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Municipal Administration & Water
Supply Dept., Chennai- 600 009

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From
Thiru K.Deenapandhu, I.A.S.,
Secretary to Government.

To
The Commissioner of Municipal Administration, Chennai-5
The Director of Town Panchayats, Kuralagam, Chennai-108
The Commissioner, Chennai Corporation, Chennai.

Sub: Property Tax- General revision of property tax in all
Municipal Corporations, Third Grade Municipalities and
Town Panchayats – Guidelines for the revision to be
followed – Sent.

Ref: G.O.(MS)NO.150, MAWS (ELE) Department, dated
12.11.2007

In the reference cited, the Government have issued orders for taking up general revision of property tax in all Municipal Corporations/Municipalities/Third Grade Municipalities and Town panchayats with effect from 1.4.2008. As per the Act provisions the Heads of Departments are empowered to issue guidelines for the general revision. To ensure uniformity the following guidelines are sent for adoption by the Heads of Departments.

1. All the properties including vacant land are to be brought under revision of property tax. Hence as a preliminary step a master list of properties is to be prepared. It is also necessary to ensure that the additions/ alterations if any which have been omitted to be assessed by enhancing the tax are also to be brought to the property tax net immediately.

2. According to the rules, the assesseees are expected to file returns with the Municipalities, indicating the details required for property tax assessment/ revision of property tax. Based on the existing Municipal Property Tax Demand Register and cross referring with (a) Records available with the Housing Society /Housing Board Units/

Slum Clearance Board Unit, (b) A register maintained by Civil Supply Department for ration cards, (c) house holds enumerated in the last census,(d) house numbering lists maintained by the Municipalities/Corporations (e) Electoral rolls,(f) building application and Licence Registers,(g) Completion reports of buildings furnished by Town Planning Branch(h) The Correlation Registers maintained in Town Planning Section and Revenue Sections, (i) D & O Licensees list etc. a 100% census of the properties available in the respective jurisdiction of Municipalities/Corporations can be made. (i)The details of electricity connections for property tax to be obtained from Electricity Board Office etc. a 100% census of the properties available in the respective jurisdiction of Municipalities/Corporations/Town Panchayats can be made.

RETURNS

All the assesses have to file Self-Assessment of Property tax returns in the prescribed format (format enclosed). Unless the returns for all the properties are received, it will not be possible to make assessment. Therefore, all the Executive Authorities of Urban Bodies are requested to depute the Municipal staff and obtain the returns from all the assesses without omission. The master list of properties already prepared may be made use of to ascertain any omission.

The Executive Authorities are requested to depute Bill Collectors, Revenue Inspectors Revenue Officers, Town Planning Inspectors Sanitary Inspectors, Overseers and Draughtsmen to verify the returns to ensure correct filing of returns of the Assessses. After completing the verification, the tax should be assessed following the guidelines.

The self assessment of property tax returns may be printed in different colors for easy identification of usage of buildings. For residential buildings, it is to be printed in light blue paper, for commercial building light pink and industrial in white paper.

MASTER LIST

The preparation of master list will enable the Local Bodies to check up the cases where returns from the assesses are not received. This is also absolutely necessary to ensure that there is no loss of revenue to the local body. The time schedule for preparation of the master list may be prescribed by the Head of Departments.

DEMARCATIION

For the demarcation of zones and fixing of basic value the municipality is to be demarcated into three or four zones taking into consideration the factors like location, predominant usage, the infrastructure available etc. Basic value is fixed in all the Municipalities for different zones for the purpose of fixation of rental value of buildings and lands. The basic value is probable rental yield per sq.ft. per month of residential properties. For fixing the basic value the Municipality has to adopt the rent obtained per month for newly constructed residential RCC building measuring 1000 sq.ft and to convert it into rental value per sq.ft. The basic value arrived for each zone will be brought to the notice of the council.

PREPARATION OF MAPS

A map should be kept in municipal office showing different zones, streets and lanes within the zones, with reference to indicating the door numbers covered under all streets and lanes in each zone. There should not be any omission or overlapping of buildings between zones. Demarcation of zones may also be brought to the notice of the council and informed to the public by wide publicity. This information should also be uploaded to the web site of Urban Local Body.

DEPRECIATION

Property tax discount depending on the age of building should be given towards depreciation:

Upto 5 years	No discount
From 5 to 15 years	10%
From 15 to 25 years	15%
Above 25 years	20%

OCCUPATION

No Discount in respect of buildings occupied by the owners themselves is to be given.

NATURE OF BUILDING

Buildings are broadly classified as thatched, tiled and RCC ones. Since the basic value has been arrived at taking a RCC building as the standard, the rental proceeds from other types of buildings like thatched and tiled, AC sheet or GA sheet roofing's etc. may be less. Therefore discount has to be given for other type of buildings as follows:

For RCC building	No discount
For tiled, AC sheet and GA sheet, etc. roof buildings	25%
For thatched roof buildings	50%

USE OF BUILDING

The unit of basic value is a newly constructed RCC Residential building. Therefore, it is necessary that in case of buildings used for industrial purpose or commercial purposes (including Nursing Homes, Kalyanamandapam) the computed basic value has to be raised suitably as stipulated below:

Building for industrial use Double the basic value

For commercial use including nursing homes etc. Kalyanamandapam etc. Thrice the basic value

The hoardings and communication towers fetching rent may be treated as commercial buildings.

CEILING

In respect of buildings coming under specialized category, buildings like Star hotels, Theme parks, Multiplexes, Shopping malls, Air conditioned wedding halls, Super Specialty Hospitals, etc. may be treated as separate category. Separate basic value may be fixed by the concerned local body. fixed by the concerned (local body). This overall enhancement of tax in quinquennial revision should not be exorbitant is as to cause severe hardship to the assesses. Therefore, the following ceiling is fixed for the enhancement of taxes consequent on the quinquennial of property tax.

Residential buildings (Whether owner occupied or rented)	25%
For Industrial buildings	100%
For Commercial buildings	150%

For buildings assessed in the post revision period, the following ceiling is proposed:

For buildings assessed after 1/ 10/07	No revision.
For the buildings assessed between 1.4.2006 to 30.09.2006	5%
For the building assessed between 1.4.2005 to 31.3.2006	10%
For the building assessed between 1.4.2004 to 31.3.2005	15%
For the building assessed between 1.4.2003 to 31.3.2004	20%

In the previous revision the Government offices located in private buildings were assessed on the actual rent paid by the Department. The guidelines prescribed for the revision was not adopted in respect of Central Government /State Government offices / Quasi Government offices run in private buildings. For the private buildings occupied by Government Departments, the above guidelines prescribed may be followed in the ensuring revision. In respect of revision of property tax for Government Buildings the enhancement of property tax is fixed at 50%

It should be also ensured, in no case revised tax should not be less than the existing tax.

The entire exercise of revision of property tax should be completed before 30.6.2008.

The entire exercise of revision of property tax should be computerized. Data base of properties with all relevant details shall be created at urban local body, regional and State level.

Sd/-
For Secretary to Government

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Superintendent