

**THE TOWN PANCHAYATS MUNICIPALITIES AND MUNICIPAL
CORPORATIONS (COLLECTION OF TAX ON PROFESSIONS
TRADES CALLINGS AND EMPLOYMENTS) RULES, 1999**

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**THE TOWN PANCHAYATS MUNICIPALITIES AND MUNICIPAL CORPORATIONS (COLLECTION
OF TAX ON PROFESSIONS TRADES CALLINGS AND EMPLOYMENTS) RULES, 1999¹**

**[G.O. Ms. No. 11, Municipal Administration and Water Supply (Elec), dated 12th January,
1999]**

No. SRO A-h-1/99

In exercise of the powers conferred by Section 347 of the Chennai City Municipal Corporation Act, 1919 (Tamil Nadu Act IV of 1919), Section 303 of the Tamil Nadu District Municipalities Act, 1920 (Tamil Nadu Act V of 1920), Section 431 of the Madurai City Municipal Corporation Act, 1971 (Tamil Nadu Act XV of 1971), Section 430 of the Coimbatore City Municipal Corporation Act, 1981 (Tamil Nadu Act XXV of 1981), read with Section 8 of the Tiruchirappalli City Municipal Corporation Act, 1994 (Tamil Nadu Act XXVII of 1994) the Tirunelveli City Municipal Corporation Act, 1994 (Tamil Nadu Act XXVIII of 1994) and the Salem City Municipal Corporation Act, 1994 (Tamil Nadu Act XXIX of 1994) the Governor of Tamil Nadu hereby makes the following rules, namely:

RULES

1. Short title application and commencement

- (1) These rules may be called as the Town Panchayats, Municipalities and Municipal Corporations (Collection of Tax on Professions, Trades, Callings and Employments) Rules, 1999.
- (2) These rules shall apply to all town panchayats, municipalities and municipal corporations in the State.

2. Definitions

In these rules, unless the context otherwise requires:

- (a) Act means the Chennai City Municipal Corporation Act, 1919 (Tamil Nadu Act IV of 1919), the Tamil Nadu District Municipalities Act, 1920 (Tamil Nadu Act V of 1920), the Madurai City Municipalities Corporation Act, 1971 (Tamil Nadu Act XV of 1971), the Coimbatore City Municipal Corporation Act, 1981 (Tamil Nadu Act XXV of 1981) the Tiruchirappalli City Municipal Corporation Act, 1994 (Tamil Nadu Act XXVII of 1994), the Tirunelveli City Municipal Corporation Act 1994 (Tamil Nadu Act XXVIII of 1994) and the Salem City Municipal Corporation Act, 1994 (Tamil Nadu Act XXIX of 1994):
- (b) “average half-yearly income” means the average of the total gross income derived by a person during the previous financial year;
- (c) “Commissioner” means the Commissioner of municipality or corporation or the executive officer of the town panchayat in the State, as the case may be;
- (d) “Council” means the council of a city municipal corporation or a municipality or a town panchayat as the case may be;
- (e) “director” means the Commissioner of municipal administration in the case of municipalities and Director of Town Panchayats in respect of Town Panchayat;
- (f) “drawing and disbursing officer” means an officer in Central or State Government department, Quasi-Government or private company or organisation who is in charge of passing of the pay bills and disbursement of pay to the employee;

- (g) "form" means relevant form specified in the Appendix to these rules;
- (h) "general revision" means the revision of tax on profession trade, calling and employment once in five years in a municipality;
- (i) "municipality" means a municipal corporation or a municipality or Town Panchayat in the State of Tamil Nadu;
- (j) "municipal office" or the place where such person ordinarily a municipality or a town panchayat including its zonal or ward offices;
- (k) "place of work" means in relation to a person liable to pay tax the place where such person ordinarily carries on his profession, trade, calling or employment;
- (l) words and expression used but not defined in these rules shall have the meanings respectively assigned to them in the Acts;

3. Levy of tax on profession, trade, calling and employment by the Council

- (1) The Council shall fix the rate of tax on profession, trade, calling and employment in accordance with the provisions of the Act, before a general revision of tax is started. The first general revision of tax under these rules shall be taken up for the half-year commencing from the 1st October, 1998.
- (2) The Commissioner shall make arrangement for publication of the tax fixed by the council under sub-rule (1) municipal office and in one or more conspicuous places of the wards concerned. He shall also give wide publicity through other media as approved by the council for information of the public.

4. Preparation of Master Register of traders and other professionals

The Commissioner shall make arrangements for preparation of a master register containing the details relating to the traders, professionals and employers within the municipal limit in accordance with the guidelines issued by the Government or by the Director.

