

KARNATAKA ACT NO.28 OF 2001
THE KARNATAKA MUNICIPALITIES (AMENDMENT)
ACT, 2000

ARRANGEMENT OF SECTIONS

Sections:

1. Short title and commencement
2. Amendment of section 2
3. Amendment of section 94
4. Amendment of section 97
5. Substitution of sections 101 to 103
6. Amendment of section 104
7. Substitution of sections 105 to 107
8. Substitution of section 109
9. Amendment of section 110
10. Substitution of section 115
11. Amendment of section 142
12. Amendment of section 150
13. Omission of Schedule I
14. Substitution of expression tax on buildings or lands or both etc.
15. Transitory provision

STATEMENT OF OBJECTS AND REASONS

(As appended to at the time of introduction)

It is considered necessary to amend the Karnataka Municipalities Act, 1964 to simplify the procedure, introduce the system of self-assessment of property tax and to provide for the following,-

(1) to abolish the system of determining the Rateable Value on the basis of annual gross rent to which a building may reasonably be expected to let from month to month or from year to year for the purpose of assessment of property tax;

(2) to introduce a system of assessment of property tax based on Taxable Capital Value having regard to the estimated market value of the land and estimated cost of erecting the building;

(3) to levy property tax at such percentage of Taxable Capital Value fixed by the Municipalities with reference to location, type of construction of the building nature of use to which the property is put, area of the land, plinth area of the building and age of the building;

(4) to provide for payment of property tax and filing of returns by owners or occupiers;

(5) to provide an incentive at the rate of five percent of the tax for owners filing returns within the specified time;

(6) to impose a penalty at the rate of fifty percent of the tax in cases of failure to submit returns;

(7) to collect service charges in respect of properties exempted from property tax;

(8) to collect penalty equal to twice the property tax leviable in respect of unlawful buildings without prejudice to any proceedings or action to be taken for unlawful construction;

(9) to publish property tax register for public information;

(10) to undertake survey of lands and buildings and preparation of property register;

Certain other consequential and incidental amendments are also made.

Hence the Bill.

(Vide L.A. Bill No.31 of 2000 File No. ಸಂಖ್ಯೆಶಾಇ 49 ಶಾಸನ 2000)

(KARNATAKA ACT NO. 28 OF 2001)

(First published in the Karnataka Gazette Extra-ordinary on the fifth day of September, 2001)

THE KARNATAKA MUNICIPALITIES (AMENDMENT) ACT, 2000.

(Received the assent of the Governor on the first day of September, 2001)

An Act further to amend the Karnataka Municipalities Act, 1964.

Whereas it is expedient further to amend the Karnataka Municipalities Act, 1964 (Karnataka Act 22 of 1964) for the purposes hereinafter appearing;

Be it enacted by Karnataka State Legislature in the Fifty-first year of the Republic of India, as follows:-

1. Short title and commencement.- This Act may be called the Karnataka Municipalities (Amendment) Act, 2000.

(2) It shall come into force on such '[date], as the Government may by notification, appoint.

2. Amendment of section 2.- In section 2 of the Karnataka Municipalities Act, 1964 (Karnataka Act 22 of 1964) (hereinafter referred to as the principal Act),-

(i) clause (1) shall be omitted;

(ii) after clause (27), the following shall be inserted, namely:-

“(27A) “Taxable capital value” means the value of any buildings or lands or both fixed in accordance with the provisions of this Act and rules for the purpose of assessment of tax on buildings or land or both.”

Published in the Karnataka Gazette Part IV-A Extraordinary No.1642 dated 5-9-2001 (Notification No. ಸಂವಿಧಾನಾಜ್ಞೆ 49 ಶಾಸನ 2000)

1. This Act has come into force on 19-11-2001 vide Notification No. UDD 26 TCT 2000 CP-11) dated 12-11-2001.

3. Amendment of section 94.-In section 94 of the principal Act,-

in sub-section (1) in clause (b),-

(i) for the word and figures “Schedules I,III” the word and figure “Schedules III” shall be substituted;

(ii) in sub-clause (i), the words and brackets “(hereinafter referred to as the property tax)” shall be inserted at the end;

(iii) in sub-clause (viii), the following proviso shall be inserted, namely:-

“Provided that water rate or water rates or charges levied under this sub-clause shall not exceed the property tax payable in respect of any building or land or both.”.

