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Property tax defaulters to get sealing notices

LUDHIANA: Property tax defaulters will now face the music, as MC officials are going to serve sealing notices to them. Left with only a few days for the end of the financial year, civic officials are now left with the option of creating pressure on defaulters for recovery of pending dues, and for that, they will serve sealing notices. Similarly, for defaulters of water supply and sewerage dues, the department will start disconnecting the lines, so that they clear their dues.

Officials have been given set targets for every day. For property tax A, B, and C zones, they will have to recover Rs 2.5 crore each until March 31, while for Zone D, it is Rs 4 crore, because most commercial establishments fall in this zone. Apart from this, for water supply and sewerage, each zone has been asked to recover Rs 5 crore by the end of the month.

A meeting was also conducted on Tuesday over this issue, where officials were asked to recover pending dues, without caring for political or any other kind of pressure, and there will be daily monitoring of their recovery drives. The sealing notices will be served by officials to defaulters, who will be given one week time to clear their dues, failing which MC can seal the establishment as well as auction it for recovery of their dues.

MC commissioner Jaskiran Singh said though they were ahead of the previous year's recovery targets, even then, they wanted to achieve more. Therefore, the staff concerned were asked to expedite their recovery drives. He said they were expecting to recover around Rs 30-32 crore by the end of March, and defaulters not clearing their dues would land in trouble, as MC could seal and auction such properties.

All You Need To Know BMC's Property Tax Calculator

As the nation is going digital, the government and municipal corporations have now launched online calculators for property tax in India and allowing them to make payments online, too. Property tax can be paid online by accessing the website of the local municipal corporation. For instance, property owners in Mumbai can go to the portal of the Brihanmumbai Municipal Corporation (BMC), www.mcgm.gov.in, for calculating and then paying the tax online.

MakaanIQ tells you all about the online processes of property tax calculation and payment:

International Property Tax Institute

IPTI Xtracts- The items included in IPTI Xtracts have been extracted from published information. IPTI accepts no responsibility for the accuracy of the information or any opinions expressed in the articles.

What is property tax?

Property tax is the fund collected as tax, from property owners by municipal corporations, which is used for the development of the locality such as maintenance of roads and provision of civic facilities like street lighting, drainage systems, parks, etc.

The tax is levied on an annual or half-annual basis and is paid to the local municipal corporation. The property tax may vary from location to location.

Property tax calculation in Mumbai Property tax calculation in Mumbai was earlier done on the rate-based value system wherein the charges were determined by the amount of rent collected from a given property in a year. This proved to be a loss for the municipal corporation owing to the artificially low property taxes issued by the Rent Control Board. The BMC has now adopted a capital value-based property assessment and tax calculation system which depends on the stamp duty ready-reckoner rate issued by the government to estimate the property value based on different parameters. This rate is revised annually which helps BMC to arrive at a realistic value.

According to the BMC's proposal passed on July 7, 2017, buildings with a carpet area of up to 500 sqft are exempted from property taxes. It also proposes a concession of 60 per cent for properties with an area between 500 sqft and 700 sqft. If implemented by the civic commissioner and the Maharashtra government, the property owners will be entitled for this benefit with effect from 2015 to 2020. Quick guide on property tax calculation.

The parameters considered for property tax calculation include the location of the property, the occupancy status (occupied by self or tenant), the property type, the amenities provided, the year of construction, the type of construction, the Floor Space Index and the carpet area. The formula is given below:

Property Tax = Base Value × Built-Up Area × Age Factor × Type of Building × Category of Use × Floor Factor

The capital value of your property is obtained as follows:

Capital value = Market value of the property x total carpet area x weight for construction type x weight for age of the building

The market value is ascertained by the Ready Reckoner (RR). The RR is fixed by the state government and is found out by compiling the fair value prices for properties.

Weights for 'construction type', in units

- *1 unit for Bungalows and RCC construction
- *0.60 units for structures other than RCC (like semi-permanent and chawls)
- *0.50 units for under-construction or vacant land

Weights for 'user category'

- *4 units for hotels and similar establishments
- *3 units for commercial properties viz. shops and offices
- *2 units for industries and factories
- *1 unit for residential units and charitable institutions

Weights for the age of property

- *0.80 units for properties developed before 1945
- *0.90 units for properties developed between 1945 and 1985
- *1 unit for properties developed after 1985

According to the BMC website, the weights can change without any prior notice, and so, it is highly recommended that one refers the BMC website before manually calculating the property tax.

