

URBAN DEVELOPMENT SECRETARIAT

NOTIFICATION

No. UDD 220 MNU 2006 (P), Bangalore, Dated : 13th January, 2009

Whereas the draft of the following rules was published as required under sub-section (1) of 421 of the Karnataka Municipal Corporations Act, 1976 (Karnataka Act 14 of 1977), in Notification No. UDD 220 MNU 2006 (P) Bangalore dated 18th November, 2008 in Part IV A of the Karnataka Gazette Extraordinary dated 18th November 2008 inviting objections and suggestions from all persons likely to be affected within fifteen days from the date of its publication.

Whereas the said Gazette was made available to the public on 18th November 2008.

And whereas objections and suggestions received have been considered by the State Government.

Now, therefore in exercise of the powers conferred by sub-section (1) of section 421 read with section 108A and sub-section (2) of section 110 of the Karnataka Municipal Corporations Act, 1976 (Karnataka Act 14 of 1977), the Government of Karnataka hereby makes the following rules, namely:-

RULES

1. Title and commencement.- (1) These rules may be called the Bruhat Bangalore Mahanagara Palike Property Tax Rules, 2009.

(2) They shall come into force from the date of their publication in the official Gazette.

2. Definitions.- (1) In these rules, unless the context otherwise requires,-

- (i) **“Act”** means the Karnataka Municipal Corporations Act, 1976 (Karnataka Act 14 of 1977);
- (ii) **‘Alteration’** means structural change or modifications resulting in additions or deletion to the existing built up area;
- (iii) **‘Block period’** means block of three years for the purpose of revision of property tax.
- (iv) **Bruhat Bangalore Mahanagra Palike**, means the Corporation of the city of Bangalore established under the Karnataka Municipal Corporations Act, 1979.
- (v) **"Building"** also includes towers and hoardings;
- (vi) **“Built up area”** means total area covered by building or high rise buildings above the plinth level, and including all covered area like basement, mezzanine flooring, balcony whether covered or not; garage area, constructed boundary of swimming pool, fuel storage tanks constructed underground or above the ground, storage of merchandise in open space like timber, granite, bricks etc, stilts meant for parking and telecommunication and other towers and hoardings erected on the surface or top or any other open space of land or building but does not include,-
 - (a) court yard at the ground level, garden, rocky area, well and well structures, plant, nursery platform around a tree, overhead water tank, fountain, bench with open top and the like;
 - (b) drainage, culvert, conduit, catch-pit, gully pit, chamber gutter and the like;
 - (c) compound or boundary wall, chejja, uncovered staircase, watchman booth/pump house not exceeding three-square meters and sump tank.

Explanation.- For the purpose of this clause: (a) Apartment or flat or commercial complex includes common area and facilities shared by more than one owner or occupier and the words and expressions used but not defined in these rules shall have the same meaning assigned to them in the Karnataka Apartment Ownership Act, 1972 or the Karnataka Ownership Flat (Regulation of the Promotion of Construction, Sale, Management and Transfer) Act, 1972 as the case may be;

- (a) telecommunication towers include the area covered by the extremities of foundation multiplied by the total height;
- (b) hoarding, include the area covered by the hording or the size of the hoarding whether erected on poles or fixed to wall surface or erected on top of the building or by erected by any other means within the land or building;
- (c) sports arena include all covered area meant for spectators gallery;
- (d) ‘Balcony’ means and includes a horizontal cantilever projection including a handrail or balustrade, to serve as passage or sit out place;

