exceeding Rs. 1,400	32
9	Exceeding Rs. 1,400 but not exceeding Rs. 1,600	38
10	Exceeding Rs. 1,600 but not exceeding Rs. 1,800	44
11	Exceeding Rs. 1,800 but not exceeding Rs. 2,000	50
12	Exceeding Rs. 2,000 but not exceeding Rs. 2,500	56
13	Exceeding Rs. 2,500 but not exceeding Rs. 3,000	63
14	Exceeding Rs. 3,000 but not exceeding Rs. 3,500	70
15	Exceeding Rs. 3,500 but not exceeding Rs. 4,000	80
16	Exceeding Rs. 4,000 but not exceeding Rs. 5,000	90
17	Exceeding Rs. 5,000 but not exceeding Rs. 6,000	105
18	Exceeding Rs. 6,000 but not exceeding Rs. 7,000	120
19	Exceeding Rs. 7,000 but not exceeding Rs. 8,000	140
20	Exceeding Rs. 8,000 but not exceeding Rs. 9,000	160
21	Exceeding Rs. 9,000 but not exceeding Rs. 10,000	180
22	Exceeding Rs. 10,000	200

In the case of teachers of all schools, the following lower rates are levied:

<i>Income per annum</i>	<i>Rate of tax</i>
For emoluments upto Rs. 1,200 per annum	Rs. 5 per annum
For emoluments upto Rs. 1,201 per annum to Rs. 1,500 per annum.	Rs. 8 per annum
For emoluments upto Rs. 1,501 per annum to Rs. 1,800 per annum.	Rs. 17 per annum
For emoluments upto Rs. 1,801 per annum to Rs. 2,100 per annum.	Rs. 23 per annum

HYDERABAD

The Hyderabad and Secunderabad Corporations, most of the city and town municipalities and panchayats in the State levy profession tax. The tax is levied at a flat rate for each profession. The maximum profession tax leviable by a village panchayat in the State on any person is Rs. 10 per annum. The State Government has fixed the

following maximum rates of tax payable in respect of each profession in municipalities.

	Maximum rate 'per annum Rs.
1 (a) Barristers, Advocates, Government Pleaders, having private practice.	60
(b) Pleaders (including 1st class pleaders)	30
(c) Attorneys and Solicitors	30
2 Owners of mills, ware-houses, printing presses, oil-presses, cotton presses and other presses.	200
3 Carrying on business as a company	100
4 Bankers, money-lenders, money-changers, pawn-brokers, and abkari renters.	200
5 Wholesale and retail traders, auctioneers, manufacturers, contractors, owners of ships and boats and commission agents.	100
6 Brokers, dealers in securities, shares or bills of exchange	50
7 (a) Clinics, nursing homes and private hospitals	60
(b) Private practitioners, Unani Hakims, Vaidyas and Homocopaths.	30
8 Architects and Civil Engineers	60
9 Owners and farmers of markets and toll farmers	24
10 Keepers of hotels, lodging houses, boarding houses, and billiard saloons.	100
11 Editors and proprietors and newspapers	50
12 Professional artists, photographers, actors, dancers, musicians.	24
13 Owners or managers of circuses, cinemas or theatres	200
14 Dealers in animals or vehicles and owners of stables and hackney carriages.	12
15 Artisans	6
16 Dentists, veterinary surgeons and workshops	30
17 Masons and surveyors	12

All servants and pensioners of Government and all employees and pensioners of the municipal committees, Jagirs, etc. are exempt from the tax.

TRAVANCORE-COCHIN

Profession tax is levied by the Trivandrum Municipal Corporation, municipalities and panchayats in this State. In Trivandrum city, the maximum rate leviable is Rs. 250 per half year though slightly lower rates are actually in force. The tax is assessed on the basis of net income. The maximum rate of the tax leviable in other municipalities in the Travancore area is Rs. 275 per person per half year. Most of these municipalities levy the tax at the maximum rates. In the Cochin area, the tax is levied on a slab system for incomes of Rs. 2,000 or above per mensem.

Panchayats in this State levy the tax at a flat rate of 4 annas per Rs. 100 of income subject to the maximum of Rs. 125 per person per half year. In this State as much as 29.8 per cent. of the total revenue of village panchayats is derived from profession tax.

Companies tax.—This tax instead of profession tax is levied by the city corporation of Trivandrum on companies which come within the

definition of the Travancore Companies Act, 1914. On other companies only profession tax is levied. The rates of the tax range from Rs. 30 for a paid up capital of less than Rs. 1 lakh to Rs. 1,000 for a paid up capital of Rs. 20 lakhs or more. Companies, the head office or a branch or principal office of which is not in the city, are assessed on the basis of gross income received in or from the city, the rates varying proportionately from Rs. 25 to Rs. 1,000.

The municipalities in the Cochin area also levy the companies tax on companies as defined in the Indian Companies Act, 1913. The maximum tax leviable is Rs. 250 per half-year for a paid up capital of not less than Rs. 10 lakhs.