

**CHECKLIST OF REFORMS
PROPERTY TAX**

DESIRED OBJECTIVES:

Note: JNNURM requires certain reforms to be undertaken by states/ cities in Property Taxes, with the broad objective of establishing a simple, transparent, non-discretionary and equitable property tax regime that encourages voluntary compliance. States/cities need to ensure that their desirable objectives for reforms include these reforms, but need not restrict themselves to these items

1. **CURRENT STATUS**

a. Please indicate if Property tax is currently levied on the following types of properties:

- a. Residential
- b. Commercial
- c. Industrial

b. Please indicate the Amount of property tax being collected for year-ending 2004-05

- a. Residential **Rs. 51.56 Crores**
- b. Commercial **Rs. 61.77 Crores**
- c. Industrial **Rs. 22.73 Crores**
- d. Others# **Rs. 10.16 Crores**
- Total Rs. 146.22 Crores**

c. Please provide the Method of Property Tax Assessment being followed

(Give short note, if necessary)

- a. Self-assessment
- b. Demand-based

Basis: Annual Letting Value with opportunity to provide information at first stage self assessment including area of the property. Tax payers have an option of filing self assessment taxation forms.

d. Please provide the below information on Current coverage:

The figures are of current year 2005-06 up to 28th Feb 2006.

Type of Property	Estimated no. of properties	No. of properties in the records of the municipality	No. of properties paying property tax	Coverage ratio	Demand raised	Demand collected	Collection Ratio
(1)	(2)	(3)	(4)	(5)=(4) / (2)	(6)	(7)	(8)
Residential	738518	671380	468275	0.63	Rs. 66.07 Cr.	Rs. 40.31 Cr.	0.61
Commercial	338138	322036	213854	0.63	Rs. 69.07 Cr.	Rs. 44.09 Cr.	0.64
Industrial	48842	46516	44298	0.90	Rs. 17.14 Cr.	Rs. 14.97 Cr.	0.87
Total	1125498	1039932	726427	0.68	Rs. 152.28 Cr.	Rs. 99.37 Cr.	0.65

e. Please list the Exemptions given to property owners

No.	Type of Exemption	Qualifying institution/ individual	Revenue implication of exemption
1	General Tax only	Lands and Buildings solely used for disposal of dead.	Rs.1.76 crores (2004-05) Even such properties have to pay water and sewerage charge. Thus no property is issued a bill of zero demand
2	General Tax only	u/s 132 of B.P.M.C.Act land Buildings solely used and occupied for public worship(religious) or public charitable purpose. (educational)	
3	General Tax only	Lands and Buildings vesting in the Government/Municipal Corporation used solely for public purposes	

f. Please provide the Basis of determination of property tax

- a. Capital value
- b. Rateable value
- c. Unit Area
- d. Other (please specify)

Rateable Value determined on the basis of Area of Const. & Location

g. Please provide the Use of technology in property tax management

- a. GIS of property records
- b. Electronic database of property records
- c. Any software for compliance

Tailor made, organization specific

h. Please describe the Level of discretionary power available with assessing authority

Computer Software controlled system built in with guidelines. No discretionary power available with assessing authority.

i. Please provide the last updation of property records and guidance values

- a. Last updation of property records
- b. Last revision of guidance values

c. Frequency of revision of guidance values Every 4 years

d. Please indicate whether information from appropriate authorities on new building construction, or additions to existing buildings is being captured; if so, how (e.g. development authority etc) Yes No

Captured through Town Development Office based on development permission given as well as ward wise perpetual survey every year.

e. Please indicate whether information from appropriate authorities on change of ownership and land valuation is being captured; if so, how (e.g. Dept of Stamps and Registration) Yes No

Through continuous survey in wards as well as upon receiving notices / application from tax payers.

2. TIMELINE FOR ACTION ON REFORMS

a. Extension of property tax regime to all properties Year1 Year2 Year3 Year4 Year5 Year6 Year7

b. Elimination of exemptions Year1 Year2 Year3 Year4 Year5 Year6 Year7

Exemption is insignificant, limited to charitable and educational institutions.

c. Migration to Self-Assessment System of Property Taxation

Surat Municipal Corporation has already adopted simplified area based, non discretionary property tax formula for assessment of tax. This is already available at web site. Existing system of Area based rented value assessment with opportunity to provide information at first stage self assessment including area of the property is in practice. Surat Municipal Corporation will follow the legislation issued by the State Government, it will implement the same. In that case the proposed time limit set up would be as under.