- (e) 'Mezzanine floor' means an intermediate floor between two floors with access from the lower floor.
- (vii) **"Charge for parking"** means where a charge or a fee is collected for surface parking slot by the owner or an occupier of a non-residential building either by themselves or through an agency;
- (viii) **"Commercial or non-residential building"** means a building or part of a building, which is used for commercial or non-residential purpose and include which are used for shops or market, for display and sale of merchandise either wholesale or retail, for transaction of business, for keeping of accounts, records, for providing professional or other service facilities, corporate offices, software services, office of commercial undertakings and companies, petrol bunk, restaurants, lodges, service apartments/homes, paying guest accommodation, hospital, nursing homes, cinema theatres, banks, clubs/association/institutes and for other purposes of non-residential natures. Storage and service facilities incidental to the sale of merchandise and parking slots located in the same building or premises;
- (ix) **"Current year"** means the year for which property tax is being paid.
- (x) **"Excess Vacant Land"** means area of vacant land appurtenant to the building in excess of three times the plinth area of the building by excluding the plinth area;
- (xi) **"Form"** means forms appended to these rules;
- (xii) **"Hoarding"** means boards or electronic devises used to display of advertisements erected on poles or affixed on wall surface or by any other means on the land or on the building and includes electronic and digital display hoarding;
- (xiii) **"Industrial Building"** means a building used for industrial purpose;
- (xiv) **"Multiplex Cinema"** means premises having more than two cinema screens.
- (xv) **"Parking area,"** means surface parking slots or parking slots under stilts meant for parking; or any other area where parking slot is provided;
- (xvi) **"Parking slot"** means an area in a covered or open space sufficient in size to park a vehicle;
- (xvii) **"Previous year"** means the financial year immediately preceding the current year.
- (xviii) **"Residential building"** means a building used or constructed or adopted to be used wholly for human habitation and includes garages, and other out-houses necessary for the normal use of the building as a residence.
- (xix) **"Return"** means self assessment return form of the property tax to be filed by an assessee declaring property particulars and payment of property tax thereon;
- (xx) **"Schedule"** means Schedule appended to these rules;
- (xxi) **"Section"** means section of the Act;
- (xxii) **"Star Hotel"** means a hotel classified as such by the Ministry of Tourism, Government of Karnataka or Government of India;
- (xxiii) **"Taxable Annual Value"** means unit area value multiplied with the total built up area of a building or total area of excess vacant land or both for ten months minus depreciation specified in rule 6 depending on the age of the building;
- (xxiv) **"Towers"** includes telecommunication tower erected for mobile telephone purposes;
- (xxv) **"Zone"** means classification of different area or street into value zones.

(2) **Words and expressions** used in these rules but not defined herein shall have the same meaning respectively assigned to them in the Act and byelaws;

3. Classification of Zones.- For the purpose of determination of unit area value of a property, the Commissioner, Bruhat Bangalore Mahanagara Palike may,-

- (i) classify both residential and non-residential property in different area or street in the Bruhat Bangalore Mahanagara Palike area into as many zones as he deems fit and assign them as Zone A, B etc.,. While doing so, the Commissioner shall, as far as it may be possible, group streets/area/locality falling under each value zone together and publish:

Provided that if the name of any street/area/locality does not figure in the classification so published, then the Commissioner shall classify and publish such street/area/locality as a appropriate zone subsequently during the year. Until such time the tax thereof shall be calculated based on the highest rates applicable to nearest neighboring /street/area/locality.

- (ii) suitably classify the hoardings
- (iii) suitably classify the cinema theaters;
- (iv) suitably classify the telecommunication tower;
- (v) classify the specific class of residential or non-residential properties without reference to any zones i.e irrespective of zonal classification; and

4. Categorization of use of building.- For the purpose of determination of unit area value, the Commissioner may categorize the buildings used for residential purpose as Reinforced Concrete Construction (RCC), tiled or sheet of any kind, houses allotted by the Government for the poor and such other categorization as he deems fit. For commercial or non-residential building, the Commissioner, may follow a different categorization based on the nature of commercial use of the building or the quality and facilities offered therein.

5. Determination of taxable annual value.- The taxable annual value of a property shall be determined by the assessee by multiplying the rate of the unit area value with built up area of such building and excess vacant land, for ten months and deduct depreciation at the rate specified in rule 6 depending on the age of the building and shall also include composite tax if any, fixed for charged surface parking slots or telecommunication tower and hoarding as the case may be.

6. Allowance for depreciation.- The depreciation to be allowed for a building shall be based on the age of the building which shall be at such rate as specified in the Schedule to these rules:

Provided that no depreciation shall be calculated and allowed during the middle of the block period:

Provided further that where there is any addition made to the existing building, within the same block period, the rate of depreciation shall continue to be the same for that block period.

7. Assessment of Excess vacant land.- Assessment of excess vacant land liable to tax shall be calculated on the land that is in excess of three times the plinth area of the building by excluding the plinth area.

