

**CLARIFICATIONS ON
ORISSA STATE TAX ON PROFESSIONS,
TRADERS, CALLINGS &
EMPLOYMENTS ACT, 2000**

Q.1	Who is liable to pay Profession Tax?
Ans.	<p>(a) Every person getting salary or earning wages about Rs.5000/- per month</p> <p>(b) All legal practitioners including solicitors and Notary public standing in profession for more than 5 years in Municipal Area and more than 10 years in other areas.</p> <p>(c) Medical practitioners standing in profession for more than two years.</p> <p>(d) Dealers whose Gross Turnover exceeds Rs.1,00,000/-.</p> <p>(e) Agents having annual gross income of Rs.15,001/- or above</p> <p>(f) Estate agents, brokers, promoters, commission agents, delcredre agents, mercantile agents and contractors whose business exceeds Rs.1 lakh.</p> <p>(g) Stevedors, clearing agents, customs agents, licenced shipping brokers or boar suppliers.</p> <p>(h) Owners and lessee of beauty parlours, health resorts, slimming centres, air conditioned hair dressing saloon.</p> <p>(i) Technical and professional consultants, tax consultants, chartered accounts, cost accountants.</p>
Q.2	Who is an Employer ?
Ans:	An employer means the person or the officer who is responsible for disbursement of salary or wages to the employees of an establishments.
Q.3	Who are liable for registration ?
Ans:	Every employer except officers of the State Govt. or Central Govt. required to pay profession tax shall be liable for registration.
Q.4	Who has to pay tax ? (in case of salaried employee and wage earners)
Ans:	The employer who is responsible for disbursement shall be liable to pay tax on behalf of the employees.
Q.5	Who is liable for enrolment ?
Ans:	All assessee except persons earning salary for wages are liable for enrolment.
Q.6	Is an assessee employer organisation liable to be enrolled to addition to registration?
Ans:	No. The certificate of registration shall be deemed to be a certificate of enrolment .
Q.7.	When is the employer required to pay profession tax?
Ans:	Every employer is required to pay the full amount of tax every month as specified in the certificate of Regn. by the last day of the succeeding month.
Q.8.	Is the employer required to furnish as return?
Ans:	Yes. The employer shall furnish a return in Form/V to the local assessing authorities accompanied by a copy of the receipted Treasury Challan in O.T.C. Form-6 in token of payment of tax or by a Govt. Cheque/R.B.I. Cheque/Bank Draft/Bankers Cheque/Cheque certified as good for payment drawn in favour of the assessing authorities.
Q.9.	What is the procedure for payment of profession tax in case of Govt. servants?