Facts about online payment of property taxes

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*The payments are done through National Electronic Funds Transfer (NEFT) from banks, net banking or using credit cards and debit cards.

*While making online payment, a property owner should have these details ready with him or her - the Property Account Number (mentioned in the Property Tax Bill), the annual value of the property, classification of the property (viz. residential or non-residential), the zonal classification, the property dimensions and built-up area, the number of floors, the utility bills, the exemptions, etc.

*The Property Account Number can be found out using the Property Account Number Search feature on the portal.

*Details of the property tax bill can be cross-checked with the details given in the portal. Any deviation will be rectified by the ward office.

*Outstanding dues if any, as well as records of offline payments, can also be tracked using the portal.

*The property tax payment receipt is received after making the payment and serves not only as a proof of payment but also as a proof of property ownership.

Decline in property tax collection

Despite the poor performance, BBMP has given itself ambitious targets

The BBMP missing the property tax collection target by a huge margin has emerged as a cause for concern. It had targeted ₹2,600 crore for 2017-18 (excluding cesses and betterment charges), but the revised estimate pegs it at ₹1,777.4 crore, which is only 68.4% of the estimated potential.

In the previous fiscal, BBMP was successful in collecting 75% of the target, an analysis by Janaagraha Centre for Citizenship and Democracy shows.

BBMP Commissioner N. Manjunath Prasad maintained that to date, 16.5 lakh of 19 lakh properties have paid the tax, and that the civic body is expected to collect more taxes in the coming month.

Despite the poor performance, BBMP has given itself ambitious targets. For 2018-19, it expects to collect ₹2,675 crore by way of property tax, which, officials say, they are confident of meeting.

A Revenue Vigilance Cell under Special Commissioner (Finance) will be formed 'to effectively monitor and garner additional resource mobilisation'. Mayor R. Sampath Raj said that the vigilance inquiry has been institutionalised in the form of a Vigilance Cell and a Total Station Survey of 800 top tax-paying properties, including commercial complexes, malls, tech parks, residential enclaves, proposed in the budget.

The top hundred commercial complexes, malls, tech parks and residential enclaves paying property tax in each of the eight zones will be identified and subjected to Total Station Survey, the budget proposed. This will hopefully decrease tax evasion.

The budget recommends that the State government waive property tax for all ex-servicemen, who are presently given a 50% tax rebate.

On the brighter side, since the 2013-14 fiscal to 2017-18, there has been a 25% increase in property tax collection.

BBMP fails to mop up resources from non-tax sources

The 2018-19 budget has set lesser targets across the board for advertisement revenues, OFC fee, parking fee, town planning and trade licences. This, despite promising better regulation and new policy for most of these sectors.

For instance, as against a target of ₹126.91 crore for advertisement revenue last year, this year, it's been downgraded to ₹79.35 crore. OFC revenue target, too, has dropped from ₹300 crore last year to ₹200 crore.

Officials argued that the targets for these sectors are much higher than the revised estimates of the 2017-18 budget. The BBMP had mopped up a meagre ₹28.69 crore through advertisement revenue and ₹50 crore through fees for laying OFC.

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Fortune set to favour cash-starved north MCD, Delhi Metro to now pay 20 times more property tax

The north municipal corporation of Delhi (NMCD), which is reeling under a grave financial crisis, will now look forward to the Delhi Metro Rail Corporation (DMRC) for increased property taxes.

Officials said after a favourable order from the Delhi High Court (HC) recently, it may now be able to get at least 20 times the amount of money in tax it receives from DMRC otherwise. An official said up till now, the Metro used to pay only five per cent of its property tax.

This was with effect to a standing committee resolution passed in 2011 that "as per Section 119 of the Delhi Municipal Act (DMC) union properties are exempted for property tax."

However, after the HC's judgement, it was established that "only union properties are exempted, not properties owned by government companies and statutory corporations which have a corporate personality of their own. These shall not be deemed to be properties of the union," officers of NMCD said.

DMRC pays Rs 50 lakh annually as service tax. However, after the court order, it would have to pay Rs 80 crore every year as property tax, officers said.

