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PROPERTY CONSULTANT’S SUGGESTIONS INCLUDE YEARLY HIKE IN PROPERTY TAX..... 1

Property consultant’s suggestions include yearly hike in property tax

The Kozhikode Corporation is in two minds about accepting the recommendations of international property consultant Knight Frank, tasked by the Ministry of Housing and Urban Affairs to generate additional revenue for the civic body.

“We are examining the report. Of course, we cannot all of a sudden go ahead with the recommendations. Only after discussions in the council we can move forward,” Mayor Thottathil Raveendran told *The Hindu* on Friday.

The London-headquartered Knight Frank India has prepared a detailed report with the objective of providing technical assistance for developing Value Capture Financing (VCF) framework to efficiently capture the additional land and property value being generated through public investments. This was done as part of the implementation of the Atal Mission for Rejuvenation and Urban Transformation (Amrut), a Centrally sponsored scheme under the Ministry.

The report comes at a time when the civic body is in the grip of a serious financial crisis with dwindling revenues, cut in Plan funds and shortage of employees to execute various projects for the past two years.

However, Deputy Mayor Meera Darshak, who is also the chairperson of the Finance Standing Committee, was more candid in saying that some of the suggestions were made with good intentions. “Many recommendations such as increasing the rent on the public ground are valid. However, we cannot accept all their recommendations including the yearly hike in property tax,” she said.

In any case, these things have to be discussed threadbare in the council. Besides, any decision on generating revenue such as property tax has to be ratified by the State government, Ms. Darshak pointed out.

As part of project, the Knight Frank team has suggested changing the existing tax structure as well as identifying new VCF tools for revenue enhancement in the short and long term. One of the major recommendations was to get the approval of the State government for an yearly 5% increase in property tax. Besides, charge impact fee or development charge on large projects with built-up area above 2 lakh square feet. The Kozhikode Corporation has been advised to follow the practice adopted by Ghaziabad, Mumbai and Bengaluru.

Another recommendation is to hike the daily rent of grounds at Muthalakulam, Mankavu, Thiruvanoor, Kuttichira and Karuvassery in the range between ₹500 and ₹5,000. As of now the rental rate per day for these grounds is just ₹50 plus GST. Likewise, the civic body has been suggested to hike the rental rates of the buildings at CH Flyover, Dhohighana, EMS Stadium Complex, Idiyengara market, Indira complex, N.V. Market, Old Market, Palayam Annex, Palayam Bus Stand, Puthiyapalam and Puthiyara market.

It has also recommended to modify the tax base from rate-based to market value based. The suggestions have been made based on studies conducted in Kochi, Thiruvananthapuram, Coimbatore and Hyderabad.

International Property Tax Institute

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