Ans:	The Treasury Officer, Spl. Treasury Officer, the Sub-Treasury Officer, the Pay & Accounts Officer or the Drawing & Disbursing Officer, as the case may be, shall be responsible for deductions of due amount of tax from the pay bills of the Govt. servants and the drawing and disbursing officers shall furnish the salary bills alongwith the deduction of tax in Form-VI in duplicate to the Treasury Officer. The tax so deducted shall be accounted for in the receipt schedule under the Head of Account "0028-Other Taxes on Income & Expenditure-107-Taxes on Profession, Trades, Callings & Employments-9913780- Taxes on Profession."
Q.10.	What is the procedure for payment of profession tax in case of employees not receiving salary through Treasuries?
Ans:	The amount of tax deducted from the salary of the employees shall be credited to the Govt. Account through the Treasury Challan under the Head "0028-Other Taxes on Income & Expenditure-107-Taxes on Professions Trades-Callings & Employment –9913780- Taxes on Profession" within 15 days from the date of drawal. The profession tax can also be remitted to the local assessing authorities in shape of Govt. Cheque/R.B.I. Cheque/Bankers Cheque/Cheques certified as good for payment alongwith challan and Form in OTC-6 in triplicate with a statement in Form-VI.
Q.11.	When does an enrolled person pay tax?
Ans:	The enrolled person shall pay profession tax for each year as specified in the enrolment certificate before 30 th June, if enrolled before the commencement of a year or if enrolled on or before 31 st May of a year. A person who is enrolled after 31 st May of a year shall pay profession tax within one month of the date of enrolment.
Q.12.	How does the enrolled person pay profession tax?
Ans:	An enrolled person shall make payment of the tax through Treasury Challan or Bankers Cheque or Bank Draft accompanied with the challan form in triplicate duly filled in and shall furnish a tax payment statement in Form-XII to the local assessing authority.
Q.13.	What are the consequences of non-payment of profession tax in time?
Ans:	Non payment of tax carries a simple interest at 2% of the amount of tax due, for each month or a part thereof for the period for which the tax remains unpaid.
Q.14.	How long is the enrolment/registration valid?
Ans:	A registration / enrolment remains valid so long as it is not cancelled.
Q.15	When salary of an employee is not drawn in any month, what is the responsibility of the employer ?
A.	The employer shall deduct the tax from the next salary bill of the employee when it is drawn. The employer has to see that with drawal of salary of February of each year tax for all the months has been paid. In case there is arrear of tax in respect of any month or months all the dues shall be deducted from the salary of February.
Q.16.	When an employee is on leave or under suspension during the month of February, what is the duty of the employer ?
A.	The employer has to deduct all the arrear dues when earliest leave salary or salary is drawn.
Q.17	The Act has come into effect on 1.11.2000. How much tax has to be paid for the period from 1.11.2000 to 31.3.2000 ?
A.	Proportionate amount i.e. five of the twelve parts of annual tax shall be paid.
Q.18	Is tax deductible from surrender leave salary, leave salary or subsistence allowance or Bonus ?
A.	The employer has to pay tax on behalf of the employee only once in a month i.e. in a year twelve times the tax shall be deducted and paid. If it is deducted from surrender leave salary or substance allowance or Bonus evidently the same shall not be deducted from salary.
Q.19.	When the salary of an employee on account of an increment cross the maximum limit of one slab in the middle of a year, will the rate of tax will be enhanced from that month ?
A.	Yes.
Q.20.	Will House Rent Allowance be taken into account in determining salary & wages ?
A.	Yes. It is a perquisite u/s 17 of the Income Tax Act 1961.
Q.21.	The information required to be filled in Para 8 of the Form I, i.e. the form of Application for registration is subject to change in almost every month. Therefore the amount payable every year cannot be calculated for filing up Para 9. What can be done ?

A.	<p>Yes, it is true. For the purpose of Para 8, the number of employees and amount payable every month may be calculated basing on the position prevailing in the month during which the application is filed initially basing on the figure noted in Para 8, the para 9 can be filed at the time of filing initial application.</p> <p>It need not be amended when number of employees or tax payable in column 8 column 9 is changed. But the tax deducted from the salary may be paid as per the revised number of employees and salary. Amount of tax payable may be noted in column 12 on the basis of figure in column 8 and 9 as per the month during which application for registration has been filed.</p> <p>At the time of amendment of certificate of Registration for any other reason these figures in column 8 and 9 may also be amended as per the position existing at that time.</p>
Q.22.	<p>When an employer is transferred, normally in same cases arrear tax dues must be outstanding against some of the employees. Will it be responsibility of the transferred employer to collect and deposit such arrear dues or of the new employer ?</p>
A.	<p>It is of the new employer's responsibility.</p>
Q.23.	<p>We pay an allowance known as attendance allowance. Such allowance is paid basing on the days the employee attends to his duty. Is it part or the salary & wages ?</p>
A.	<p>Yes. As it is paid on regular basis it is part of the salary & wages.</p>
Q.24.	<p>Tax was deducted from the salary of an employee, who was drawing HRA. But a quarter is allotted to him and HRA is not paid to him for which his salary is reduced to a level below Rs.5,000/-. Will he continue pay tax?</p>
A	<p>No. He shall not pay tax from the month during which his salary became less than Rs.5,000/-.</p>
Q.25.	<p>What are the fees prescribed under Profession Tax Act?</p>
A	<p>(1) For grant of duplicate copy of certificate of registration/enrolment Rs.10/-.</p> <p>(2) For filing appeal : 2% of tax, penalty or interest in dispute subject to minimum of Rs.50/- and maximum of Rs.100/-</p> <p>(3) For filing Revision: 2% of the tax, penalty or interest under dispute subject to minimum of Rs.100/- and maximum of Rs.2,000/-.</p>
Q.26.	<p>If an employee works in Orissa but gets salary from another state then where the tax is payable?</p>
A.	<p>If any employee works in Orissa he is liable to pay the tax and the employer is liable to deduct it from the salary wherever it is drawn.</p>
Q.27.	<p>If an employee draw salary in Orissa, but works in a place outside Orissa, is he liable to pay tax?</p>
A	<p>If an employee works outside Orissa he is not liable to pay profession tax in Orissa.</p>