



WORKSHOP ON MUNICIPAL FINANCE WITH SPECIAL FOCUS ON REFORMS IN PROPERTY TAX ASSESSMENT AND COLLECTION SYSTEM - 4TH APRIL 2008

NAME OF THE ORGANISATION	Mega Cities Association
VENUE OF THE WORKSHOP	Kolkata
TOTAL NO. OF PARTICIPANTS	100
PARTICIPATING ORGANISATIONS	Ahmedabad Municipal Corporation, Kolkata Municipal Corporation, Municipal Corporation of Greater Mumbai, National Institute of Urban Affairs
	

A one day Workshop on Municipal Finance with Special Focus on Reforms in Property tax Assessment and Collection System was organised by Mega Cities Association with the support from Kolkata Municipal Corporation on 4th April 2008, at hotel ITC Sonar Bangla, Kolkata. The Workshop aimed to share knowledge and information on the reforms undertaken for improving the Property Tax Assessment and Collection System by the Mega Cities and to bring the City Managers (Commissioners, Urban Professionals) under a common platform for fruitful and result oriented interactions regarding common issues. The need to have transparency and accountability in the current system of property tax assessment and collection which is not only archaic but leads to discrepancy and scope for malpractices, tax evasion and underestimation was stressed by all the participants.

Even though property tax has been recognised as one of the most important source of revenue for the ULBs, and has been made as mandatory before the funds under JNNURM can be availed, their contribution to the total municipal revenue is still very marginal compared to other sources like octroi, land tax, fees and government grants. With the abolition of octroi the need to introduce a reformed property tax system which will not only be buoyant but sustainable has emerged as one of the important challenges.

In the existing and prevalent Annual Rental Value System the onus of raising the demand and the bill for tax lies on the Corporation and on the assesseees. Thus there is lot of scope for arbitrariness and corrupt practices. The ultimate result is that there is huge variation in tax values for the buildings placed within same locality, buildings are undervalued or not assessed and excessive litigation.

One of the major issues discussed was, how to do revenue simulation with limited data on property. Further most of the Cities have heterogeneous properties, which makes the whole process of grouping them for implementation of unit area method a lengthy and time consuming task. Only Delhi has homogeneity in types of properties and localities.

However, Unit Area Method works through rational grouping of the properties based on their structure, age, location, ownership and thus minimizes the scope of litigations.

What is the method applied by Ahmedabad Municipal Corporation (AMC) for assessing the industrial and religious buildings? Whether these buildings are assessed under the same method used for assessing other properties? Whether any concession is given to closed mills and factories or not?

With the implementation of the new method AMC has succeeded in increasing the collection by 75% due to self assessment. Not only demand has gone up recovery has also increased.