



## INDIA – October 2019

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### GIS to aid property tax collection in Hyderabad

Property tax collection is set to go hi-tech in Hyderabad soon.

The Greater Hyderabad Municipal Corporation (GHMC) has decided to deploy Geo-Information System (GIS) technology for efficient tax collection.

As per the decision taken in a review meeting by GHMC Commissioner DS Lokesh Kumar and Mayor Bonthu Rammohan, the corporation will map 15 lakh properties in the city. It has decided to go for the scientific assessment after noticing instances of under-assessment of many properties, which leads to lesser accruals of property tax.

The technology will also be harnessed for the purpose of mapping new properties and identifying under-assessed properties. The data would be used to revise the property tax demands from the property owners.

“We are doing a pilot project in the Moosapet Circle. We are planning to expand this to the rest of the city in the next few months,” the Hyderabad Mayor said.

A pilot project has already been conducted in the Moosapet circle in Hyderabad. The geo-mapping of properties will be completed by December, and the Corporation plans to use this technology for property tax collection from January next year.

The Vigilance Department in the corporation has been asked to work with relevant departments to enforce the revised assessments.

Other decisions

In order to ensure better attendance and accountability, the corporation has also decided to link the bio-metric attendance machines with geo-fencing. Employees working in the field (in three shifts) will be asked to mark their attendance twice, once at the beginning of the shift and the other at the end of each shift.

Geo-fencing tags a particular machine or a person to a particular geography. Any violations could be registered and flagged immediately.

### Why we need better property tax systems

*Property tax, which is levied on ownership of any real property, can be a significant source of revenue*

#### International Property Tax Institute

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Cities are at the heart of economic growth everywhere. However, in developing economies, limited municipal revenues and resources can severely restrict a city's ability to finance the infrastructure and services necessary for greater economic activity and better well-being for residents.

In an article published on the Ideas for India portal, Soumyadip Chattopadhyay and Arjun Kumar suggest that even a modest increase in revenue from property tax systems can help Indian city-level municipal governments or urban local bodies (ULBs) expand their tax collections and allow them to invest in their city's development.

Property tax, which is levied on ownership of any real property, can be a significant source of revenue. However, in India, it is hindered by poor assessment of properties, inefficient collection, and widespread exemptions.

The authors argue that ULBs generally do not have a proper system in place to count the actual number of taxable properties under their jurisdiction.

The authors estimate that, on average, only 37% of property tax is collected. Further, exempted properties in India constitute approximately 10% of the total urban properties and about 11% of the assessed properties.

Because of all this, India lags behind global standards in property tax collections. According to the author's calculations, India's property tax collections are roughly 0.2% of India's gross domestic product, well below the proportion in other countries such as the US and Canada where the proportion is around 3 to 4%.

They suggest that India needs to improve the way cities value properties to expand the tax base while making existing tax collection systems more efficient.

To do this, they recommend digitization of property records and reformed billing and payment systems as potential reforms.

## Corpn. may reduce property tax

*Owners of old houses may get relief because of the plan to factor in the depreciation of the asset in calculations*

*Panel to explore ways to slash rates in some added areas and for old houses*

With the commencement of pre-poll preparations for the Corporation Council elections, residents' associations have intensified their campaign for a reduction in property tax and rationalisation of rates.

The Corporation has constituted a committee to explore ways to reduce property tax rates in a few added areas that have reported anomalies in the rates. "We may reduce property tax rates in some added areas. Residents in a few added areas have been campaigning for tax rates similar to that of the core city," said an official.

Owners of old houses may also get relief in property tax because of the plan to factor in the depreciation of the asset in property tax calculations.

As many as 1.59 lakh residents and traders who own property in the city were reportedly found to be paying tax exceeding 100% in the case of commercial buildings and 50% in the case of residential structures. Municipal Administration Minister S.P.Velumani had already announced in the Assembly in July that the property tax will be reduced for such residents who were paying more than 50% prescribed in the order.

Owing to protests by a section of residents, the Revenue Department officials of the Corporation have been asked to take initiatives to redress the grievances of residents who have reported anomalies. The government has also advised civic officials to avoid harassment of residents who demand action on such civic issues. The Corporation collected property tax of around ₹1,000 crore last year and is expected to collect more than ₹1,400 crore this year from 12.19 lakh assesseees.

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S. Swaminathan, secretary, JAMBA United Welfare Association in Ambattur zone, said many residents in areas such as Ambattur were paying very high property tax when compared to other areas. "Many residents who are paying EMI for loans are affected because of the increase in tax. In old city limits such as Anna Nagar, a 1,000 sq ft home has a property tax of ₹1,350. But a flat of the same size in Ambattur is assessed for a tax of ₹4,350. Residents have been demanding a reduction," he said.

T. Nagar residents' welfare association members on Monday met with officials as part of their campaign for tax collection based on the government order. The association founding member V.S.Jayaraman said: "The residents have complained that the Corporation, besides the general revision in the property tax for the period 2018-19, had hiked the tax for the period 2017-18."

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