

CHECKLIST OF REFORMS
PROPERTY TAX

DESIRED OBJECTIVES:

Note: JNNURM requires certain reforms to be undertaken by states/ cities in Property Taxes, with the broad objective of establishing a simple, transparent, non-discretionary and equitable property tax regime that encourages voluntary compliance. States/cities need to ensure that their desirable objectives for reforms include these reforms, but need not restrict themselves to these items

1. **CURRENT STATUS**

a. Please indicate if Property tax is currently levied on the following types of properties:

- i. Residential
- ii. Commercial
- iii. Industrial

b. Please indicate the Amount of property tax being collected for year-ending 2004-05

- i. Residential
- ii. Commercial
- iii. Industrial

c. Please provide the Method of Property Tax Assessment being followed
(Give short note, if necessary)

- i. Self-assessment
- ii. Demand-based

d. Please provide the below information on Current coverage

No.	Type of Property	Estimated no. of properties	No. of properties in the records of the municipality	No. of properties paying property tax	Coverage ratio (4) / (2)	Demand raised	Demand collected	Collection Ratio
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Residential	98000	92000	92000	93	19 cr	18.4 cr	97%
2	Commercial	47000	47000	47000	100	13 cr	12.6 cr	97%
3	Industrial	7000	7000	7000	100	0.3 cr	0.28 cr	97%

e. Please list the Exemptions given to property owners

No.	Type of Exemption	Qualifying institution/ individual	Revenue implication of exemption
1	Property Tax	Educational Institutions	Rs. 5 cr
2	Property Tax	Railways	Rs. 3.5 cr
3	Property Tax	Religious Institutions	Rs. 85 lakhs
4			

(please use additional rows if necessary)

f. Please provide the Basis of determination of property tax

- i. Capital value
- ii. Rateable value
- iii. Unit Area
- iv. Other (please specify)

g. Please provide the Use of technology in property tax management

- i. GIS of property records
- ii. Electronic database of property records
- iii. Any software for compliance

h. Please describe the Level of discretionary power available with assessing authority

The level of discretion is very limited. The city has been divided into 15 clearly specified zones. There are clearly specified categories of buildings and also specified use classification. The rate for each building based on zone, structure type and use is multiplied with the self declared plinth area to determine property tax.

i. Please provide the last updation of property records and guidance values

i. Last updation of property records

2001-02

ii. Last revision of guidance values

2001-02

iii. Frequency of revision of guidance values

5 Years

iv. Please indicate whether information from appropriate authorities on new building construction, or additions to existing buildings is being captured; if so, how (e.g. development authority etc)

Yes No

The planning department marks copy of the building application approval to the revenue department, who in turn assess the tax. The whole process is also computerized

v. Please indicate whether information from appropriate authorities on change of ownership and land valuation is being captured; if so, how (e.g. Dept of Stamps and Registration)

Yes No

The registration department registers properties only on receipt of no due certificate from the revenue wing of the corporation. This certificate is issued across the counter in all e-seva centers.

2. TIMELINE FOR ACTION ON REFORMS

Please provide timelines for the following action items:

