

# TAXES IN INDIA

# **COMPILATION BY:**

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## **PUNJAB STATE DEVELOPMENT TAX ACT 2018**

2500/-

16/04/2018 Act **ASSENT** Applicable 19/04/2018 • **NOTIFY RULE** 14/09/2018 **RULES NOTIFY** 20/09/2018 Official Site of www.Punjab.gov.in Govt. Registration www.psdt.Punjab.gov.in Sites **PSDT Helpdesk** PSDT.helpdesk@gmail.com site As per Article 276, Maximum Amount specified is Rs.

## **Sections and Schedule**

ACT
SECTIONS 24

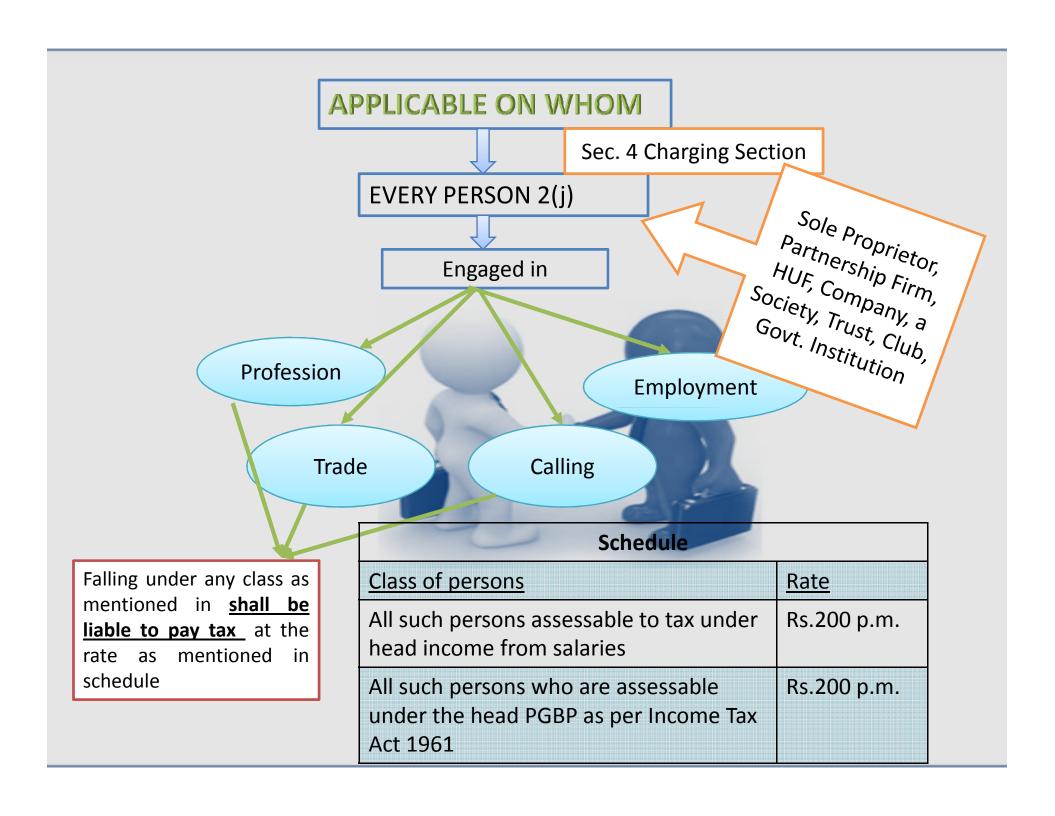
1 SCHEDULE

Applicability:- State of Punjab Applicable From :- 19/04/2018

RULES

Total 21

The Act is **not**applicable in
Chandigarh But it is
Applicable on
Offices Controlled
by Punjab Govt. in
Chandigarh



