

Copy of:

GOVERNMENT OF TAMIL NADU  
ABSTRACT

TAX-Municipalities-Assessment of Central Government Properties-  
including Railways to tax and payment of service charges-  
Detailed instructions -issued.

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Rural Development & Local Administration Department.  
G.O.Ms.No.1202 dated, the 23rd June 1973  
Read:-

- i.G.O.Ms.1628 Local Administration dt.22.11.54.
- ii.G.O.No.1044 Local Administration dt.1.8.55
- iii.G.O.No.1080, RD & LA dt.7.6.67.
- iv.G.O.No.1203, RD & LA dt.19.6.1968.
- v.G.O.Ms.No.1272, RD & LA dt.4.7.70.

ORDER:

The Executive Authority of Several Municipal Councils and Municipal Townships approach Government often for clarification regarding the mode of assessment of Central Government properties including that of Railways to tax and regarding the quantum of service charges to be collected from the Central Government Departments including Railways, which invariably protest against the quantum of service charges claimed by the local bodies. In order to give a clear idea to the local bodies regarding the mode of assessment of Central Government properties to tax, the existing instructions on the above subject are consolidated and detailed in the note appended to this order. The Executive Authorities of all Municipal Councils and Municipal Townships should follow the instructions on the subject scrupulously and bring cases of practical difficulties only, if any, in implementing the existing instructions to the notice of Government for orders.

2.The receipt of this order should be acknowledged.

(By order of the Governor)

C.G.Rangabashyam,  
Secretary to Government.

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NOTE ON THE ASSESSMENT OF CENTRAL GOVERNMENT PROPERTIES.

The Properties of the Central Government are exempt from the payment of Municipal tax, except those which were liable to tax before 1.4.37. However, in respect of those Central Government properties, which are exempted from the payment of property tax, service charges will be paid by the Central Government with effect from 1.4.54 for specific services rendered by the local bodies. Specific Services will not only include direct services such as water and electric supplies, scavenging etc., but also general services such as street lighting, drainage approach roads connecting the Central Government properties etc. But such items as educational, medical or public health facilities will be excluded.

The following guidelines shall be adopted for the assessment of tax on Central Government Buildings for the recovery of service charges.

Central Government Buildings:

Tax:- The Central Government is liable to pay tax at the rates that prevailed on 31.3.37. They have however agreed to pay with effect from 1.4.48 increased Municipal tax due to an increase in the valuation of the properties, the rate of tax remaining the same. They are also not liable to pay tax in respect of improvements or additions to the buildings which existed on 1.4.37. The tax paid on 1.4.37 will be continued to be paid only if the nature of character of the tax remained the same.

Regarding the valuation of the Government properties in the Municipalities, the procedure laid down in G.O.Ms.No.2537, Public works Department ~~xxxxxx~~ dated.13.6.52 and continued from time to time with suitable modifications should be follow. The gist of the above G.O.and the reduction factor for arrivin at prewar cost are given below.

For purposes of assessment, the capital value of properties in the respective areas of the local bodies for the quinquennium 1934-39 should be increased on the following.

1)Residential buildings:(a)Twenty five percent increase in the capital cost for buildings constructed before 1st April 1940; and

b)for building constructed after 1st April 1940 the capital cost should be reduced to the pre-war level according to the table given below and the reduced capital cost should be increased by twenty-five percent.

1)Non-residential buildings:- a)Fifty percent increase in the capital cost of buildings constructed before 1st April 1940 and

b)for buildings constructed after 1st April 1940 the capital cost should be reduced to the pre-war level as indicated in ~~ix~~ item (i)(b)above and the reduced capital cost should be increased by One hundred percent.

Year of completion of building	Reduction factor to arrive at pre-war cost based on price index of construction materials and labour.
1.4.1940 to 31.3.1941	0.95
1.4.1941 to 31.3.1942	0.91
1.4.1942 to 31.3.1943	0.87
1.4.1943 to 31.3.1944	0.77
1.4.1944 to 31.3.1945	0.59
1.4.1945 to 31.3.1946	0.49
1.4.1946 to 31.3.1947	0.42
1.4.1947 to 31.3.1948	0.36
1.4.1948 to 31.3.1963	0.31
1.4.1963 to 31.3.1968	0.28

SERVICE CHARGES:

The Service charges payable in respect of the Central Government properties (other than Railways) should be calculated in the following manner:-

i. In respect of isolated Central Government properties where all services are availed of by the Central Government in the same manner as in respect of private properties, the Central Government will pay service charges equivalent to 75% of the property tax realised from private individuals.

ii. In the case of large and compact colonies which are self sufficient with regard to services or where some of the services are being provided by the Central Government Departments then selves the services charges will be calculated in the following manner:-

a. In the case of colonies which do not directly avail of Civil services within the area and are self sufficient in all respects, the payment of service charges will be restricted to 33-1/3% of the normal rate of property tax applicable to private properties.

b. In respect of colonies where only a partial use of the services made, service charges will be paid at 50% of the normal property tax rate.

c. In respect of colonies where all the Services normally provided by the Municipal Body to the residents of charges will be paid at 75% of the property tax rate realised from private individuals.

