

## KARNATAKA PROFESSION TAX

Profession tax is levied under the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976.

Profession Tax shall be paid by every person exercising any Profession or calling or is engaged in any trade or holds any appointment, public or private as specified in the Schedule to the Act.

*However no tax is payable by persons who have attained age of **65 years**. Also no tax is payable for holding any Profession for less than **120 days** in that year.*

A person is defined under the Act to mean, any person who is engaged in any Profession, trade, callings or employment in the State of Karnataka and includes :-

- ❖ Hindu undivided family (HUF)
- ❖ Firm
- ❖ Company
- ❖ Corporations
- ❖ Other Corporate bodies
- ❖ Any Society
- ❖ Any Club or Association.

*Every branch of a firm, company, corporation or other corporate body, any society, club or association is treated as separate person for the purpose of tax liability.*

### REGISTRATION:

In case of salary or wage earners whose salary or wage for a month is not less than **Rs. 10,000/-**, the employer is liable to deduct Profession Tax payable under this Act.

It is the responsibility of the **employer** to deduct tax and pay on behalf of all such employees within **20 days** of expiry of the month.

If the amount of tax deducted in a month is less than **Rs. 5,000/-**, the employer could opt for payment of such tax within **20 days** of expiry of a Quarter.

*(Quarter means period ending 31<sup>st</sup> May, 31<sup>st</sup> August, 30<sup>th</sup> November and 28<sup>th</sup> or 29<sup>th</sup> February).*

*All such employers other than Government shall obtain a Certificate of Registration from the Profession Tax Officer of the jurisdiction.*

## ENROLLMENT:

Class of persons enumerated in Sl. No.2 to 74 of the Schedule (Annexure 1) shall obtain a Certificate of Enrollment from the Profession Tax Officer of the jurisdiction. Such persons with Enrollment Certificate shall pay tax every year before **30th of April** at the rates specified in Column 3 of the Schedule.

## EXEMPTION:

The following classes of persons are exempted from payment of Profession Tax.

- ✚ All charitable and philanthropic hospitals or nursing homes situated in places below the taluk level in all districts of the State except Bangalore and Bangalore Rural District.
- ✚ Directors of Companies registered in Karnataka and nominated by the financing agencies owned or controlled by the State Government or by other statutory bodies.
- ✚ Foreign technicians employed in the State provided their appointments are approved by the Government of India for the purpose of exemption from payment of income tax for the said period (*exemption is for a period of 2 years from the date of their joining duty*).
- ✚ Combatant and civilian non combatant members of the Armed Forces who are governed by the Army Act, the Navy Act and the Air Force Act.
- ✚ Salaried or wage earning blind persons.
- ✚ Salaried or wage earning deaf and dumb persons
- ✚ Holders of permits of single taxi or single three wheeler goods vehicle.
- ✚ Institutes teaching Kannada or English Shorthand or Typewriting.
- ✚ A Physically handicapped person not less than 40% of permanent disability (*subject to production of certificate from the HOD of Government Civil Hospital*).
- ✚ An ex-serviceman not falling under Sl No.1 of the Schedule.

- ✚ A person having single child and who has undergone sterilization operation, subject to production of a certificate from the District Surgeon, Government Civil Hospital, for having undergone such operation.
- ✚ Central Para Military Force (CPMF) Personnel.
- ✚ Persons running educational institutions in respect of their branches teaching classes up to twelfth standard or pre-University Education.

#### **PENALTIES UNDER PROFESSION TAX ACT, 1976.**

- ✚ Penalty for non-registration in case of employer – **Rs.1,000/-** In case of other persons **Rs.500/-**.
- ✚ Penalty for non filing of Returns for an employer **Rs.250/-**.
- ✚ Penalty for non-payment of tax by enrolled person and registered employer with interest at rate of **1.25% pm** and Penalty not exceeding 50% of the tax amount due.