(iv) in the proviso, in clause (d), for the words “a tax on buildings or lands or both” the words, “property tax” shall be substituted.

(2) for sub-section (2) the following shall be substituted, namely.-

“(2) Notwithstanding the exemptions granted under sub-section (1) it shall be open to the Municipal Council to collect service charges for providing civic amenities and for general or special services rendered at such rates as may be prescribed.”

4. Amendment of section 97.-In section 97 of the Principal Act after sub-section(1) the following explanation shall be inserted, namely:-

Explanation:- For the purpose of this chapter “year” or “Official year” means “the year commencing on the first day of April”.

5. Substitution of sections 101 to 103.- For sections 101, 102 and 103 of the principal Act, the following shall be substituted, namely:-

“101. Description and class of property tax .- (1) Unless exempted under this Act or any other law, property tax shall be levied every year on all buildings or lands or both situated within the municipal area.

(2) The property tax shall be levied at such percentage, not being less than 0.3 per cent (three thousandth) and not more than 0.6 per cent (Six thousandth) of taxable capital value of the buildings or lands or both.

(3) Subject to the minimum and the maximum rates specified in sub-section (2), the Municipal Council shall, fix the property tax at such percentage of the taxable capital value of the buildings or lands or both having regard to the location, type of construction of the building, nature of use to which the land or building is put, area of the land, plinth area of the building, age of the building and such other criteria as may be prescribed:

Provided that the percentage so fixed may be different in different areas and for different classes of buildings and lands.

Explanation: For the purpose of this section “building” includes any land appurtenant to such building used as garden and grounds for the more beneficial enjoyment of such building, not exceeding thrice the area occupied by such building.”

102. Method of Assessment of property tax.- (1) The taxable capital value of the building shall be assessed together with its land. The taxable capital value of such land shall be assessed having regard to the estimated market value of the land notified by the Government under section 45B of the Karnataka Stamp Act, 1957 subject to such rules as may be prescribed, the taxable capital value of the building shall be the estimated cost of erecting the building minus depreciation at the time of assessment determined as for as may be based on the method adopted by the Public Works Department.

(2) The taxable capital value of the vacant land shall be assessed having regard to the estimated market value of the

land notified by the Government under section 45B of the Karnataka Stamp Act, 1957.

103. Rebate for self-occupied building.- A rebate at the rate of fifty percent of the property tax shall be allowed in respect of any building or part of a building which is occupied by the owner of such building.

6. Amendment of section 104.- In section 104 of the principal Act, in sub-section (1),-

(i) for the words “assessment list” the words “property tax register “ shall be substituted;

(ii) for the words “tax on buildings or lands or both” wherever they occur the words “property tax” shall be substituted.

7. Substitution of sections 105 to 107.- For sections 105, 106 and 107 of the principal Act, the following shall be substituted, namely:-

“105. Assessment of property tax.- (1) Every owner or occupier who is liable to pay property tax under this Act shall submit every year to the Municipal Commissioner or the Chief Officer, as the case may be or the officer authorised by the Municipal Commissioner or the Chief Officer in this behalf (hereinafter referred to as authorised officer), a return in such form, within such period and in such manner as may be prescribed:

Provided that, if the owner or occupier who is liable to pay tax files his returns and also pays the property tax which is due within one month from the date of commencement of the financial year he shall be allowed a rebate of five percent on the tax payable by him.

(2) Before any owner or occupier submits any return under sub-section (1) he shall pay in advance full amount of the property tax payable by him on the basis of such return and shall furnish along with the return satisfactory proof of payment of such tax and the tax so payable shall for the purposes of this Act be

deemed to be the property tax due from such owner or occupier for the purpose of Chapter VII. After the final assessment is made the amount of property tax so paid shall be deemed to have been paid towards the property tax finally assessed.