5. Mode of assessment and payment of tax in respect of salaried person

- (1) In the case of employees working in Central Government Departments, undertakings and in the case of those working in private companies and organisations including Quasi-Government organisations, the drawing and disbursing officer of the concerned shall recover the half-yearly tax as fixed by the municipality in the pay bill of the employee for the months of August and January of every year. He shall make arrangements to remit the tax amount in full to the municipality by way of cheque or demand draft before the 15th September and the 15th February of every year along with the details in Form 1, and including those of self-drawing officers employed in those departments, undertakings, companies and organisation.
- (2) The self-drawing officers of the Central or State Government or Quasi Government undertaking shall pay the tax amount fixed by the council by way of cheque or demand draft drawn in favour of the Commissioner of the municipality concerned

in the months of August and January of a year. While presenting his pay bill he shall give a certificate for having paid the tax to the municipality indicating the number and date of the cheque or demand draft in his pay bill. The Pay and Accounts Officers or the Treasury or the Sub-Treasury Officer, as the case may be, shall honour the pay bill of the self-drawing officers for the months of August and January only if the said certificate is enclosed along with the pay bill. Such cheques or demand drafts shall be sent to the municipality concerned by the drawings and disbursing officer along with the cheque or demand draft relating to the employee of the department or firm concerned.

- (3) If the pay of an employee was not drawn during January or August of a year, the tax shall be deducted when the pay of the individual is drawn subsequently and the cheque or demand draft for the tax amount shall be sent to the Commissioner of the municipality concerned together with Form 1 within fifteen days of the recovery of such tax.
- (4) Even in instances where drawing officer recovers the half, yearly tax due in monthly instalments from the employee and officers he shall make arrangements to remit the half-yearly tax amount due in one lump sum to the municipality concerned within the time prescribed in sub-rule (1).

6. Mode of assessment and payment of tax in respect of other persons

- (1) Every person who is a trader or a professional or an employer and having an average half-yearly income of Rs.21,001; and above shall file a return in Form 2 within thirty days from the date notified by the Commissioner:

Provided that the Commissioner may extend the time for filing of returns for another thirty days.

- (2) The person filing a return under sub-rule (1) shall make a self assessment on the basis of his average half-yearly income. The return shall be accompanied either by a chalan for the payment of tax in the municipal office or a cheque or demand draft for the tax amount due for the first half-year in which the return is being filed. Every such return not accompanied with any of the chalan as proof of payment or a cheques a demand draft shall be deemed to have been not duly filed:

Provided that the Commissioner shall acknowledge receipt of such return or payment of tax.

- (3) The tax for the subsequent half-years shall be paid within the half-year period prescribed in Rule 9.
- (4) The return filed by a person the under the sub-rule (1) shall be valid for a period of five years; if there is a change in the average half-yearly income or if there is a change in the place of business, the person concerned shall file a fresh return. While filing such return the person concerned shall also enclose the chalan for payment of tax for that half-year or cheque or demand draft along with proof of evidence for such changes. Such change shall take effect from the next half-year

period and it will be valid up to the next general revision of tax.

- (5) The Commissioner may on his own motion or on application under sub-rule (4) rectify any error on the face of the record or cancel the assessment or reassess the tax in accordance with these rules:

Provided that no such rectification which has the effect of enhancing an assessment more than the rate mentioned by the person concerned in the return filed by him shall be made unless the Commissioner has given notice to the person concerned and has allowed him of being heard within thirty days from the date of receipt of the notice by him.

- (6) Where such rectification has the effect of reducing an assessment, the excess amount if any paid by a person shall be adjusted towards any tax that may accrue in future.
- (7) The Commissioner is not required to make separate assessment order in respect of every assessee. The return under sub-rule (1) of Rule 5 and sub-rule (1) of Rule 6 is deemed to be the assessment by the Commissioner unless altered under sub rules (4) and (5).

7. Assignment of permanent account number and issue of pass book or card

- (1) The Commissioner after receiving the returns filed under sub-rule (1) of Rule (5) and sub-rule (1) of Rule 6 shall issue pass book or card valid for five years as in a Form 3 within thirty days from the date of receipt of such return. However, the Commissioner reserves the right to rectify errors, if any, detected later under the Rule 8.
- (2) The Commissioner shall assign permanent number for a person who files a return under sub-rule (1) of Rule (5) and sub-rule (1) of Rule 6 in accordance with the guidelines issued by the Government or Director. This permanent number should be indicated in the pass book.
- (3) The pass book issued to a person in the middle of a general revision of tax shall be valid for the period up to the next general revision of tax is taken up.
- (4) If any person loses his pass book or card or if it is mutilated, he may apply to Commissioner for a duplicate pass book along with a chalan for Rs. 10 paid in the municipal office. In the case of mutilated pass book or card it shall also be enclosed along with the application. The Commissioner, shall furnish the duplicate pass book or card within fifteen days from the date of receipt of such application and such duplicate pass book or card will be valid up to the issue of a new pass book or card after a general revision of tax.