## Levy and Charge of Tax(Sec. 4)

Every person, engaged in any profession, trade, calling or employment and falling under any class mentioned in the Schedule, (Means Schedule to this Act Define Class of Person who is Liable to Pay Tax) shall be liable to pay the tax at rates mentioned in the Schedule from time to time. (Means Schedule to this Act Mentioned the Rate of Tax). Senior citizens shall, however, be exempted as per the Income Tax Act, 1961 Where a person falls under more than one category in the Schedule, he shall be liable to pay the tax only under one category (Means No Double Taxation)

#### Total Income

Income Criteria: The tax, for any particular financial year, shall be payable under this Act only by those Persons whose Taxable income for the same financial year, before allowing deduction on account of tax levied under this Act, (Means Punjab Development Tax) exceeds the maximum amount which is not chargeable to Income Tax.

Note: Clarification About this Required from Punjab Govt.

In Simple Words we can say that This Development Tax is Payable by those person whose income exceeds the maximum amount which is not chargeable to Income Tax.

#### Categories of Person liable to Pay TAX



#### Employer u/s 2(f)

Every Person Responsible for disbursement of salary and wages

Employer liable to deduct and deposit tax of all employees working on regular basis>180 days

Rs. 200 p.m.

Payment of Tax on Monthly basis(PSDT-8)

Return annually (Form PSDT-6)(Challans To be Attached)

Apply for Registration in **PSDT-1** Form

Certificate of Registration in **PSDT 3** form

Employer has to give information of that employer in PSDT-05 Form

Employee who is in Employment under more than 1 Employer Others:- Eg. Self- Employed,

<u>Others:-</u> Eg. Self- Employed, Employee More than one place employed, Trade, Professionals INCOME U/H PGBP

Registration PSDT 2

Certificate of Enrollment PSDT-4

Rs. 200 p.m.

Payment of Tax on Annual basis. (Beginning of the year)

Return annually (Form PSDT-7)



Agriculturist or any of his family member

**Senior Citizens** 

Person
Earning
Wages on
Casual Basis

Person Whose Taxable
Income is Below the
Maximum Amount
Chargeable to Tax Before
Deduction of PSDT



Every Branch of a firm, Company etc. is a separate Assessee.

As per Explanation to Sec. 2(j) Person Def.

Firm or Company has to make one place as one main place of business and other as additional place of business and get Registered with Jurisdictional Officer of Principal Place.

Registration procedure is provided in rules

# TIME LIMITS OF REGISTRATION

In Case of Employer 6(1)

In Case of Other Person 6(2)

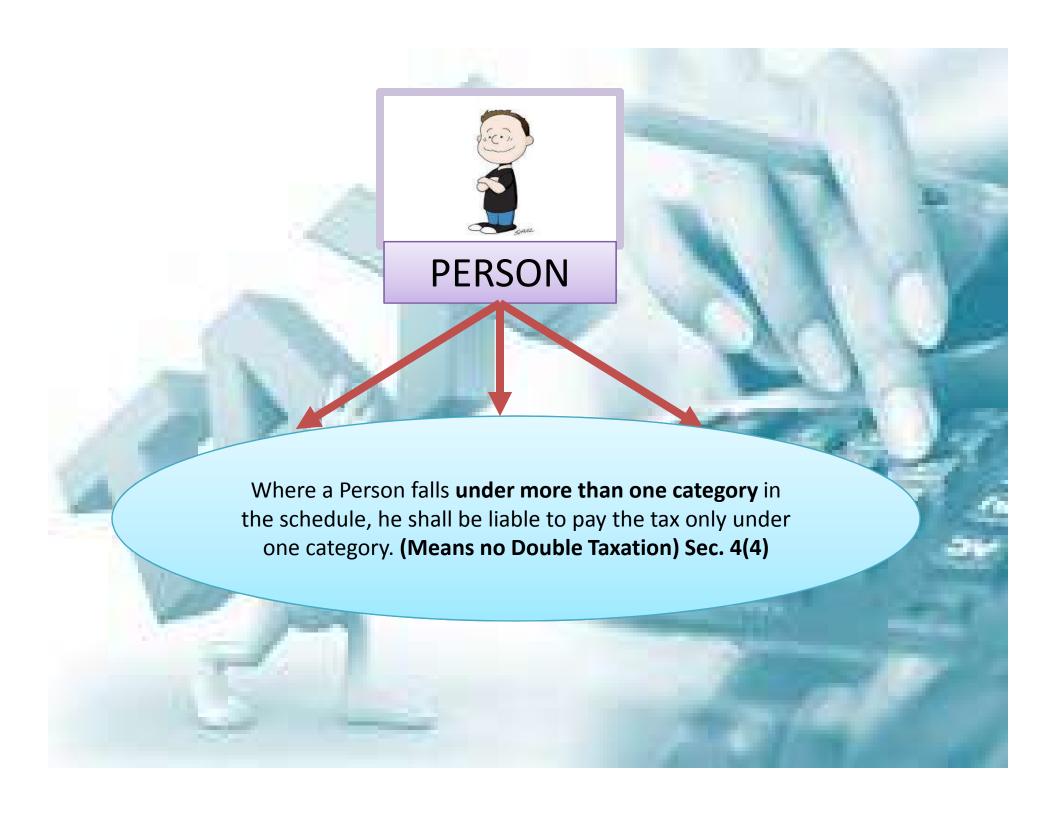
Within 60 days from the date of commencement of Act

