

1. The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 has come into force with effect from 1-4-1975. Under this Act, every person engaged in a profession, trade, callings or employment in Maharashtra State is liable to pay tax with effect from April 1975. A person engaged in an employment is liable to pay tax according to the rates specified in entry 1 in Schedule I appended to the said Act.

According to section 4 of the Act, the tax payable by an employee is to be deducted by his employer from the salary or wage payable to such employee before such salary or wage is paid to him. The following instructions are issued by way of guidance to the State Government officers in regard to the deductions of tax to be made from the salary or wages of the State Government employees.

2. No tax is payable by an employee whose monthly salary or wages are less than Rs. 400.

3. (i) The following items come within the scope of clause (h) of Section 2 of the Act which define "salary" or "wages";

- a Overtime allowance
- b Officiating allowance
- c Honorarium
- d House rent allowance
- e Cycle allowance (where this is paid as an allowance for the skill of an employee which is utilised by the employer)
- f Machine allowance
- g Cash allowance
- h Non-Private practice allowance paid to medical officers
- i Change allowance
- j Night shift or factory allowance
- k Bhatta paid to out stations posted employees.

(ii) The following items do not come within the scope of clause (h) of section 2;

- a Medical aid reimbursement
- b Encashment of leave
- c Travelling allowance
- d Conveyance allowance
- e Washing allowance
- f Stipend paid to trainees
- g Salary paid to apprentices under the Apprentices Act.
- h Leave travel assistance/payment
- j Bonus paid to employees
- j Gratuity

4. Daily paid staff employed on regular basis is liable to pay the tax and the same should be deducted from their salary/wages.

5. Arrears for the period to 1st April 1975.- Any pay allowances, etc. relating to any period prior to 1st April, 1975 are not liable to tax even though they may be paid to the employee after 1st April 1975.

6. **Pension.**—Pension granted to Government employee is not "salary" and hence pensioners are not liable to pay tax. If, however, a pensioner is re-employed and earns salary apart from his pension, he will be liable to pay tax in respect of the salary by him. If the pension is withheld during the period of re-employment, the whole salary is liable to tax without deduction of the amount equivalent to pension.

7. In calculating the tax payable by an employee it is the actual amount of salary received by him which should be taken into account and not the monthly rate of the salary. The quantum of tax is related to the amount of salary actually received by an employee. For example, if an employee is paid emoluments at the rate of Rs. 500 per month, but in a particular month he was on leave without pay for half of the month, and so he gets salary of Rs. 250 only for the other half of the month, then he will not be liable to pay any tax in respect of that month.

8. When arrears of salary, increment, etc., for the past period are paid, they should not be considered to have been earned in the month in which they are paid. But they should be apportioned to the month(s) to which they relate and if by such apportionment, the total emoluments of that month go to the next higher slab, the difference in the tax payable if any, as per the next higher slab of salary should be recovered.

9. The tax on employment is payable when salary is paid to the employee. If salary for a month is due to an employee, but is not paid to him, no tax is payable in respect of such salary. However, as and when the salary for that month is paid, the tax in respect of it will be recoverable.

10. The Speaker and the Deputy Speaker of the Legislative Assembly the Chairman and the Dy. Chairman of the Council are not liable to pay the tax in their capacity as holders of these offices.

11. Members of the Legislative Assembly and the Legislative Council, members of Municipal Corporation, Municipal Councils and Zilla Parishads are not liable to pay tax under entry 1 in Schedule I appended to the Act. If however, in addition to being members of the said bodies, they are also engaged in a profession, trade or calling they will be liable to pay the tax according to the relevant entry in Schedule I.

12. The principal employer has no liability under the Act in respect of contract labour such as canteen employees, construction workers, etc., engaged by regular contractors in factories, establishments, etc.

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