

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

**TRADE CIRCULAR**

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To,

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No. PFT/2006/P.T./Adm-7/15/B-

Mumbai dt.25.05.06

Circular No. 15 T of 2006

**Sub : Revised rates of Profession Tax w.e.f. 1.04.2006**

Gentleman/Sir/Madam,

The Maharashtra Tax on Professions, Trades, Callings and Employments Act, 1975 (hereinafter called the Profession Tax Act) is being implemented in the State w.e.f. 1<sup>st</sup> April 1975. While delivering his budget speech for the year 2006-07 on 21<sup>st</sup> March 2006, the hon'ble Finance Minister proposed some changes in the schedule I appended to the Profession Tax Act. A Government Gazette is published on 5<sup>th</sup> May 2006 notifying the amendments made in the Profession Tax Act (Maharashtra Act No. XVII of 2006).

2. The highlights of the amendments are as under: -

- a. a. A new schedule of revised profession tax rates appended to the Act is introduced w.e.f. 1<sup>st</sup> April 2006.

- b. b. The exemption limit for payment of profession tax for salary and wage earners is raised from Rs. 2000/- to Rs. 2500/- per month.
- c. c. Estate agents, brokers or plumbers covered under entry 4 of schedule I are not required to pay profession tax in the first year of liability.
- d. d. Dealers covered under entry 8 of schedule I are now classified only into two groups, viz., those having annual turnover of sales or purchases upto Rs. 25 lakh and those above Rs. 25 lakh.
- e. e. The basis of levy of profession tax on employers of establishments covered under entry 10 of schedule I is shifted from income base to employee base.
- f. f. In entry 16 of schedule I, a sub-entry of handloom weavers co-operative societies is now newly introduced.
- g. g. The schedule I appended to Act now consist of 21 entries.
- h. h. The schedule of rates w.e.f. from 1<sup>st</sup> April 2006 are as under.

**“SCHEDULE I**

(See section 3)

Schedule of rates of tax on professions, trades, callings and employments

<b>Sr. No.</b>	<b>Class of Persons</b>	<b>Rate of Tax</b>
<b>1.</b>	<b>2.</b>	<b>3.</b>
	<b>PART I</b>	<b>Rs.</b>
<b>1.</b>	Salary and wage earners. Such persons	

<b>Sr. No.</b>	<b>Class of Persons</b>	<b>Rate of Tax</b>
<b>1.</b>	<b>2.</b>	<b>3.</b>
	<p>whose monthly salaries or wages,</p> <p>(a) do not exceed rupees 2,500</p> <p>(b) exceed rupees 2,500 but do not exceed rupees 3,500;</p> <p>(c) exceed rupees 3,500 but do not exceed rupees 5,000;</p> <p>(d) exceed rupees 5,000 but do not exceed rupees 10,000;</p> <p>(e) exceed rupees 10,000.</p>	<p>Nil</p> <p>60 per month</p> <p>120 per month</p> <p>175 per month</p> <p>2500 per annum, to be paid in the following manner: -</p> <p>a) rupees two hundred per month except for the month of February;</p> <p>b) rupees three hundred for the month of February</p>
<b>2.</b>	<p>(a) Legal Practitioners including Solicitor and Notaries;</p> <p>(b) Medical Practitioners, including Medical Consultants and Dentists;</p> <p>(c) Technical and Professional Consultants, including Architects, Engineers, R.C.C. Consultants, Tax Consultants, Chartered Accountants,</p>	

Sr. No.	Class of Persons	Rate of Tax
1.	2.	3.
	<p>Actuaries and Management Consultants;</p> <p>(d) Chief Agents, Principal Agents, Insurance Agents and Surveyors and Loss Assessors registered or licensed under the Insurance Act, 1938, U.T.I. Agents under U.T.I. Scheme, N.S.S. agents under postal Scheme;</p> <p>(e) Commission Agents, Dalals and Brokers (other than estate brokers covered by any other entry elsewhere in this Schedule);</p> <p>(f) All types of Contractors (other than building contractors covered by any other entry elsewhere in this Schedule); and</p> <p>(g) Diamond dressers and diamond polishers; having not less than one year's standing in the profession.</p>	<p>2500 per annum</p>
3.	(a) Members of Association recognised under the Forward Contracts (Regulations) Act, 1952.	2,500 per annum

Sr. No.	Class of Persons	Rate of Tax
1.	2.	3.
	(b) (i) Member of Stock Exchanges recognised under the Security Contracts (Regulation) Act, 1956;	2500 per annum
	(ii) Remisiers recognised by the Stock Exchange.	2500 per annum
4.	(a) Building Contractors;	2500 per annum
	(b) Estate Agents, Brokers or Plumbers, having not less than one year's standing in the profession.	2500 per annum
5.	Directors (other than those nominated by Government) of Companies registered under the Companies Act, 1956, and Banking Companies as defined in the Banking Regulation Act, 1949,  <i>Explanation</i> : 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.	2500 per annum
6.	(a) Bookmakers and Trainers licensed by the Royal Western India Turf Club Limited;	2500 per annum
	(b) Jockeys licensed by the said Club.	2500 per annum