Within 30 days from the date of commencement of his Profession/Trade.

Certificate of enrollment, in case of others category, should mention the tax to be paid for the year.

# REQUIREMENTS OF REGISTRATION

- P.Y. Income
- ■PAN Number
- Mobile Number
- ■E- mail
- -Aadhar Number- Optional



# **PENALITIES & Interest**

| PARTICULARS  | AMOUNT OF PENALTY                                |
|--|--|
| Interest   | @2% per month                                    |
| Delay in Registration or Enrollment                    | Rs.50 per day                                    |
| False Information                                      | Rs.5000  |
| Fail to File Returns                                   | Rs.50/- per day                                  |
| Fail to pay Tax  | 50% of the amount of tax due                     |
| Willfully fails to maintain account and document       | Rs.50/- per day                                  |
| Fails to comply with any of the provisions of this Act | Rs.5000/- and Rs.50/-per Day if default continue |

#### PROCEDURE OF PSDT DEPOSIT

After Registration, login on psdt.punjab.gov.in

Go to Generate Challan, Select month and enter number of employees and submit

Print 4 copies of challan

At Present online deposit is not available

Make Cheque in favour of Govt. dues. Cash also allowed.

State Bank of India is accepting deposit. Use Code 0028-00-107-01-00

# When and how to pay taxes



| Particulars   | Sections & Form                             | Remarks  |            |
|---|---|--|------------|
| Employers Liable to deduct tax and pay the same every month   | Sec. 10(2), & Rule<br>14 and Form<br>PSDT-8 | No due date has been prescribed for payment of tax and whether such challan can be made online or not. | <b>a</b> ) |
| Enrolled Persons need to pay tax once in a month within one month from the end of the month of enrollment | Sec. 10(3), Rule<br>14 and PSDT-8           | Due Date is <u>One month</u> from the end of the month of enrolment.                                   |            |

