

BRIEF NOTES ON A.P. TAX ON
PROFESSIONS, TRADERS, CALLINGS
AND EMPLOYMENT ACT 1987



1) Introduction :-

- **Entry 60 in List-II (State list) of the Seventh Schedule to the constitution empowers the State Legislature to make law relating to levy of tax on Professions, Traders, Callings & Employment's.**

- **With a view to improve the collections, the administration of the Act has been entrusted to the Commercial Taxes Department w.e.f. 15-06-1987.**
- **Under article 276 of the constitution, the total amount payable in respect of any one person by way of taxes on Professions, Traders, Callings & Employment's shall not exceed Rs.2500/- per annum.**

2) Definition :-

- a) **Profession's = Occupation by skilled persons i.e. Doctors and Lawyers etc.,**
- b) **Trade = Business (Buying & Selling).**
- c) **Callings = Special duty (Habitual employment)**
- d) **Employments = Being employed.**

- **The object of putting them altogether is to ensure that no particular category of persons is being eliminated.**
- **There are 37 Sections and 29 Rules in the Act.**

3) Levy and charge of Tax:- (Section 4)

- **Every person engaged in any Profession, Trade, Calling or employment in the State are liable to tax at the rates specified in the 1st Schedule.**

4) Liability of Employer :- (Section (5))

- **It is the duty of employer to deduct the tax from the salary Or wages of the employees.**

5) Licensing Turf Clubs :- Section 5 (A)

- **Horse race clubs should collect tax from horse race owners, trainees, book-makers, and jockey and remit to the Department.**

6) Registration and enrolment:- **Section (6)**

- **Every assessee (not being an officer of the State Government & Central Government) liable to pay tax under Section 5 shall obtain registration from the assessing authority within (30) days of his becoming liable to tax.**
- **Application-in-Form-I.**
- **Registration Certificate in Form-IA.**

7) Enrolment : Section (6)

- **Every assessee (Other than a person carrying salary or wages) liable to pay tax under this Act shall obtain a certificate of enrolment from the assessing authority within thirty days of his becoming liable to tax.**
- **Application Form-II.**
- **Enrolment Certificate in Form-IIA.**

8) Penalty :-

- **For false information not less than rupees One Hundred but not exceed rupees One Thousand.**

9) Registering Authority :

- DCTO is appointed as the registering authority as well as assessing authority by virtue of G.O. MS.No. 557 Revenue(s) date 08-06-1987**

10) Returns :- Section (7)

- **Every registered assessee shall submit on or before 10th day of the month succeeding the month for which the returns has to be filed to the assessing authority a return in Form-V for every month showing therein salaries and wages paid by him and the amount of tax deducted by him along with treasury challan.**
- **Penalty for default of filing of return not less than Rs. 5/- but not exceed Rs. 100/- for each day of delay.**

11) Assessments : - Section (8) & (9)

- **If the assessing authority is satisfied that the return submitted by the assessee is correct and complete, he may accept the return. Otherwise the assessing authority shall make assessment after verifying the accounts of the assessee.**
- **If no information available, assessing authority shall make an assessment to the best of judgment.**

12) Payment of Tax : Section (10)

- **Before 30th June, in respect of an assessee who stands enrolled.**

Consequences of failure to deduct or to pay tax:- Section (11)

- **Liable to pay interest @ 2% per month on the amount of tax due for each month. The same is also applicable to enrolled persons.**

13) Penalty for Non-payment of Tax : Section (12)

- **Penalty not less than 25%, but not exceeding 50% in addition to interest @ 2% per month (Rule 24).**

14) Recovery of Tax etc:

- **Recoverable as an arrear of land Revenue
Section (13).**

15) Appointment of Collection Agents : Section (14)

- **Government officers or local authority as its Agents.**

16) Appeals : Section (15)

- **Within Thirty days to the Appellate Authority from the date of order service. Appeal fees 2% or Rs.1000/-.**

17) Revision : Section (16)

- **Suo-motto on application made to the Commissioner within a period of (4) years from the date of receipt order.**

18) Accounts: Section- 17

- **If an assessee willfully fails to maintain the books of account, he is liable to pay penalty not exceeding rupees five for each day of delay.**

**19) Special Mode : Section (18) -
Thirty party recovery.**

- **Act No.3 of 2003 w.e.f. 01-05-2003 – Deputy Commissioner or Commercial Tax Officer or Deputy Commercial Tax Officer empowered to collect taxes from third parties.**

**20) Recovery under R.R. Act –
Section (18-A) Deputy Commissioner**

**21) Recovery of Tax where trade, calling etc of
employer is transferred:**

where ownership of profession, trade, calling or employment who liable to pay tax is transferred, the transferee is liable to pay tax.

