

## Salary or Wages under purview of Profession Tax

GOVERNMENT OF WEST BENGAL  
OFFICE OF THE COMMISSIONER, COMMERCIAL TAXES, AND  
THE COMMISSIONER, PROFESSION TAX, WEST BENGAL  
14, BELIAGHATA ROAD, CALCUTTA-700 015

Trade Circular No. 1/79, Dated: 06.06.1979

Sub: [The West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979.](#)

The aforesaid Act has come into force with effect from 1st April, 1979. Under this Act, every person engaged in any Profession, Trade, Calling or Employment in the State is liable to pay tax with effect from 1.4.79. A person engaged in any employment is liable to pay tax according to rates specified in [Entry 1 in the Schedule](#) appended to the Act. According to Section 4 of the Act, the tax payable by an employee is to be deducted by his employer from the salary and wage payable to such employee. The following instructions are issued by way of clarification in regard to the deduction of tax to be made from the salaries and wages.

2. No tax is payable by an employee whose monthly salary or wage is less than Rs. 501.

3. 1. The following items come within the scope of Clause (J) of Section 2 of the Act which defines 'salary' of wages :

- (i) Overtime allowance,
- (ii) Officiating allowances,
- (iii) Honorarium,
- (iv) House Rent allowance,
- (v) Cycle allowance,
- (vi) Machine allowance,
- (vii) Cash allowance,
- (viii) Non-practising allowance payable to Medical Officers,
- (ix) Charge allowance,
- (x) Night-shift or factory allowance,
- (xi) Encashment of leave amount,
- (xii) Any other amount paid by way of allowance.

2. The following items do not come within the scope of the aforesaid clause :

- (a) Medical reimbursement,
- (b) Travelling allowance,
- (c) Reimbursement of conveyance charges,
- (d) Stipend paid to trainees,
- (e) Salary paid to apprentices under the Apprentice Act,
- (f) Leave Travel assistance/payment,
- (g) Gratuity and
- (h) Bonus.

4. Daily paid staff employed on regular basis is liable to pay the tax and the same should be deducted from their salary or wage on monthly basis.
5. Arrears for the period prior to 1.4.79-Any pay allowance etc. relating to any period prior to 1.4.79 are not liable to be taxed even though they may be paid to the employees after 1.4.79.
6. Pension-Pension granted to an employee is not salary and hence pensioners are not liable to pay tax. If, however, a pensioner is reemployed and earns salary apart from pension he will be liable to pay tax in respect of the salary earned by him. If the pension is withheld during the period reemployment, 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 gross amount payable to him which should be taken into account and not the monthly rate of the salary. The quantum of rate of tax is related to the actual salary payable. For example, if an employee is paid amounts @ Rs. 600 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. 300 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 period are paid they should not be considered to have been earned in the month in which they are paid. They should be apportioned to the month/s which they relate and if by such apportionment the total emoluments of that month come to the next higher slab, the difference in the tax payable, if any, as per next higher slab of the 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 the month is paid the tax in respect of it will be recoverable.
10. The principal employer has no liability under the Act in respect of contract labour, such as canteen employees, constructing workers etc. engaged by a regular contractor in factory, establishments etc.
11. Officers and Crew working on Board the ships, are also liable to pay Profession Tax when they are in employment in West Bengal.

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