a. Extension of property tax regime to all properties

Year1	Year2	Year3	Year4	Year5	Year6	Year7
√						

b. Elimination of exemptions

Year1	Year2	Year3	Year4	Year5	Year6	Year7
√						

c. Migration to Self-Assessment System of Property Taxation

i. Setting up a Committee/Team to draft/amend legislation

Year1	Year2	Year3	Year4	Year5	Year6	Year7
NA						

ii. Stakeholder consultations

Year1	Year2	Year3	Year4	Year5	Year6	Year7

iii. Preparation of Draft legislation

Year1	Year2	Year3	Year4	Year5	Year6	Year7

iv. Approval of the Cabinet/ Government

Year1	Year2	Year3	Year4	Year5	Year6	Year7

v. Final enactment of the legislation by Legislature

Year1	Year2	Year3	Year4	Year5	Year6	Year7

vi. Notification

Year1	Year2	Year3	Year4	Year5	Year6	Year7

vii. Preparation and notification of appropriate subordinate legislation	Year1	Year2	Year3	Year4	Year5	Year6	Year7
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
viii. Provision of penalty of non submission of self assessment forms	Year1	Year2	Year3	Year4	Year5	Year6	Year7
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Setting up a non-discretionary method for determination of property tax (e.g. unit area, etc) (Sub-Steps (i) to (viii) given in para(c) above may be repeated for this step also)	Year1	Year2	Year3	Year4	Year5	Year6	Year7
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Setting up a Committee/Team to draft/amend legislation	Year1	Year2	Year3	Year4	Year5	Year6	Year7
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ii. Stakeholder consultations	Year1	Year2	Year3	Year4	Year5	Year6	Year7
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iii. Preparation of Draft legislation	Year1	Year2	Year3	Year4	Year5	Year6	Year7
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iv. Approval of the Cabinet/ Government	Year1	Year2	Year3	Year4	Year5	Year6	Year7
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
v. Final enactment of the legislation by Legislature	Year1	Year2	Year3	Year4	Year5	Year6	Year7
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
vi. Notification	Year1	Year2	Year3	Year4	Year5	Year6	Year7
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

vii. Preparation and notification of appropriate subordinate legislation	Year1	Year2	Year3	Year4	Year5	Year6	Year7
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Use of GIS-based property tax system							
i. Selection of appropriate consultant	Year1	Year2	Year3	Year4	Year5	Year6	Year7
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ii. Preparation of digital property maps for municipality	Year1	Year2	Year3	Year4	Year5	Year6	Year7
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iii. Verification of digital maps and preparation of complete data-base of of properties	Year1	Year2	Year3	Year4	Year5	Year6	Year7
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iv. Full migration to GIS system	Year1	Year2	Year3	Year4	Year5	Year6	Year7
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Next revision of guidance values	Year1	Year2	Year3	Year4	Year5	Year6	Year7
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Fix periodicity for revision of guidance values							
i. Periodicity to be adopted	Year1	Year2	Year3	Year4	Year5	Year6	Year7
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ii. Deadline for adoption	Year1	Year2	Year3	Year4	Year5	Year6	Year7
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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|----|--|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| h. | Establish Taxpayer education programme | | | | | | | |
| | i. Local camps for clarification of doubts and assistance in filling out forms | Year1 | Year2 | Year3 | Year4 | Year5 | Year6 | Year7 |
| | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | ii. Setting up a website for property tax issues/ FAQs etc | Year1 | Year2 | Year3 | Year4 | Year5 | Year6 | Year7 |
| | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| i. | Establish Dispute resolution mechanism | Year1 | Year2 | Year3 | Year4 | Year5 | Year6 | Year7 |
| | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| j. | Rewarding and acknowledging honest and prompt taxpayers | Year1 | Year2 | Year3 | Year4 | Year5 | Year6 | Year7 |
| | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| k. | Achievement of 85% Coverage Ratio (see item 1d above)
(Specify target for each year of mission) | Year1 | Year2 | Year3 | Year4 | Year5 | Year6 | Year7 |
| | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| l. | Achievement of 90% Collection Ratio (see item 1d above)
(Specify target for each year of mission) | Year1 | Year2 | Year3 | Year4 | Year5 | Year6 | Year7 |
| | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| m. | Any other reform steps being undertaken (please use additional space to specify) | | | | | | | |

Reforms implemented:

- A detailed exercise in detecting under and un-assessed properties has resulted in a 35% rise in property tax during 2005-06.
- Details of all the commercial properties of VMC have been computerized and arrears collected, sub-leases renewed and mutations done.
- Self assessment of the property extent has been introduced so as to avoid litigations.
- Other reforms include, automatic generation of demand notices, online transfer of title petitions, on-line monitoring of all tax collection.

Reforms proposed:

- A GIS mapping of the City has been completed. Linkage to property tax information and reconciliation is being carried out.