

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

CORRIGENDUM

-

To,

No. PFT/2005/P.T./Adm-7/10/B- 274

Mumbai dt. 18.08.2006

Circular No. 19 T of 2006

**Sub : Levy of Profession Tax on Compensation/ex-gratia received
under any kind of retirement scheme.**

Ref : This office Circular No. 26T of 2005 dt. 15th October 2005.

Gentleman/Sir/Madam,

The levy of profession tax on compensation/ex-gratia received under any kind of retirement scheme was explained vide the circular no. 26T of 2005 dt. 15.10.2005. The issue of levy of profession tax on compensation/ex-gratia, when paid in installments, was under consideration of the department. The issue is now clarified while referring to the different judgements of high court and subsequently from the opinion of the Law and Judiciary Department of the State Government.

2] In view of the above, the guidelines issued on levy of profession tax on compensation/ex-gratia received under any kind of retirement scheme in paras (3) and (4) vide circular no. 26T of 2005 are now hereby revised as follows;

“(3) Normally the compensation/ex-gratia is paid either in lumpsum or in installments spread over one or more number of years. The salary or wages paid or payable in both the circumstances shall be the salary or wages of such specific year in which his employer accepts the application of the employee under the retirement scheme. An employer shall be responsible

for payment of profession tax only for the period upto which an employee is under actual employment with him. The relationship of employer and employee shall cease to exist on the date on which the employer accepts the application under the retirement scheme of an employee, provided that if the application is accepted with effect from a date subsequent to the date of such acceptance, then the employee will be considered as in the employer's employment till such date of effect.

(4) While assessing any employer or deciding any appeal, the departmental authorities shall follow the guidelines as explained in para (3) above for levy of tax on compensation/ex-gratia.

The employers are requested to approach the respective authority and make an application for rectification of mistakes under section 15 of the Act, in case it is apparent on the face of record that the profession tax is levied in excess. In case, the levy of profession tax is in excess but not apparent on the face of record, the employer may prefer appeal against the order. The employers are also requested to apply immediately to the respective authority, so that limitation does not bar the period for rectification or appeal”.

3] You are requested to bring the contents of this corrigendum to the notice of all the members of your association.

Yours faithfully,

(B. C. KHATUA)
Commissioner of Profession Tax,
Maharashtra State, Mumbai.