**PROFESSIONAL TAX**

Profession Tax is a direct tax which is levied on persons earning an income by way of either practicing a profession, employment, calling or trade. Unlike income tax which is levied by the Central Government, profession tax is levied by the government of a state or union territory in India. Majority but not all of the Indian states impose profession tax. While states like Karnataka and Maharashtra have profession tax, there is no such tax applicable in Delhi and Haryana.

**Profession Tax Rates in Key States of India**

As this tax is a state subject, the rate of profession tax varies from one state to another. While some states might charge it as a percentage value, other states tend to charge it as a fixed amount based on income slabs. The following are the professional tax rates in key states in India:

|  |  |  |
| --- | --- | --- |
| **State** | **Income per Month** | **Tax Rate/Tax Amount (p.m.)** |
| **Andhra Pradesh** | Less than Rs. 15,000 | Nil |
| Rs. 15,000 to less than Rs. 20,000 | Rs. 150 |
| Rs. 20,000 and above | Rs. 200 |
| **Gujarat** | Up to Rs. 5999 | Nil |
| Rs. 6000 to Rs. 8999 | Rs. 80 |
| Rs. 9000 to Rs. 11999 | Rs. 150 |
| Rs 12000 and above | Rs. 200 |
| **Karnataka** | Up to Rs. 15,000 | Nil |
| Rs. 15,001 onwards | Rs. 200 |
| **Kerala (Half yearly income slabs and half yearly tax payment)** | Up to Rs.11,999 | Nil |
| Rs.12,000 to Rs.17,999 | Rs.120 |
| Rs.18,000 to Rs. 29,999 | Rs.180 |
| Rs.30,000 to Rs. 44,999 | Rs.300 |
| Rs.45,000 to Rs. 59,999 | Rs.450 |
| Rs.60,000 to Rs. 74,999 | Rs.600 |
| Rs.75,000 to Rs. 99,999 | Rs.750 |
| Rs.1,00,000 to Rs. 1,24,999 | Rs.1000 |
| Rs.1,25,000 onwards | Rs.1250 |
| **Maharashtra** | Up to Rs. 7,500 | Nil (for male) |
| Up to Rs. 10,000 | Nil (for female) |
| From Rs. 7,500 to Rs. 10,000 | Rs. 175 (for male) |
| Rs. 10,000 onwards | Rs. 200 for 11 months + Rs. 300 for 12th month |
| **Telangana** | Up to Rs. 15,000 | Nil |
| Rs.15,001 to Rs.20,000 | Rs. 150 |
| Rs.20,001 onwards | Rs.200 |
| Up to 5 years (For professionals such as legal practitioners, CA, architects, etc.) | Nil |
| Over 5 years (For professionals such as legal practitioners, CA, architects, etc.) | Rs. 2,500 (per annum) |
| **West Bengal** | Up to 10,000 | Nil |
| 10,001 to 15,000 | Rs. 110 |
| 15,001 to 25,000 | Rs. 130 |
| 25,001 to 40,000 | Rs. 150 |
| 40,001 and above | Rs. 200 |

**Profession Tax Applicability**

Profession tax is applicable on the following classes of persons:

1. An Individual
2. A Hindu Undivided Family (HUF)
3. A Company/Firm/Co-operative Society/Association of persons or a body of individuals, whether incorporated or not

**Who Pays Profession Tax?**

Self-employed persons who carry out their profession or trade on their own and fall in the ambit of profession tax are liable to pay the tax themselves to the state government. The Commercial Taxes Department of a state/union territory is the nodal agency which collects profession tax on the basis of predetermined tax slabs which vary for each state and union territory. The tax is calculated on the annual taxable income of the individual, however, it can be paid either annually or monthly. Self-employed taxpayers need to obtain a Certificate of Enrolment from prescribed authority (of the concerned state) in the prescribed manner.  
  
However, in case of salaried individuals and wage earners, the employer is liable to deduct profession tax from the employee’s salary on a monthly basis (as per the applicable professional tax slab) and deposit the same with the state government. The employer needs to get a Certificate of Registration from the concerned authority to be able to deposit the deducted profession tax.

**Maximum Profession Tax Amount**

A maximum of Rs. 2,500 can be levied as professional tax on any person per financial year.

**Profession Tax Is Deductible Under Section 16 (iii) Of The Income Tax Act**  
According to Section 16 (iii) of the Income Tax Act 1961, the profession tax paid by an employee is allowed as a deduction from his/her gross salary income.

**Major Indian States and Union Territories Which Levy Profession Tax**

Following are some of the Indian states and union territories where professional tax is applicable:

1. [Andhra Pradesh](https://www.paisabazaar.com/tax/appt-professional-tax-andhra-pradesh/)
2. [Karnataka](https://www.paisabazaar.com/tax/professional-tax-karnataka/)
3. [Maharashtra](https://www.paisabazaar.com/tax/professional-tax-maharashtra-online-payment/)
4. Tamil Nadu
5. Assam
6. [Kerala](https://www.paisabazaar.com/tax/professional-tax-kerala/)
7. Meghalaya
8. Tripura
9. Bihar
10. Jharkhand
11. Madhya Pradesh
12. [West Bengal](https://www.paisabazaar.com/tax/professional-tax-west-bengal/)
13. Manipur
14. Mizoram
15. Odisha
16. Puducherry
17. Sikkim
18. [Telangana](https://www.paisabazaar.com/tax/professional-tax-telangana/)
19. Nagaland\*
20. Chhattisgarh
21. [Gujarat](https://www.paisabazaar.com/tax/professional-tax-gujarat/)

\**According to the Nagaland Department of Taxes, professional tax is applicable in the state, however, other widely-followed publications there is no professional tax applicable in Nagaland.*

**Major Indian States and Union Territories Which Do Not Levy Profession Tax**

Following are some of the Indian states and union territories where no professional tax is applicable:

1. Arunachal Pradesh
2. Himachal Pradesh
3. Delhi
4. Haryana
5. Uttar Pradesh
6. Uttarakhand
7. Andaman and Nicobar Islands
8. Daman & Diu
9. Dadra and Nagar Haveli
10. Lakshadweep
11. Jammu & Kashmir
12. Punjab
13. Rajasthan
14. Chandigarh
15. Goa