22) Production and inspection of accounts and documents and search of premises: **Section (20)**

- **Any officer may inspect and search premises and may require production and examination of books of account.**

23) Refund of excess

- The assessing authority shall refund to the assessee the amount of tax, penalty, interest or other amount if any, paid by such assessee in excess of the amount due from him.
Section (21)**

24) Offence and penalty Section (22):

- **Any assessee, who fails to comply with any provision of this Act, he shall , on conviction be punished with fine not less than five hundred but not exceed five thousand.**

25) Offence by companies:-

- **When an offence was committed by a company, person who at the offence was committed, is responsible for such offence and liable to be punishable.**

26) Power to transfer proceedings Section (24) :

- **Commissioner may transfer any proceedings to any officer from another officer.**

27) Compounding of offence Section (25):

- The assessing authority may permit any assessee to compound the offence on payment of a sum, not exceeding five thousand rupees or double the amount of tax recoverable, whichever is greater. No appeal.**

28) Protection of Acts done in good faith

Section (28):

- **No suit, prosecution, or other proceedings shall lie against the Government or any officer, authority empowered to exercise under this Act.**

29) Power to exempt Section (31):

- **Government may make an exemption or reduction in the rate of tax payable by a special class of assessee.**

30) First Schedule : (See Section 4)

Sl.No.	Class of Assesseees	Rate of Tax per Month/per Annum Rs.
• <u>1</u>	<u>2</u>	<u>3</u>
•	Salary and Wage earners, such persons	
•	whose monthly salaries or wages.	
• i)	Upto Rs.15,000/-	NIL
• ii)	Range from Rs.15,001/- to Rs.20,000/-	150/-PM
• iii)	Range above Rs. 20,000/-	200/-PM

31)Dealers registered or liable to be registered under the Andhra Pradesh Value Added Tax Act 2005 whose total turnover in any year ranges:

- **a) Upto Rs. 10,00,000/- Nil**
- **b) from Rs. 10,00,001/- to Rs. 50,00,000/- 1250/-
PA**
- **c) from Rs. 50,00,001/- and above 2500/- PA**

- **In the First Schedule, for the Sl.No.16 against entries in columns(2) and (3) thereof, the following shall be substituted, namely:-**
 - **Holders of permits of less than three(3) transport vehicles (other than auto – rickshaws) granted under the motor Vehicles Act, 1988.**
- NIL**

**ii) HOLDERS OF PERMITS OF THREE (3) OR MORE TRANSPORT
VEHICLES (OTHER THAN AUTO-RICKSHAWS) GRANTED
UNDER THE MOTOR VEHICLES ACT, 1988 - 2500 PA**

32) Every branch of any self employed assessee shall deemed to be a separate assessee.

33) Where an assessee is covered by more than One entry in this schedule, the highest rate of tax specified shall be applicable.

34) Exemptions :

- 1) Agriculturists
- 2) Barber
- 3) Basket-Maker
- 4) Black-smith
- 5) Book Binder
- 6) Carpenter
- 7)Cobbler
- 8) Nil turnover companies
- 10) Dry cleaners
- 11) Gold-smith
- 12) Honorary Directors who are not drawing salary
- 13) Ayurvedic practitioners
- 14)Electricians
- 15)Homeopathic practitioners
- 16)Handicapped persons with 40% or more disability of any kind

17) House-wives who are partner in a firm

18) Minor-Children

19) Philanthropic Educational Institutions

20) Pot-maker

21) Persons engaged in performing religious duties

22) Sleeping partners who are not drawing salary

23) Masons

24) Tailor

25) Unani practitioners

26) Washer-man

27) ICRISAT and Foreign National working in the institution

28) Technical Training Institutions (owned by government).