



## PAKISTAN – September 2019

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**HUGE HIKE IN ISLAMABAD PROPERTY TAX ..... 1**  
**BUILDINGS ON HIGHWAYS AND MOTORWAYS TO PAY PROPERTY TAX..... 1**

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### Huge hike in Islamabad property tax

In terms of on-time payment of government dues, the residents of Islamabad stand far above all other their compatriots. Even when streetlights have been switched off, sewerage lines are no more draining out sewage and water supply remains erratic they pay government dues right on time. But what should the property owners do now when the property tax has been raised by almost 200 percent - one who was paying Rs 8,000 is to pay around Rs 24,000 - and within this week.

How more unreasonable, if not despotic, the tax collectors of the nation's capital could be. Accepted, the government is under foreign pressure to tax every Tom, Dick and Harry. But in that there too should be the method behind the madness. To quote an afflicted resident, "Such a significant increase in one go has left our budgets reeling. We are the salaried class, and have to maintain our monthly budgets accordingly".

The Metropolitan Corporation Islamabad (MCI) approved the increase in property tax last December, making it applicable from July 1. But given the intra-departmental fight between MCI and Capital Development Authority (CDA) as to who should control the revenue directorate responsible for property tax collection, the distribution of property tax bills was delayed.

The MCI had hiked the rates, arguing that property taxes had not been revised for 18 years, so the increase was justified. But is it taxpayers' responsibility to revise the rates? And then you do it, as if your feet are not on the ground, and raise the rate by 200 percent, and within a week. And, what a chicanery - the Property Tax Bill 2019-2020, delivered on September 21, shows as if it was issued on August 5 and due date is September 30, 2019. How ironic it is that the defaulter must pay the fine, and not the source who delayed delivery by more than a month. The concerned authorities owe an explanation to the property taxpayers of Islamabad.

There was a time when Islamabad was rated as one of the world's most beautiful capitals. Then its roads were velvet-carpeted, footpaths were pleasure to walk, streetlights working and sewerage lines draining out sewage. Administratively speaking, it is now an orphan child of Pakistan.

To conclude, the Capital Development Authority must take necessary steps to not only extend the due date for payment by at least a month, but the taxpayers should also be given option to pay in full or in three equal installments stretched over the year. Mind you, for a law or rule to be respected, it must be reasonable and implementable.

### Buildings on highways and motorways to pay property tax

LAHORE: The Punjab Department of Excise and Taxation has prepared rules to collect property tax from the owners of over 700,000 buildings located on both sides of the 40,000 kilometre-long federal and provincial highways/motorways.

The tax exemption on property of the Punjab local government department, retired government employees and land of welfare institutes (as well as the offices and the buildings built on them) will be withdrawn.

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The collection of property tax on highways has been abolished, while buildings on highways have been categorised for tax collection. Data of the roads and buildings has been sought from the Punjab Urban Unit and the Punjab Highways Department. For the purpose of measuring the land of buildings and covered area, laser measurement, 3D photography and drone cameras will be used. Besides, the Sindh government has decided to seek the services of the Punjab Urban Unit for the digital and GPS survey for property tax. In this regard, a pilot project will soon be initiated in the specific areas of Karachi.

In Punjab's budget for the current financial year, the excise department has prepared the formula for the rules and assessment to collect property tax. The deputy commissioner will determine the rates which will be imposed on the property on both sides of the highways/motorways.

The Department of Excise and Taxation has categorised highway property tax in accordance with financial volumes. Therefore, small traders or shopkeepers would not face an extra burden. However, notified DC rates will be uniform in every category.

For the highways, various exemptions had been abolished to collect property tax. These include the exemptions on five marla buildings, retired government employees' properties as well as welfare institutes and organisations. Meanwhile, the offices, buildings and land of the local government also have to pay tax. Only the buildings and land owned by the federal or provincial government are exempt from tax.

In a meeting held recently, Punjab Excise Minister Hafiz Mumtaz Ahmed and Secretary Wajeehullah Kundi clarified that officers and employees of the department should make themselves aware that this levy is altogether different from the tax collected in cities.

They said taxes collected in urban areas are based on rental value, while this will be based on the price of land on the highways. The minister and secretary said the government had spent billions of rupees on highways and motorways. Therefore, the prices and value of properties there were increasing and the government aimed to collect taxes from them to spend on public welfare projects.

Besides, the Punjab Excise and Taxation Department has decided to use technology as officials observed that a visit by an excise inspector to a person's residence is often frowned upon. Therefore, modern instruments would be used to determine the covered area of houses and buildings, with the cooperation of Punjab Urban Unit.

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