# Returns

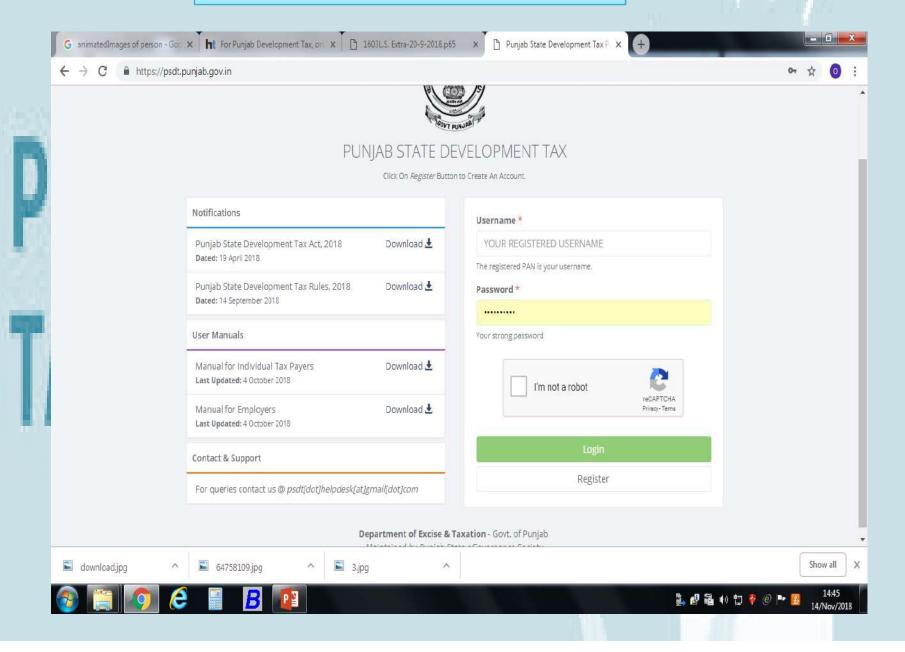
| Particulars   | Sections  | Remarks   |
|---|---|---|
| Every Employer after making self assessment of tax shall file returns, showing therein the salaries and wages paid by him & amount of tax deducted by him  Rule 10 speaks of filing of only annual return by the employer and no other periodical returns | Sec. 7(2),<br>7(3)  Rule<br>10(1),<br>form PSDT-6 | If the return are to be filed monthly or quarterly their prescribed forms and due dates are not prescribed.  Relevant forms for monthly or quarterly return are not prescribed. |
| Every Enrolled person after making self assessment of tax shall file return showing therein annual gross income from his profession, trade, calling or employment of the preceeding year and tax payable paid by him                                      | Sec. 7(1)<br>PSDT-7                               | In return annual gross income needs to be shown i.e. return is to be filed annually.  |

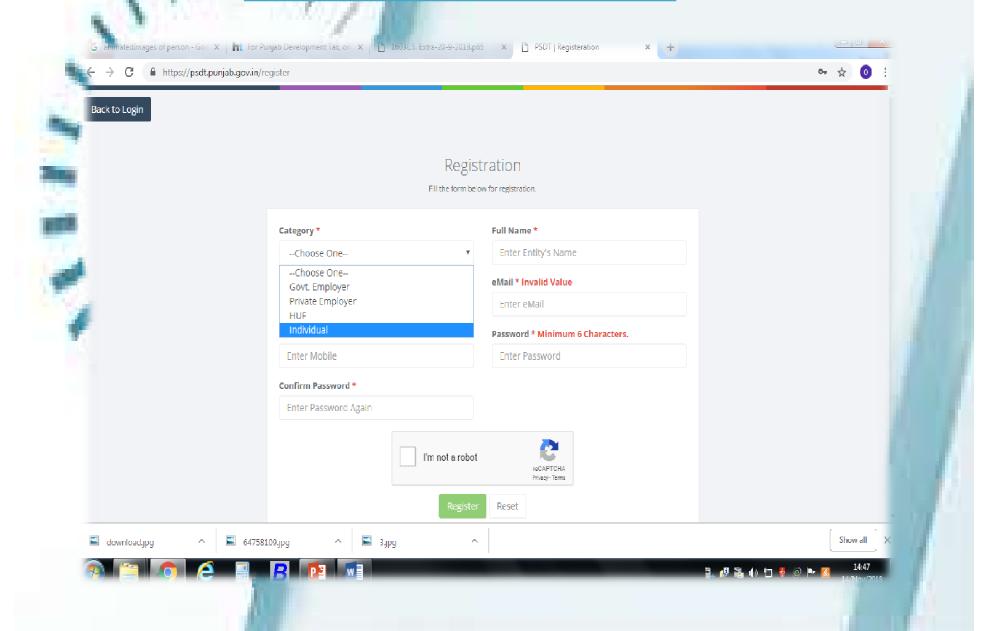
#### CESSATION OF LIABILITY TO PAY TAX(Section 6 of Rules)

