CHAPTER 06 · COMPLIANCE MANUAL · 2024 EDITION

Professional Tax

*This chapter is an extract from **The RST Compliance Manual**, a regulator-mapped reference for Indian business entities curated by the partners of R S T & Co.*

Professional Tax is a tax on all kinds of professions, trades, and employment, levied based on their income. It is levied on employees, a person carrying on business including freelancers and professionals, if the income exceeds the monetary threshold, by the State Government.

6.1 Applicability

Criteria	Time Limit	Form
Every employer who pays a salary or wage to his employees more than Rs.25,000/- per month	Within 30 days from the liability to pay tax	Form-1
Every person other than an employer liable to pay tax under the Act	Liable for enrolment within 30 days from the liability to pay tax	Form-2

Self-employed persons who carry out their profession/trade on their own are liable to pay the tax themselves to the state government by obtaining a Certificate of Enrolment.

Commercial Taxes Department of a state is the nodal agency which collects professional tax, calculated on the annual taxable income of the individual, to be paid annually or monthly.

In case of salaried individuals and wage earners, the employer is liable to deduct professional tax from the employee’s salary on a monthly basis and deposit with the state government after obtaining a Certificate of Registration.

6.2 Exemptions

Specific exemption

Senior citizens (60 years) & Profession carried out for less than 120 days in the year

All charitable and philanthropic hospitals or nursing homes situated in places below the taluk level in all districts of the state except Bangalore and Bangalore rural district.

Directors of the company registered in Karnataka and nominated by the financing agencies owned and controlled by the state government or other statutory bodies.

Foreign technicians employed in the state whose appointmet is approved for the purpose of tax exemption for the defined period of 2 years from the date of joining.

Combatant and civilian non-combatant members of the armed forces who are governed by the Army Act, Navy Act and Air Force Act.

Salaried or wage earning blind persons, deaf and dumb persons.

Holders of permits of single taxi or single three wheeler good vehicles.

Institutions teaching Kannada or English shorthand or typewriting.

Physically handicapped persons with at least 40% of permanent disability (subject to production of certificate from the HOD of Government Civil Hospital).

An ex-service man not receiving salary income exceeding Rs. 10,000 p.m.

Persons running educational institution in respect of their branches teaching classes up to twelth standard or pre-university education.

Parents of a single child who underwent sterilisation operation, subject to production of a certificate from the district Surgeon, Government Civil Hospital, for having undergone such operation.

Central Para-Military Force (CPMF) personnel.

6.3 Compliances

6.3.1 Rates chart

Sl No.	Class of Persons	Tax Rate (in Rs.)
I	Salary or wage earners whose salary or wage or both, as the case may be, for a month is	
	Less than Rs. 25,000	Nil
	Rs. 25,000 & above	Rs. 200 p.m
II	Contractors executing works contract (as defined under Karnataka Goods and Services Tax Act, 2017) where total consideration in relation to the supply of goods or services or both in a year is Rs. 20 lakhs or more Persons registered or liable to be registered under the Karnataka Goods and Services Tax Act, 2017 where the total consideration in relation to the supply of goods or services or both in a year is Rs. 20 lakhs or more	Rs. 2,500 p.a
III	Employers of establishments defined under the Karnataka Shops & Commercial Establishments Act, where number employees is/are	
III	One or more, but not more than 5	Rs. 1,000 p.a
III	More than 6, but not more than 10	Rs. 1,500 p.a
III	More than 10	Rs. 2,500 p.a
IV	Companies registered under Companies Act, 1956 or Companies Act, 2013 and engaged in any trade, calling or profession	Rs. 2,500 p.a

As per the amended provision of Karnataka Tax on Profession, Trades, Callings, and Employments (Amendment) Act, 2023, various simplified tax rates are as follows;

As per the amended schedule, All GST-registered persons are liable for professional tax payment of Rs 2500/-.

Other than GST-registered persons, those who are falling in the serial numbers 3 to 12 of the above schedule are also liable for discharging the professional tax before 30th April (Section 10(2)).

Those who paid income tax under the income tax act, 1961 having trade, profession and calling is also liable for payment of PT.

Professionals/traders who are in the profession/trade for more than 2 years or companies registered under the companies act 2013 or co-operative societies registered under the Co-operative society Act are also liable for professional tax payment as per the latest amendment in the act.

Every Additional place of business (Except godown) is considered a separate person. PT shall be separately paid for those additional places.

For further details please refer **Karnataka Tax on Professions trades, Callings and Employment Act, 1976**.

Branch – Separate Assessee: Every branch of a firm, company, club, association, society or other corporate body, is treated as a separate person for the purpose of tax liability.

6.4 Due Date of Payment

6.4.1 Registered Person - Employment

Monthly: 20th of following month

For the month of April 2021, the due date had been extended to 20th June, 2021.

Quarterly: If the total tax to be deposited under the Act, in a month is less than **Rs. 5,000**, the employer can opt for **quarterly** payment.

Quarter	Due Date
March-May	20th June
June-August	20th Sept
September-November	20th December
December-February	20th March

6.4.2 Enrolled Person - Others

Annually: 30th April

For the financial year 2021-22, in respect of person who enrols before the commencement of the year, the payment of the amount of tax can be made by 30th June, 2021.

6.5 Due Date of Filing

Form No	Description	Due Date
4A	Return for enrolled person	30th April of every year
5	Return of tax payable by employer	20th of succeeding month
5A	Statement of tax payable by employer	30th May of every year

The state government of Karnataka has facilitated the option of paying tax and filing the returns through a website, **e-PRERANA.**

6.6 Consequences of Default

Registration: Penalty of Rs. 1,000 in case of employers and Rs. 500 for others.

Non-payment: In case of late payment, **interest** is payable at **1.25% per month** or part thereof for the period of default, limited to maximum 100% of tax due. (10% of tax in case of unintentional delay)

Non-filing of Returns: Penalty of Rs. 250 for every month of delay.

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***End of Chapter.** For the complete Compliance Manual, additional chapters, or a tailored briefing for your finance and compliance teams, contact **info@rstandco.co.in**.*