(3) If the Municipal Commissioner or the Chief Officer, as the case may be or the authorised officer is satisfied that any return submitted under sub-section (1) is correct and complete, he shall assess the property tax in accordance with the provisions of this Act and the rules made thereunder and shall send a copy of the order of assessment to the owner or occupier concerned. Assessment under this sub-section shall be concluded within one year from the date of submission of return under sub-section (1).

(4) If any owner or occupier fails to submit a return as required under sub-section (1) or submits an incomplete or incorrect return, the Municipal Commissioner or the Chief Officer, as the case may be or the authorised officer, shall cause an inspection of the land and building and may also cause such local enquiry as may be considered necessary, and based on such inspection and information collected, he shall assess the property tax and send a copy of the order of assessment to the owner or occupier concerned.

(5) When making an assessment of tax under sub-section (3) or (4), the Municipal Commissioner or the Chief Officer, as the case may be, or the authorised officer may also direct the owner or occupier to pay in addition to the tax assessed a penalty,-

(a) not exceeding fifty percent of the tax assessed in the case of failure to submit a return; or

(b) not exceeding two times the amount of difference between the tax assessed and the tax paid along with his return in the case of submitting knowingly an incorrect or incomplete return.

(6) The owner or occupier may either accept the property tax assessed and the penalty if any, levied or send objections to the Municipal Commissioner or the Chief Officer, as the case may be, or the authorised officer within a period of thirty days from the date of receipt of a copy of the order under sub-section (3) or (4).

(7) The Municipal Commissioner or the Chief Officer, as the case may be, or the authorised officer shall consider the objections and pass such order either confirming or revising the assessment of such tax and penalty if any, within a period of sixty days from the date of filing objections and a copy of the order shall be sent to the owner or occupier concerned.

(8) The property tax shall be paid by the person primarily liable within ninety days after the commencement of every year.

(9) In order to facilitate filing of return by an owner or occupier of any building or land and assessment of property tax the Municipal Council shall from time to time issue guidelines for determining the taxable capital value and property tax payable thereon.”

106. Preparation and publication of property tax register .- (1) A Property tax register in respect of buildings or lands or both in the municipal area containing such particulars shall be prepared and revised in such manner as may be prescribed.

(2) When a property tax register is so prepared and updated, the Municipal Commissioner or the Chief Officer, as the case may be, or the authorised officer shall give a public notice thereof indicating the place where the register or copy thereof may be inspected.

(3) The authorised officer may on an application made by any person and subject to payment of such fees as may be specified by the Municipal Council from time to time, permit such person to inspect the Property tax register at reasonable

hours or grant certified extract of the entries in the register or certified copies thereof.

107. Levy of penalty on unlawful building.- (1) Whoever unlawfully constructs or reconstructs any building or part of a building,-

(i) on his land without obtaining permission under this Act or in contravention of any condition attached to such permission; or

(ii) on a site belonging to him which is formed without approval under the relevant law relating town and country planning; or

(iii) on his land in breach of any provision of this Act or any rule or bye-law made thereunder or any direction or requisition lawfully given or made under this Act or such rules or bye-law;

shall be liable to pay every year a penalty, which shall be equal to twice the property tax leviable on such building so long as it remains as unlawful construction without prejudice to any proceedings which may be instituted against him in respect of such unlawful construction:

Provided that such levy and collection of penalty shall not be construed as regularisation of such unlawful construction or reconstruction.

(2) Penalty payable under sub-section (1) shall be determined and collected by such authority and in such manner as may be prescribed. The penalty so payable shall be deemed to be the tax due for the purpose of chapter VII.

(3) Any person aggrieved by the determination and collection of penalty under sub-section (2) may within thirty days from the date of receipt of the order appeal to the prescribed authority whose decision thereon shall be final.