8. Checking of returns

- (1) The Commissioner shall make arrangements to verify the returns filed by the persons concerned under sub-rule (1) of Rule 5 and sub-rule (1) of Rule 6 in the following manner:

- (a) If a person filed a return for the maximum amount of tax fixed, or where the return is accompanied by proper evidences as proof for his gross income, such returns need not be verified.
- (b) Out of the remaining returns filed, the Commissioner shall make arrangements to select at random ten per cent of the total number of such returns under each slab rate fixed in the Act and verify the correctness of the same. Such ten per cent verification shall be completed within the next half-year period and in the case of general revision of tax within the next half-year period after the general revision is over:

Provided that the Commissioner shall cause verification by requiring to produce copies of Income Tax or Sales Tax returns or any other relevant documents and verification of account and record by visiting the business premises of the concerned are not required.

- (2) The Commissioner while checking the returns finds any error relating to the quantum of tax payable, in the assessment made by the person or employer concerned, he shall rectify such errors after allowing the person or employer concerned of being heard.
- (3) In addition to the rectification of errors under sub-rule (2), the Commissioner shall levy penalty to such persons or employer under Rule 11 treating such errors as incorrect or incomplete returns under these rules.

9. Time-limit for payment of half-yearly tax

The half-yearly tax shall be paid before 30th September for the first half-year and before the 31st March for the second half- respectively.

10. Mode of payment of tax

The half-yearly tax shall be paid in the municipal office or in any place during specified hours on all working days as notified by the Commissioner. The payment shall be made either in cash through chalan or by cheque or demand draft drawn in favour of the Commissioner.

11. Levy of penalty for belated payment

- (1) When a person fails to pay the half-yearly tax within the period prescribed in Rule 9, the commissioner shall levy a penalty at the rate of one rupee or part of a month for the tax amount of every Rs. 100 or part thereof due to be paid.
- (2) If a person or employer files an incomplete or incorrect return under Rule 5 or 6 and if the same is detected during verification done under Rule 8, the Commissioner accordingly revise the tax amount and shall collect from the person or employer concerned a penalty of one hundred per cent of the difference of the tax revised and the tax paid as per the return filed by him:

Provided that no such penalty shall be collected from the person or employer concerned unless the Commissioner has given a notice to him and has allowed him of

being heard within thirty days from the date of receipt of the notice by him:

Provided further that no penalty under this rule shall be imposed after the period of three years from the date of the order of the assessment made by the Commissioner under this rule.

12. Failure to file return by any person or employer

If any person or employer fails to file a return in Form 1, the Commissioner may, based on the details available in the master register maintained under Rule 4 or any other information available authorise a person not below the rank of a Junior Assistant to visit the place of work of the person or employee concerned and after making such enquiries as may be considered necessary shall prepare a return. A copy concerned along of such return so prepared shall be furnished to the person or employer concerned along with a notice for payment of the tax as assessed.

13. Maintenance of register for collection of tax

The assessment book for collection of the tax shall be kept in the municipal office which will be used from one general revision to the next general revision. The register shall be maintained in accordance with the general instruction issued by the Government or the Director.

14. Appeal

- (1) If any person or employer is aggrieved by any order or decision of the Commissioner relating to the payment of tax including penalty within thirty days from the receipt of such order or decisions of the Commissioner may appeal in writing to the Taxation Appeals Committee of the town panchayat or municipality concerned.
- (2) In respect of the person or employer in Corporation, may appeal in writing to the Taxation Appeals Tribunal of the Corporation concerned.
- (3) The orders passed by the Taxation Appeals Committee or the Tribunal as the case may be, in accordance with the provisions of the Act shall be final.

15. Time-limit for disposal of appeals

The appeals filed under sub-rules (1) and (2) of Rule 14 shall be disposed by the Taxation Appeals Committees or the Tribunal, as the case may be, before the end of the succeeding half-year period prescribed in Rule 9.

16. Revision of rate of tax by the council

- (1) The council shall revise the rate of tax once in five years from the period commencing from the 1st October, 1998, by increasing the rate not less than twenty five per cent and not more than thirty-five per cent of the rate of tax fixed in the Act. The council shall not change or revise the slabs of average half-yearly income fixed in the Act:

Provided that the council resolution for revision shall be passed not later than six months before the commencement of half-year from which general revision is given

effect to.

(2) The percentage of increase in tax once fixed by the Council under sub-rule (1) shall not be reduced without prior permission of the Government.

(3) While increasing the rate of tax under sub-rule (1), the Council shall follow the procedures laid down in the Act for increasing the rate of tax.

17. Publication of revised rates of tax by the Commissioner

The Commissioner shall make arrangements for publication of rate of tax revised by the Council under Rule 16 in accordance with sub-rule (2) of Rule 3.

18. Interpretation of these rules by the Government

(1) If any question arises as interpretation of these rules, the question shall be referred to the Government whose decision thereon shall be final.

(2) If any difficulty arises in giving effect to the provisions of these rules, the Government may by order, do anything which appears to be necessary for the purpose of removing the difficulty.

¹Published in the Tamil Nadu Government Gazette Extraordinary, Part III - Section 1(a), date 12th January, 1999, Issue No. 26, Pages 14.