8. Submission of self assessment return Forms.- (1) Every owner or occupier who is liable to pay property tax shall submit the following self assessment return forms to the Commissioner or the officer authorized by him along with the property tax and penalty or interest payable, if any, calculated by him,-

- (a) for property that is assessed and assigned with Katha and Property Index number (PID), the return shall be filed for the first year in a block period in Form I and for the subsequent years within the same block period in Form IV;
- (b) for property that is assessed and not assigned with Property Index number (PID) but possess Katha or a holder Katha and municipal number (in common parlance called Katha) shall file return for the first year in a block period in Form II and for the subsequent years within the same block period in Form IV;
- (c) for property that are un-assessed and do not have municipal number (in common parlance without Katha), the return shall be filed for the first year in a block period in Form III and for the subsequent years during the same block year in Form V;
- (d) for such building exempted under section 110 of the Act shall file a return in Form VI for the first year in a block period and for the subsequent years in Form VII;

(2) Every owner or occupier may file revised return, if he so desires to effect corrections and payment of taxes if any, in a new Form applicable to him, super-scribing on it as "Revised Return".

9. Mode of payment.- (1) Where the property tax payable is Rs.1000-00 and above, it shall be paid only by cheque/demand draft/pay order drawn on any bank payable in Bangalore in favour of the Commissioner, Bruhat Bangalore Mahanagara Palike or through electronic medium as may be specified by the Commissioner.

(2) Where the total tax payable is less than Rs.1000-00, it shall be paid in cash at the office of the respective jurisdictional Assistant Revenue offices at the office or agency authorized by him in this behalf.

(3) The property tax paid in advance for the current year, if any, shall be deducted from the total tax payable for the current year and the remaining amount of tax shall be paid while submitting the returns. If the tax paid in advance is still in excess, it shall be deducted from the total tax payable in the subsequent year.

10. Levy of service charges for the buildings exempted from property tax.- Service charges for providing civic amenities in respect of buildings exempted from property tax under section 110 excluding places of worship shall be charged at the rate of 25 percent of the property tax exempted plus cess as applicable to such land or building or both:

Provided that subject to clause (b) of sub-section (1) of section 110, such exempted properties that are let out for commercial purpose shall be charged at regular rates of property tax applicable for that zone and category.

11. Property Register.- The property tax collected from the owner or occupier in respect of property assessed to tax shall be maintained in Property Tax register in Form A and in respect of un-assessed properties shall be maintained in a register in Form B.

12. Method of random scrutiny.- (1) Every returns filed by a owner or occupier shall be given a continuous serial number in a chronological order by the computer and thereafter it shall be taken up for random scrutiny on the basis of random computer generated numbers under supervision of an officer authorized by the Commissioner.

(2) The cases selected for random scrutiny shall not exceed 10 percent of the returns filed in each zonal office in each year within the block period. While selecting the returns for random scrutiny within this percentage, the Commissioner may stagger the scrutiny spread over the financial year.

(3) Selection of cases for random scrutiny and detail inspection shall have the approval of the Commissioner and be done in the following manner, namely:-

- (a) The cases selected for random scrutiny and detail inspection shall be displayed on notice boards of the respective Zones, sub-divisional offices and also posted in the official website of the Bruhat Bangalore Mahanagara Palike.
- (b) The Commissioner or his authorized officer concerned shall inform in writing to the taxpayer the date and time set for scrutiny of the return filed and in respect of the property, if necessary.
- (c) Cases that have already been taken up for scrutiny shall not be taken for scrutiny again within the same block period provided the taxpayer has not made further changes to the property.
- (d) Cases once selected for random scrutiny and detail inspection shall not be excluded from inspection even if the tax payer files a revised return.
- (e) All cases selected for random scrutiny shall be completed within the financial year, failing which they shall lapse. However the lapsed cases may figure for the random scrutiny for the next financial year in the manner specified in sub-rule (1).

(4) Cases taken up for random scrutiny and the details of its inspection shall be recorded in the checklist in Form VIII.

(5) The cases taken up for random scrutiny shall be taken up for inspection and assessment by an officer not below the rank of Assistant Revenue Officer.

(6) The Commissioner may also assign the cases for inspection to any officer other than jurisdictional officers.

(7) The owner or the occupier of the property shall sign the checklist in Form VIII. If the owner or occupier does not sign the checklist, the officer shall record as such and proceed with action contemplated under Section 108A (13).

(8) After detail inspection, where discrepancy is noticed between the return filed and actual nature of the property, resulting in short payment of tax, he shall issue a notice to the taxpayer giving him an opportunity to file his objections. On receipt of the objections, if any, and after due consideration the inspecting officer shall pass orders as he deems fit.

(9) All cases taken up for random scrutiny shall be maintained in a separate register in Form IX.

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