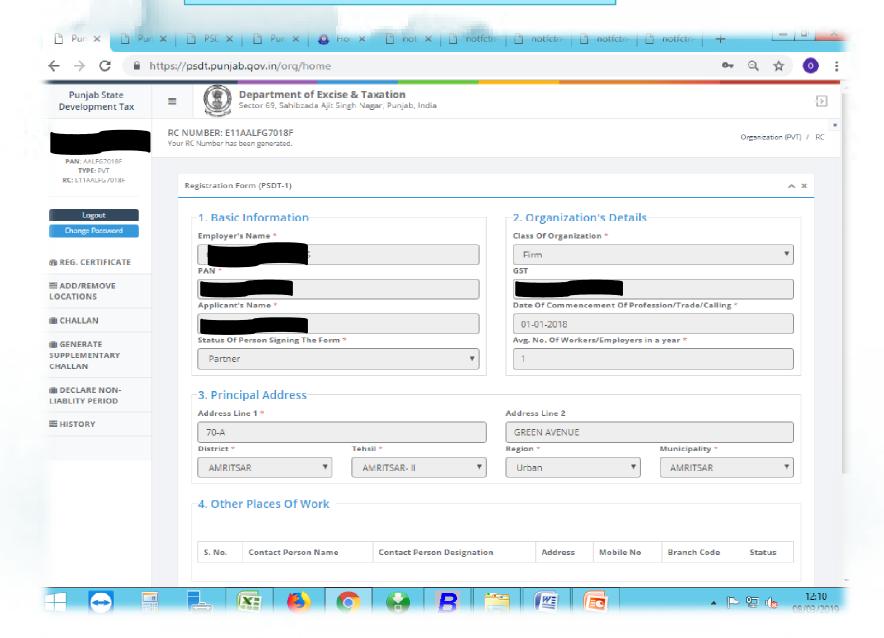
Intimation regarding cessation of liability to pay tax.-In the event of cessation of liability to pay tax because of closure of business or for any other reason, the employer or the person holding the certificate of registration or enrolment, as the case may be, shall send an intimation in writing to that effect to the designated officer within thirty days of the cessation of liability to pay tax.

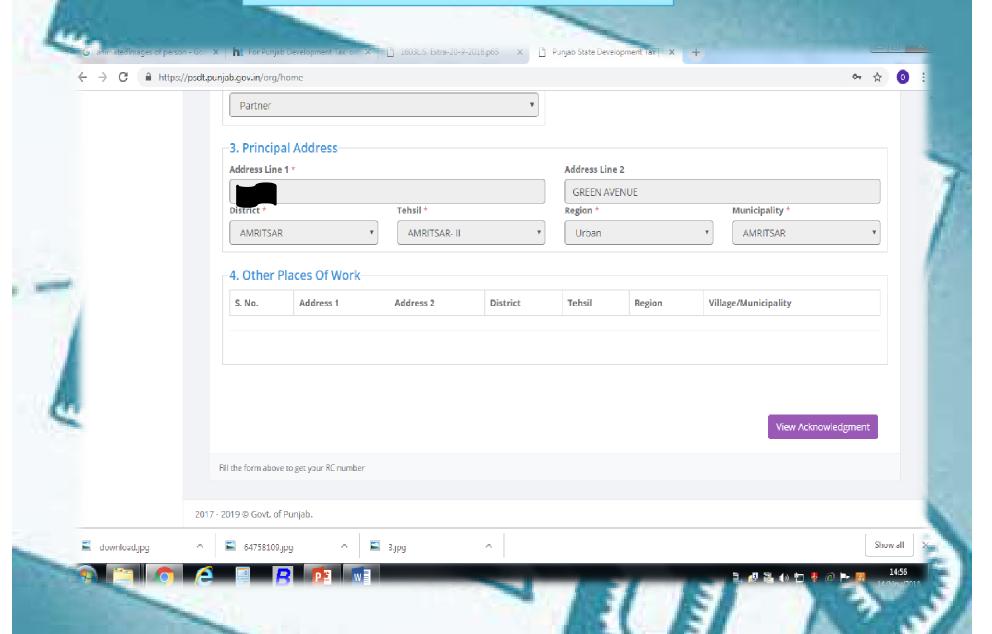
Cancellation of certificate. On receipt of an intimation under rule 5, the certificate of registration or enrolment, as the case may be, granted under rule 3, may be cancelled by the designated officer after satisfying himself that the liability to pay tax of the employer or the person to whom such certificate was granted, has ceased.

