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SINDH, WB AGREE TO DEVOLVE PROPERTY TAX TO DMCS 1

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The Sindh government in collaboration with World Bank has decided to devolve property tax collection to the local bodies, DMCS for which a proper data base and capacity building of concerned local bodies staff would be undertaken shortly.

This decision was taken by Sindh Chief Minister Syed Murad Ali Shah in a meeting he held with a World Bank team on Thursday.

The World Bank delegation led by Senior Economist Yoonhee Kim, Urban Development Specialist Shoaib Athar, Public Sector Specialist Irum Touqeer, Urban Development Specialists Takaaki Masaki and others.

The Sindh government delegation led the chief minister was comprising Minister Local Government Jam Khan Shoro, Mayor Wasim, Principal Secretary to CM Sohail Rajput, Secretary Excise Haleem Shaikh, DMCS chairman and others were present on the occasion. The chief minister said that he had already devolved property tax to local bodies in Karachi KMC but they have to develop a system for collection.

He added that property survey of Sukkur has been conducted. It is interesting to note that earlier there were only 35,000 households registered for collection of property tax but the fresh survey has revealed an amazing figure of 65,000 houses fit for levy of property tax.

The World Bank team through a presentation said that the current collection of property tax in Sindh is Rs2 billion while there was a potential of Rs7.2 billion. Citing the examples of Punjab, they said that they collected \$88 million during 2015-16, Chennai collected \$90 million, Indian Hyderabad collected \$179 million, Bangalore \$201 million and Mumbai \$373 million.

“These figures are enough to assess how much Karachi in terms of its size and household can collect property tax,” they said. The World Bank said that the tax base has been eroded by virtue of very generous exemptions. It was also pointed out that the administration of property tax is based on old system technology, current billing system is not fit-for-purpose.

They recommended a self-assessment and self-payment platform for property tax customers is need of the hour. The property tax arrears constitute a major problem and significant loss of revenue. The World Bank suggested devolution of Urban Immovable Property Tax (UIPT) to local bodies, DMC. The chief minister said that the local councils of Karachi – DMCS – do not yet have the capacity to administer UIPT collection functions, in the absence of staff trained in property tax law and procedures, and there is lack of IT capabilities. He added that he had already issued directive to the local bodies to develop an efficient system.

It the meeting it was agreed to take immediate measures within next three months. These measures include agreement and legislation about the UIPT devolution road map and institutional arrangement and survey preparations and their launch.

The bank also suggested phase-I (July 18 to June 2020) in which survey would be completed along with preparation of property tax data base. An improvement would be in tax payers services. Training and capacity building of DMCS staff identification, procurement, pilot deployment of ICT system for DMC would be undertaken.

They said in phase-II (July 2020 to June 2023) legal reforms, introduction of a self-assessment and self-payment system. The valuation methodology and updating valuation table would also be made and exemption and relief system would also be reformed and it was agreed upon that the enforcement powers would be strengthened further.

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It was decided to undertake a full survey of all buildings in the six DMCs of the city; collect qualitative and quantitative data for each building, including property use, to collect the GPS co-ordinates for each building including digital image and to build upon the experiences from Sukkur and with participation from ETD and DMCs.

It was also decided to establish an IT Revenue Management System (IRMS) for DMCs. There would be hardware and software determine host for the data server. DMC staff to be involved in the building survey and they would be provided training in the new IT Revenue Management System, training in property tax management including valuation, law, billing, collection and enforcement Taxpayer/customer services training

Murad directed excise department to identify and legislate changes whatever needed to support a modern, ICT-based, Revenue Management System. "We would also bring in legal reforms needed to move to a self-assessment and on-line self-payment system.

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