

## Online Assessment and Payment for Property Tax

City – Delhi

Year of Execution – 2004

Source - *Mega Cities...Poised for Change, Leading Practices Catalogue, 2007*

With e- governance firmly in place the success of unit area based taxation system spurred the officials of Municipal Corporation of Delhi to implement this taxpayer-friendly online system. One can assess one's property and calculate how much property tax one has to pay. The software is simple, easy to grasp and intelligent. Not only has the tax revenue gone up, but the consequent transparency has raised the credibility of MCD.

### *Situation before the initiative*

The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) program of the Ministry of Urban Development, Government of India mandates reforms to be undertaken by states and cities in governance system through implementation of e-governance. The JNNURM mission states that the objective of deployment of such information technology tools and applications is to provide a transparent administration, quick service delivery, effective MIS, and general improvement in the service delivery linkages.

The Government of India has also formulated the National E-Governance ACTION Plan (NEGAP), part of which includes a national mission mode program (NMMP) for e-governance in municipalities. This NMMP intends to roll out E-Governance in municipalities on nation-wide basis. This program will be launched in the coming months following some implementation of the NMMP for urban local bodies (ULBs), and for which, the urban local bodies need to indicate a timeline for key milestones.

### *Implementation strategies*

Following the JNNURM directives, the MCD has been on a fast track to convert their current manual system into electronic mode as the following table shows present, 34 citizens' Service Bureaus (CSBs) have been opened and website has been launched to facilitate e-governance. The services available at CSB are:

- Registration/issuance of birth and death certificates.
- Booking of community hall and parks for private/religious and social functions.
- Acceptance of all types of municipal dues
- Renewal / issue of general and health trade licenses.

Overall for undertaking e-governance, around 1100 officers and officials of MCD have been trained in basic computer application. Training has been given to middle level officers and officials working in different capacities by private sector organizations ECIL and E-Gov Foundation.

Pertaining to property tax reforms, the MCD followed the unit area based property tax assessment system which was implemented on 1<sup>st</sup> April 2004. The unit area system is a self assessment system in which the tax payer assesses his/her own property and files returns at the MCD. About 8.5 lacs assessed properties are covered under the Unit Area System.

### *Unfavourable procedural factors for property tax payment*

- The four page form was fairly complicated for various reasons viz.:
- Number of categories of residential colonies: 6
- Number of colonies: about 3000
- Number of different use factors: above 70
- Type of rebates applicable: about 10
- Number of exemption categories: about 10
- Types of properties: 20
- Types of ownership: more than 12

All these factors go into calculation of tax. Hence, reference to a Property Tax Guide and consultants and MCD staff becomes necessary for the tax payer.

- Vacant Land Tax (for covered Area <25% of total area)
- Rebates applicable to senior citizens, women etc
- Exemptions
- Statutory Rebate of 155 for payment before 30<sup>th</sup> June
- Variety of use factors of a property like residential, commercial, clinic, hotels, gym, schools etc.

The formula for calculating tax is area in sq.mts times the various factors. An illustration of the factors in Unit area calculation is:

Unit Area Value for 'A' category	630
Year of Construction (1999-2000)	0.9
Pucca Construction	1
Tenanted (Residential)	2
Use Factory( Commercial)	4

Such a tedious process necessitated the citizens to visit the MCD offices for seeking clarifications.

### **Results/Outcomes**

The various interaction points between citizens and officials have been reduced as there is no need to come to MCD for form; there is no need to take help in filling the forms and computing tax. The submission of form is online, making payments is online and obtaining receipt is online.

- Once the Municipal Assessment Book will be placed on the internet the tax payers will desist from hiding information which will reduce need for notices and coercive recovery methods
- Because payment statuses of an assessee will definitely known, false notice of non-payment will not be issued.

- More than Rs. 2.5 crore tax has already been collected through online.
- More than 2000 citizens have paid through credit cards from the convenience of their homes.
- Tax payment has occurred at very odd hours like 1 am in the night and 4 m in the morning.
- Citizens have been getting accurate computation of tax on the online system.

### **Lessons learnt**

- Electronic technology can be easily adopted in the service of the citizens.
- For the official, it is more efficient and more accountable.
- Common citizens today are highly adoptable to newer technologies.
- On line assessment and payment of property taxes is a very transparent system with no loss of any credibility of the local government.
- Record keeping, reporting, monitoring task are simplified.
- Revenues will match demand to a greater extent than the prevailing manual systems.

### **Sustainability**

Any credible system such as assessment and on-line system of payment of taxes with its accruing advantages is a sustainability of the city government.

### **Replicability**

The on-line self assessment of property taxes and payment is a convenient tool to assist in a transparent and accurate computing of taxes and can be replicated in other cities.