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Checklist of Reforms: Property Tax



i.	Setting up a Committee/Team to draft/amend legislation	Year1	Year2	Year3	Year4	Year5	Year6	Year7
		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ii.	Stakeholder consultations	Year1	Year2	Year3	Year4	Year5	Year6	Year7
		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iii.	Preparation of Draft legislation	Year1	Year2	Year3	Year4	Year5	Year6	Year7
		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iv.	Approval of the Cabinet/ Government	Year1	Year2	Year3	Year4	Year5	Year6	Year7
		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
v.	Final enactment of the legislation by Legislature	Year1	Year2	Year3	Year4	Year5	Year6	Year7
		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
vi.	Notification	Year1	Year2	Year3	Year4	Year5	Year6	Year7
		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
vii.	Preparation and notification of appropriate subordinate legislation	Year1	Year2	Year3	Year4	Year5	Year6	Year7
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
viii.	Implementation by municipality (ies)	Year1	Year2	Year3	Year4	Year5	Year6	Year7
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

d. Setting up a non-discretionary method for determination of property tax (e.g. unit area, etc)
(Sub-Steps (i) to (viii) given in para(c) above may be repeated for this step also)

Not applicable as no discretionary power is given to any body. Computer software system built in with guidelines.

e. Use of GIS-based property tax system

i.	Selection of appropriate consultant	Year1	Year2	Year3	Year4	Year5	Year6	Year7
		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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	ii	Preparation of digital property maps for municipality	Year1	Year2	Year3	Year4	Year5	Year6	Year7
			<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	iii.	Verification of digital maps and preparation of complete data-base of properties	Year1	Year2	Year3	Year4	Year5	Year6	Year7
			<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	iv	Full migration to GIS system	Year1	Year2	Year3	Year4	Year5	Year6	Year7
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	f.	Next revision of guidance values	Year1	Year2	Year3	Year4	Year5	Year6	Year7
			<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b.	g.	Fix periodicity for revision of guidance values							
		1. Periodicity to be adopted	Maximum 3 Year or Statute						
		2. Deadline for adoption	Year1	Year2	Year3	Year4	Year5	Year6	Year7
			<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	h.	Establish Taxpayer education programme							
		i. Local camps for clarification of doubts and assistance in filling out forms	Year1	Year2	Year3	Year4	Year5	Year6	Year7
			<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		ii. Setting up a website for property tax issues/ FAQs etc	Already put on website: www.suratmunicipal.org						
	i.	Establish Dispute resolution mechanism	Year1	Year2	Year3	Year4	Year5	Year6	Year7
			<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	j.	Rewarding and acknowledging honest and prompt taxpayers	Rebate system exists since long. 10% rebate in April, 7% rebate in May on advance payment of tax. We propose to honour top tax payers by year 2						

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k. Achievement of 85% Coverage Ratio (see item 1d above)
(Specify target for each year of mission)

Year1	Year2	Year3	Year4	Year5	Year6	Year7
68	70	75	80	85		

l. Achievement of 90% Collection Ratio (see item 1d above)
(Specify target for each year of mission)

Year1	Year2	Year3	Year4	Year5	Year6	Year7
65	70	75	80	85	90	

m. Any other reform steps being undertaken (please use additional space to specify Year1 Year2 Year3 Year4 Year5 Year6 Year7)

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Following steps are underway.

- Online payment of taxes through SMC web site.
- 14 civic centers, collection of taxes and utility bills of other agencies through “e-sewa kendras” and vice versa.
- Payment of Tax through direct debit (Bank A/c) or by Debit / Credit Card or via SMC’s web site.
- Complete Property Tax system is being brought under GIS Platform.
- Online identification.
- Service Disconnection / Setting up Dispute Resolution Mechanisms.
- Collection System Simplification.
- Identification of un-assessed properties.
- Intensive recovery drive & stringent actions against defaulters.