

Times of India 21.07.2009 [Corporation hikes profession tax](#)

CHENNAI: If you are a salaried employee and earning more than Rs 75,000 per annum, be ready to cough up an additional Rs 570 as profession [tax](#). The Chennai Corporation has planned to mop up its revenue by hiking profession tax between 25% and 35%.

The agenda is likely to be placed before the corporation council which meets on Wednesday. "The new [tax rates](#) will be introduced with retrospective effect from October 2008," a senior corporation official told TOI. The Tamil Nadu Municipal Act has stipulated tax revision once in five years and Chennai Corporation had hiked the tax last in 2003. There are plans also to introduce new

[income](#) slabs at Rs 2 lakh and Rs 5 lakh half-yearly.

Any company that transacts business and every person who is engaged actively or otherwise in any profession, trade, calling and employment in the corporation jurisdiction has to pay half-yearly profession tax, as per Section 138 C of the Tamil Nadu Municipal Laws as amended in 1998. In fact, the profession tax is a big source of income for the civic body, next only to [property tax](#). In the current fiscal, Rs 85 crore is estimated under this head.

Profession tax assessment is calculated on the half yearly gross income for the following categories - salaried people (central and state government) individuals, private establishments and companies. In Chennai, 17,825 private

establishments and 53,538 individuals are professional tax payees.

As per the new plan, there will be no tax hike for those getting paid below Rs 21,001 half a year. Though other local bodies had increased the rates last year, Chennai Corporation could not take up the tax revision due to pressure from political circles.

"Pay hikes of the staff as per the sixth pay commission recommendations cost the civic exchequer an additional Rs 108 crore. The marginal increase in tax is aimed at partially covering this. It is not going to affect the huge populace, but only a small section," Mayor M Subramanian said.

"Revision of profession tax rates is one of the easiest move for the corporation to augment its resources," says T M Deepak, a chartered accountant.