There are at least 50 metro stations and properties of the DMRC under NMCD jurisdiction. Standing committee chairman Tilak Raj Kataria said, "The proposal will now be tabled in the house meeting."

NMCD is reeling under serious financial crisis and last week announced that it is willing to surrender its five hospitals and one medical college. NMCD has sighted a deficit of Rs 1,583 crore in its budget for financial year 2018-2019.

The corporation owes contractors Rs 450 crore in payments and has arrears of Rs 650 crore in unpaid employee salaries at least.

However, they have not raised property taxes for the general public in the past 14 years. It has also been providing various rebates and amnesty schemes to tax payment defaulters frequently.

Its property mapping exercise to provide unique identity cards to property holders and digitally upload all their details to provide discrepancies is also incomplete.

CMC tough on property tax deadline

The Calcutta Municipal Corporation (CMC) is unlikely to extend the deadline for the switch to the new method of property tax calculation - unit area assessment - after March 31, officials in the civic body have said.

Civic volunteers will visit the premises whose owners have not voluntarily adopted the new system by submitting the self-assessment form, measure the property and calculate the tax to be paid.

The property owners who will not voluntarily switch to the new system will have to pay a fine, which can be as high as 30 per cent of the tax to be calculated in the new method.

"We have received mayor Sovan Chatterjee's nod to assess the properties whose owners will not voluntarily adopt the unit area assessment system by March 31. The law allows us to impose a penalty of up to 30 per cent of the tax on such owners," an official said.

The unit area assessment was introduced on April 1, 2017. The initial deadline for the taxpayers to switch to the new system was May 2017.

Since then the CMC has extended the deadline four times. The last deadline expired on February 28, after which it was extended to March 31.

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"The deadline is unlikely to be extended any more.... We have given a full year to taxpayers to submit the self-assessment form and switch to the new system," the official said.

The civic body has organised about 100 awareness camps across the city to explain to taxpayers how to fill in the self-assessment form.

According to the civic body's estimates, only 60,000 of the 7.5 lakh-odd payers of property tax have submitted the self-assessment form.

The filled-in form has to be handed over to any of the assessment offices of the civic body. It can also be submitted online but many people have complained of glitches in the process.

The form can be downloaded from the website of the civic body and is also available in the assessment department offices in Santoshpur, Baghajatin, Gariahat, Taratala, Garden Reach and the civic headquarters on SN Banerjee Road. It is also available at e-Kolkata citizen service centres.

The unit area assessment system allows an owner to calculate the tax of the property. The tax mostly depends on the facilities available in the area where the property is located.

The CMC has divided the city into 293 blocks and seven categories - A to G - based on the facilities available in each. The base unit area value depends on which category a property belongs to.

"The form explains in detail how the relevant data have to be entered," an official said.

Wards 142, 143 and 144 - in Joka - are exempt from the unit area assessment.

BMC property tax revenue rises, but may miss target

MUMBAI: The BMC has so far collected nearly Rs100 crore more property tax compared to last year, but may not be able to meet the Rs 5,200 crore target the civic body has set for the financial year 2017-18, officials say.

According to civic assessment and collector department officials, Rs 3,746 crore has been collected as property tax till February 28— up from Rs 3,647 crore during the same period in 2016-17. With just a month left for the financial year to end, the deficit is Rs 1,454 crore now.

However, some civic officials say they are expecting a significant increase in collections this month, they have previously observed that many rush to pay the tax in the last days of the year. Last year, BMC had collected Rs 375 crore on March 31 alone. "We hope to increase the collections like last year, which when collected Rs 4,800 crore till March 31," said an official. Last year too, the BMC had missed the target for property tax collection.

Following the phasing out of octroi with the introduction of GST, property tax is one of the highest revenue source of BMC followed by development charges. Officials say that in order to ensure higher property tax collection, they have issued demand notices to almost 1.7 lakh defaulting establishments and sealed 196 of them this year. Around 4,000 plus property tax defaulters alone owe BMC over Rs 9,000 crore over the years, officials say.

"Apart from sending demand notice and sealing properties, other steps taken by us also include disconnection of water supply and attachment of properties. In this year alone 58 water connections were disconnected and 72 properties attached for non-payment of property tax," said Devidas Kshirsagar, assistant commissioner (Assessment and Collection Department).

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