<b>Sr. No.</b>	<b>Class of Persons</b>	<b>Rate of Tax</b>
<b>1.</b>	<b>2.</b>	<b>3.</b>
<b>7.</b>	<p>Self-employed persons in the Motion Picture Industry, Theatre, Orchestra, Television, Modelling or Advertising Industries, as follows:</p> <p>(a) Writers, Lyricists, Directors, Actors and Actresses (excluding Junior Artists), Musicians, Play-back Singers, Cameramen, Recordist, Editors and Still-Photographers,</p> <p>(b) Junior Artists, Production Managers, Assistant Directors, Assistant Recordists, Assistant Editors and Dancers.</p>	<p>2500 per annum</p> <p>1000 per annum</p>
<b>8.</b>	<p>Dealers registered under the Maharashtra Value Added Tax Act, 2002, or Dealers registered only under the Central Sales Tax Act, 1956, whose annual turnover of sales or purchases,-</p> <p>(i) is rupees 25 lakh or less</p> <p>(ii) exceeds rupees 25 lakh</p>	<p>2000 per annum</p> <p>2500 per annum</p>
<b>9.</b>	<p>Occupiers of Factories as defined in the Factories Act, 1948, who are not covered by entry 8 above.</p>	<p>2500 per annum</p>
<b>10.</b>	<p>(1) (1)(A) Employers of Establishments as defined in the Bombay Shops and</p>	

Sr. No.	Class of Persons	Rate of Tax
1.	2.	3.
	<p>Establishment Act, 1948, where their establishments are situated within an area to which the aforesaid Act applies, and who are not covered by entry 8 –</p> <p>Such employers of establishments,-</p> <p>(a) (a) where no employee is employed</p> <p>(b) where not exceeding two employees are employed;</p> <p>(c) where more than two employees are employed.</p> <p>(B) Employers of establishments as defined in the Bombay Shops and Establishments Act, 1948, where their establishments are not situated within an area to which the aforesaid Act applies, and who are not covered by entry 8 –</p> <p>Such employers of establishment,-</p> <p>(a) where no employee is employed</p>	<p>1000 per annum</p> <p>2000 per annum</p> <p>2500 per annum</p> <p>500 per annum</p>

<b>Sr. No.</b>	<b>Class of Persons</b>	<b>Rate of Tax</b>
<b>1.</b>	<b>2.</b>	<b>3.</b>
	(b) where not exceeding two employees are employed;	1000 per annum
	(c) where more than two employees are employed.	2500 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;	1000 per annum
	(3) Conductors of Video or Audio Parlours, Video or Audio Cassette Libraries, Video Game Parlours;	2500 per annum
	(4) Cable Operators, Film Distributors;	2500 per annum
	(5) Persons owning / running marriage halls, conference halls, beauty parlours, health centres, pool parlours;	2500 per annum
	(6) Persons running / conducting coaching classes of all types.	2500 per annum
<b>11.</b>	Owners or Lessees of Petrol / Diesel / Oil Pumps and Service Stations / Garages and Workshops of Automobiles.	2500 per annum
<b>12.</b>	Licensed Foreign Liquor Vendors and employers of Residential Hotels and Theatres as defined in the Bombay Shops and Establishments Act, 1948.	2500 per annum
<b>13.</b>	Holders of permits for Transport Vehicles	

<b>Sr. No.</b>	<b>Class of Persons</b>	<b>Rate of Tax</b>
<b>1.</b>	<b>2.</b>	<b>3.</b>
	<p>granted under the Motor Vehicles Act, 1988, which are used or adopted to be used for hire or reward, where any such person holds permit or permits for,-</p> <p>(a) three wheeler goods vehicles, for each such vehicle;</p> <p>(b) any taxi, passenger car, for each such vehicle;</p> <p>(c) (i) goods vehicles other than those covered by (a);</p> <p>(ii) trucks or buses, for each such vehicle :</p> <p>Provided that the total tax payable by a holder under this entry shall not exceed rupees 2,500 per annum.</p>	<p>750 per annum</p> <p>1000 per annum</p> <p>1500 per annum</p> <p>1500 per annum</p>
<b>14.</b>	Money lenders licensed under the Bombay Money-lender Act, 1946.	2500 per annum
<b>15.</b>	Individuals or Institutions conducting Chit-Funds.	2500 per annum
<b>16.</b>	<p>Co-operative Societies registered or deemed to be registered under the Maharashtra Co-operative Societies Act, 1960 and engaged in any profession, trade or calling --</p> <p>(i) State level Societies</p>	2,500 per annum

<b>Sr. No.</b>	<b>Class of Persons</b>	<b>Rate of Tax</b>
<b>1.</b>	<b>2.</b>	<b>3.</b>
	(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
<b>17.</b>	Banking Companies, as defined in the Banking Regulation Act, 1949.	2500 per annum
<b>18.</b>	Companies registered under the Companies Act, 1956 and engaged in any profession, trade or calling.	2500 per annum
<b>19.</b>	Each Partner of a firm (whether registered or not under the Indian Partnership Act, 1932) engaged in any profession, trade, or calling.	2500 per annum
<b>20.</b>	Each Co-parcener (not being a minor) of a Hindu Undivided Family, which is engaged in any profession, trade or calling.	2500 per annum
<b>21.</b>	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.	2500 per annum

Note: 1. Notwithstanding anything contained in this Schedule, where a person is covered by more than one entry of this Schedule, the highest rate of tax specified under any of those entries shall be applicable in his case. This provision shall not be applicable to entry 16(iv) of the Schedule.

Note: 2. For the purposes of Entry 8 of the Schedule, the Profession Tax shall be calculated on the basis of the "turnover of sales or purchases" of the previous year. If there is no previous year for such dealer, the rate of Profession Tax shall be Rs. 2000. The expressions "turnover of sales" or "turnover of purchases" shall have the same meaning as assigned to them, respectively, under the Maharashtra Value Added Tax Act, 2002. ”

3. The payments of tax by an employer shall be in accordance with rule 11, and excess payment, if any, during any of the months, e.g. April, May etc. would be refunded in accordance with the provisions of section 19 of the Profession Tax Act.

4. All the persons concerned are requested to take note of the above amendments in the Act and the revised schedule of rates of tax on professions, trades, callings and employments, and make payments of Profession Tax as per the schedule introduced as above.

5. 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 clarification.

6. 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