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iii) The net realisable value/annual for the purposes of these instructions shall be 9% of the Capital value of property concerned, both in respect of residential and non-residential properties. The 'Capital Value' (shall include the cost of acquiring or constructing the building including the cost of site, its preparation and any other capital expenditure incurred after acquisition or construction or when this is not known, the present value of the building including the value of site, as borne on Central Public works Department records of those of the Departments concerned.

NOTE ON THE ASSESSMENT OF RAILWAY PROPERTIES;

The properties of the Central Government (including) Railways are exempt from the payment of Municipal tax, except those which were liable to tax before 1.4.37. However, in respect of those Central Government properties including Railways, which are exempted from the payment of property tax, service charges will be paid by the Central Government with effect from 1.4.54 for specific services rendered by the local bodies. Specific services will not only include direct services such as water and Electric Supplies, Scavenging etc., but also general services such as street lighting, drainage approach roads connecting the Central Government properties etc. But such items as educational, Medical or Public Health facilities will be excluded.

The following guide lines shall be adopted for the assessment of tax on Central Government buildings including Railways and for the recovery of service charges.

RAILWAY BUILDINGS;

Tax: In respect of Railway properties, the Central Government has accepted its liability to pay Municipal Tax at the rates which prevailed before 1.4.1937 in respect of properties then existent and declared liable under Section 135 of the Indian Railways Act, 1890, and before 26.1.1950, in respect of properties, then existent and declared liable under the Railways (Local Authorities Taxation) Act 1941. Thus the notification under any one of the above two acts is necessary to make the Railways liable to pay tax in respect of their properties to the local bodies concerned, at the rates which prevailed either on 31.3.1937 or on 25.1.1950 as the case may be. The Central Government has, however, agreed to pay with effect from 1.4.48 increased Municipal Taxes, due to an increase in the valuation of the properties, the rate of tax remaining the same. They are also not liable to pay tax in respect of improvements or additions to the buildings which existed on 1.4.37 or 26.1.50 as the case may be. The Tax paid on 1.4.37 or 26.1.50 will be continued to be paid by the Railways only if the nature of character of the tax remained the same.

Regarding the valuation of Railway properties in the Municipalities the procedure laid down in G.O.Ms.No.2547 Public works Department dt. 13.6.52 and continued from time to time with suitable modifications should be followed. The gist of the above Government order and the reduction factor for arriving at pre-war cost given below.

For purposes of assessment, the capital value of properties in the respective areas of the local bodies for the quinquennium 1934-39 should be increased on the following basis.

1) RESIDENTIAL BUILDING:

a) Twenty five percent increase in the capital cost for buildings constructed before 1st April 1940 and

b) for buildings constructed after 1st April 1940 the capital cost should be reduced to the pre-war level as indicated in item (i) (b) and the reduced capital cost should be increased by one hundred percent.

Year of completion of Building	Reduction factor to arrive at pre-war cost based on price index of construction materials and labour.
1.4.1940 to 31.3.1940	0.95
1.4.1941 to 31.3.1942	0.91
1.4.1942 to 31.3.1943	0.87
1.4.1943 to 31.3.1944	0.77
1.4.1944 to 31.3.1945	0.59
1.4.1945 to 31.3.1946	0.49
1.4.1946 to 31.3.1947	0.42
1.4.1947 to 31.3.1948	0.36
1.4.1948 to 31.3.1963	0.31
1.4.1963 to 31.3.1968	0.28

Service charges:

In respect of railway properties, the following procedure in calculating the service charges should be adopted.

Water & Drainage Tax:

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|--|------------------|
| 1) Where a Railway Administration derives no direct benefit    | 1/3rd of the tax |
| b) Where a Railway Administration derives only partial benefit | Half of the tax  |
| c) Where a Railway Administration derives full benefit.        | Full tax         |

Savenging Tax:

- a) Where a Railway Administration has made efficient arrangements of its own for the daily removal and disposal of rubbish, fifth etc., from its premises. NO TAX
- b) Where the Railway Administration has made arrangements for removal of fifth etc., but where the local authority is responsible for its final disposal HALF OF THE TAX

Lighting Tax:-

- a) Where the Railway Administration does not take power from the local authority for lighting its premises and where the roads leading to the Railway Station are also not little by the local authority NO TAX
- b) Where the Railway Administration does not take power from the local authority for lighting its premises but the road leading to the Railway station are little by the local authority HALF OF THE TAX
- c) Where the Railway Administration takes power from the Local Authority for lighting its premises. FULL TAX IN ADDITION TO THE CHARGE FOR ENTER BY CONSUMED.

The following decision of the Government of India in regard to the levy of service charges on vacant lands should however be borne in mind.

Since the Railway are not making any use of the services provided by the Local Bodies in respect of their vacant lands service charges are not payable in respect of such lands. It is also pointed out that service charges are not paid in respect of vacant lands, by other Central Government Departments like Ministry of Works, Housing and Rehabilitation.

Sd. C.G. Rangabashyam,  
Secretary to Government.

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