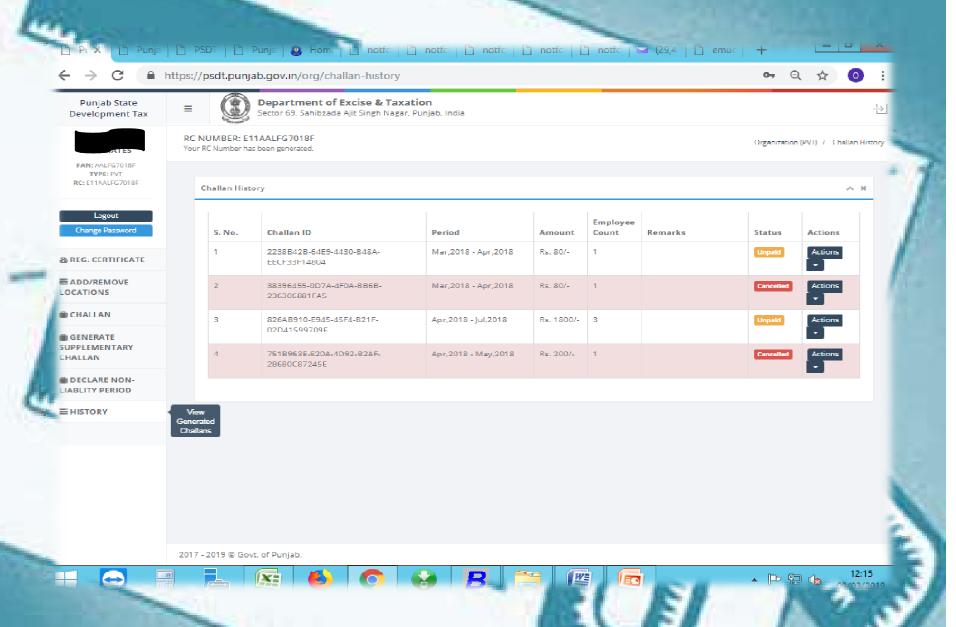
**Exhibition of certificate.**-The employer or the person holding a certificate of registration or enrolment, as the case may be, shall display conspicuously at his place of work, the certificate of registration or enrolment, as the case may be, or a copy thereof











# **Forgot Password Option**





#### VERIFY CREDENTIALS

Enter following details to verify ownership of the account. Further process will be initiated after OTP verification.

PAN \*

REGISTERED PAN

Phone \*

Registered Mobile Number

Verify Details

PSDT - Punjah State Development Tax
D&D By PSeGS - Punjab State eGovernance Society























