

Professional tax for S Delhi

South Delhi civic body may impose a professional tax on the residents living under its jurisdiction Delhiites might soon have an additional tax to pay.

With an aim to increase its revenue, the South Delhi civic body is likely to impose a professional tax on the residents living under its jurisdiction.

While the south corporation's standing committee has already approved the imposition, the matter now needs a final nod of the corporation's House.

Professional tax is charged by the state governments on residents earning an income from salary or anyone practicing a profession. The professional who come under its purview include chartered accountants, lawyers, doctors, architects, engineers, businessmen, traders and real estate agents.

While the tax is levied by the municipal body, officials say that the upper limit of the tax is fixed at Rs.2,500 annually.

Officials in the corporation suggest that the civic body stands to earn more than ` 50 crore from the tax on annual basis if it is imposed. An approximate of four lakh people will be directly affected by the tax if it is approved by the corporation.

“Private practitioners have to pay the amount directly to the municipal bodies. Every member of staff employed in a private company is also liable to pay the same. However, in bigger setups it is the employer's duty to collect/deduct the tax amount and send the same to the municipal corporations,” said a municipal official.

Although the professional tax is charged by the municipal corporations, it is not levied throughout India. States which impose the tax include Karnataka, West Bengal, Maharashtra, Tamil Nadu, Gujarat, Chhattisgarh, Kerala, Meghalaya, Odisha, Madhya Pradesh, Assam, Tripura and Sikkim.

Interestingly, while only both south and east corporation had proposed the imposition of tax in their budgets, the latter is all set to withdraw the same even though it has projected a deficit of about Rs. 2,200 crore.

The East Delhi Municipal Corporation had suggested the imposition of three taxes – betterment tax, professional tax and education cess, however, all three now stand to be rejected by the political leaders claiming that it would increase the burden on the general public.

The South Delhi officials, however, justified the imposition claiming, “The civic body has the right to impose seven taxes, although currently only two have been imposed. The imposition of the taxes will help the corporation to increase its revenue,” said a municipal official.

Sources in the corporation said that while the tax would be charged based on income, the slabs would be announced once the tax is approved by the House of SDMC. “The slabs would be made based on data from Income Tax department. The data would help us assess the major income groups,” said the official.

(Hindustan Times)