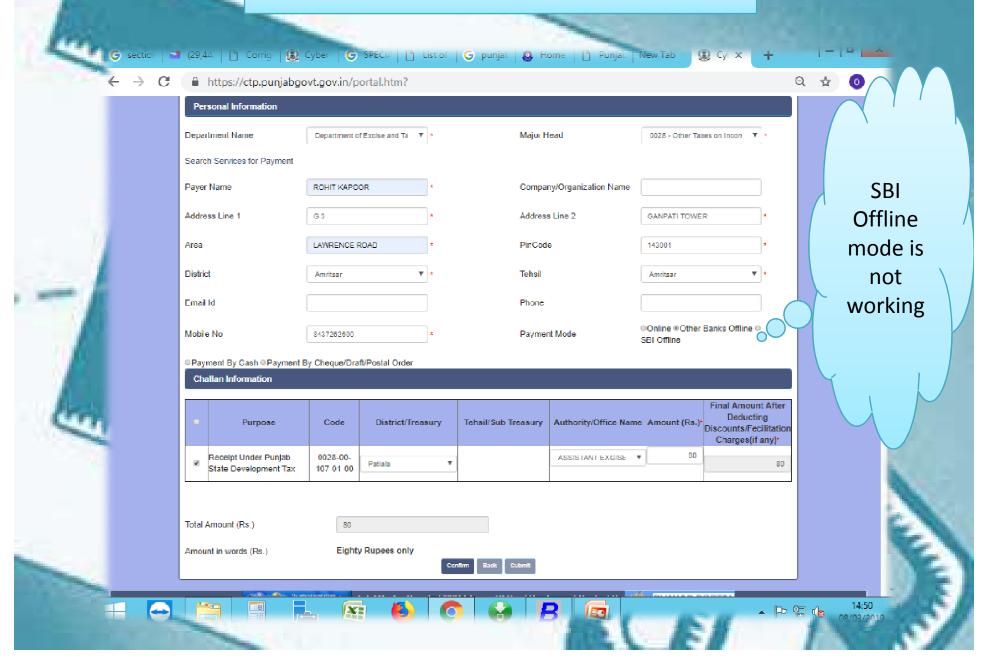
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#### Procedure for creation of Challan

### Step 1: Go to CYBER TREASURY PUNJAB site



## Procedure for creation of Challan



## Ambiguity in act

- Tax Applicability on person i.e. firm, company required to be clarified that it is only w.r.t. the concern as Employer or personal capacity.
- In view of provisions of sections 10(2) and Rule 14, tax by the employer needs to be deposited on monthly basis in Form PSDT-8, but the due date has not been prescribed.
- Clarification is required whether there shall be monthly, Quarterly or annual return in the case of registered employer or it shall be as per the discretion of the Commissioner as per Section 7.
- Section 5 of the Act provides for deduction of tax by the employer before the payment of salary & wages to an employee whereas Rule 12 provides for deduction of tax on <u>quarterly basis</u>. Clarification is needed on the same, also in view of the fact that payment of tax by the employer is monthly as per section 10(1).
- ➤ Section 11 provides for levy of simple Interest @ 2% p.m. even in case of failure to deduct tax. Clarification is needed on what amount interest to be calculated and for what period when there remains no tax due. Also whether interest would be levied if one fails to deduct but makes the payment of tax, if yes on what amount and for till which period.

## VARIOUS FORMS UNDER THE RULES

| S. No.     | Form No.  | Description   |
|------------|-----------|---|
| 1.         | PSDT – 1  | Application for Registration (for employers)  |
| 2.         | PSDT – 2  | Application for Enrolment (for others)  |
| 3.         | PSDT – 3  | Certificate of Registration (for employers)   |
| 1.         | PSDT – 4  | Certificate of Enrolment (for others)   |
| 5.         | PSDT – 5  | Certificate to be furnished by employee in case he is engaged in employment of more than one employer |
|            | PSDT – 6  | Annual Return (for Employer)  |
| <b>'</b> . | PSDT – 7  | Annual Return (for persons)   |
| i.         | PSDT – 8  | Challan for Payment of Tax  |
|            | PSDT – 9  | Notice u/s 6,7 and 10 of PSDT Act 2018  |
| 0.         | PSDT – 10 | Notice u/s 8(3) of PSDT Act 2018  |
| 1.         | PSDT – 11 | Notice u/s 8(4), 9(3) and section 15 of PSDT Act 2018   |
| 2.         | PSDT – 12 | Order of assessment/re-assessment of an employee/person   |
| .3.        | PSDT – 13 | Notice of demand for payment of tax/penalty   |



#### PUNJAB STATE DEVELOPMENT TAX ACT 2018

#### FREQUENTLY ASKED QUESTIONS

1. Who is required to pay Punjab State Development Tax?

#### The Tax is applicable on the person situated in the state of Punjab.

As per section 2(j) of the Act covers "person who is engaged in any profession, trade, calling or employment <u>in the State of Punjab</u> and includes a sole proprietor, a partnership firm, a Hindu Undivided Family, a Company, a Society, a Trust, a Club, an Institution, an Association, a local Authority, a Department of any State Government, Union Territory Government or Central Government, a Government enterprise, a statutory body or other body corporate, <u>irrespective of the fact that the main place of business of such person is outside the State of Punjab and where the main place of business of any such person is not in the State of Punjab,</u> the local manager or agent of such person in the State of Punjab in respect of such business.

Hence, <u>irrespective of whether the principal place of business of employer is outside</u>

<u>Punjab and it has branch in Punjab, for the employees working in branch situated in Punjab shall be subject to PSDT. Even in the case where the salary is disbursed from the head office or any other officer situated other than Punjab, it shall be covered.</u>

e.g Salary paid by HDFC, Mumbai to Employee working in Punjab, PSDT will be applicable.

#### 2. What are the obligations of the employers situated in the state of Punjab?

Every employer who is operating in the state of Punjab is required to deduct tax from the employees whose Income Exceeds basic exemption limit under Income Tax Act. Where the employee is employed with multiple employers, a declaration may be obtained from the employee and in such case the employee shall be liable to pay tax to the Government. It is not important that the employer has principal place of business in Punjab or not, if he has operations/branch etc in Punjab it shall be liable to deduct tax under the law.

#### 3 What about the Income from Other Sources, Income from House Property?

Where the income forms part of the "Income from Other Sources" under Income Tax Act, no registration would be required under PSDT.

If a person has only Income from House Property, then PSDT Reg is not required, however if he has even Re. 1 as income from PGBP, totaling Taxable Income above Exemption Limit, PSDT will become applicable.

#### 4 Is there any procedure for Revising the Return under the Act?

Yes, one can revise the return within 3 months from the end of financial year or the notice of assessment whichever is earlier. Therefore where the return is filed on  $30^{th}$  April 2019, it can be revised up to  $30^{th}$  June 2019. Even when, the return is filed on 08th April 2019, it can be revised up to  $30^{th}$  June 2019.

#### 5. Liability of Employer in case of failure to deduct tax from my employee?

As per the provisions of Sec. 5 of the PSDT Act, 2018. even in case where the employer fails to deduct tax from the employee, he shall still be liable to pay tax with the government. The onus of tax lies upon the employer irrespective of the fact whether he has deducted tax from employee or not.

## 6. Whether the deductions under section 80C would be allowed for the purposes of Punjab State Development Tax?

As the words used in Sec. 4 i.e Taxable Income, the limit of minimum amount chargeable to Income Tax for the purposes of PSDT shall be <u>calculated after deductions under Chapter VI</u> of the Income Tax Act i.e. after deductions under section 80C.

#### 7. What about the Refund of Excess Payment?

As per the provisions of Sec. 18 of PSDT, 2018, the designated officer shall refund to a person the amount of tax, penalty, interest or fee, if any, paid by such person in excess of the amount due from him under this Act. The refund may be credited either electronically to any of the bank accounts of the applicant mentioned in his application for registration or enrollment and as specified in the application for refund, or at the option of the person entitled to such refund, by way of refund adjustment order to be adjusted against any liability on account of tax, penalty or interest likely to arise in future

#### 8. What is the liability in case of working by a person for part of the year?

As per 2nd Proviso to clause 3 of Sec.4 of PSDT Act, 2018, one is required to pay tax only for the period in which profession is carried on. For the period for which the person does not conduct any profession or business, he shall not be required to pay tax under PSDT.

Disclaimer: The above FAQs are prepared on basis of my understanding of PSDT Act 2018 and has no legal validity.