(4) The prescribed authority may after giving a reasonable opportunity of being heard to the Appellant and Municipal Council pass such order as it deems fit.

107A. Survey of lands and buildings and preparation of property register.- (1) The Municipal Commissioner or the Chief Officer as the case may be, shall, subject to the general or special orders of the Government, direct a survey of buildings or lands or both within the Municipal area with a view to the assessment of property tax and may obtain the services of any qualified person or agency for conducting such survey and preparation of property register.

(2) A property register shall be maintained in such manner and containing such particulars in respect of buildings or lands or both as may be prescribed.

(3) For the purpose of preparation of property register or assessment of property tax the Municipal Commissioner or the Chief Officer as the case may be or any person authorised by him in this behalf may enter, inspect, survey or measure any land or building after giving notice to the owner or occupier before such inspection and the owner or occupier shall be bound to furnish necessary information required for the purpose.

8. Substitution of section 109.- For section 109 of the principal Act, the following shall be substituted, namely:-

“109. Municipal Council to revise taxes.- (1) The Municipal Council shall revise any tax imposed by it once in every five years and whenever enhancement of the rate is evidenced necessary, shall levy the enhanced rates after observing the procedure specified for the imposition of taxes.

(2) Notwithstanding anything contained in sub-section (1), the Government may at any time direct the Municipal Council to revise any tax imposed by it and the Municipal Council shall so revised after observing the procedure specified for the imposition of taxes.

9. Amendment of section 110.- In section 110 of the principal Act, in sub-section (1),-

(i) for the words “ a tax on buildings or lands or both” the words “property tax “ shall be substituted;

(ii) both the provisos shall be omitted.

10. Substitution of section 115.- For section 115 of the principal Act, the following section shall be substituted, namely:-

“ 115. Power to assess in case of escaped from assessment.- Notwithstanding anything contrary contained in this Act or the rules made thereunder if for any reason, any person liable to pay any of the taxes, cess, rates, fees or charges leviable under this chapter has escaped assessment in any year, the Municipal Commissioner or the Chief Officer as the case may be, or the authorised officer may at any time within six years from the date on which such person should have been assessed, serve on such person a notice assessing him to the tax, rate, cess, charges or fees due and demanding payment thereof within fifteen days from the date of such service; and the provisions of this Act and rules made thereunder shall so far as may be, apply as if the assessment was made in the year to which tax, rate, cess, charges or fee relates.”

11. Amendment of section 142.- In section 142 of the principal Act, -

(i) in sub-section (1), in the first proviso, after item (iv), the following shall be inserted, namely:-

“(v) property tax including penalty leviable under sub-section (5) of section 105.”

(ii) in sub-section (3) after the words “tax on advertisement”, the words figures and brackets “property tax including the penalty leviable under sub-section (5) of section 105” shall be inserted.

12. Amendment of section 150.-In section 150 of the principal Act,-

(1) in sub-section (1), in clause (b), for sub-clause (i) the following shall be substituted, namely:-

“(i) in the case of property tax, to the Chief Officer or the Municipal Commissioner, as the case may be, or the authorised officer within fifteen days next after the service of notice under sub-section (3) of section 142.”

(2) in sub-section (3), for the words “assessment list” the words “property tax register” shall be substituted.

13. Omission of Schedule I.- Schedule I of the principal Act shall be omitted.

14. Substitution of expression tax on buildings or lands or both etc.- For the expressions “tax on buildings or lands or both” or “rates on buildings or lands or both” which occur in any other place in the principal Act, the words “property tax” shall be substituted.

15. Transitory provision.- Notwithstanding anything contained in the principal Act, as amended by the Karnataka Municipalities (Amendment) Act, 2000, (hereinafter referred to as the said Act) the tax on building or land or both levied under the principal Act, immediately before it is amended by the said Act may, notwithstanding that the tax so levied cannot be assessed or collected under the principal Act, as amended by the said Act be continued to be assessed and collected and any proceeding in respect of such levy, assessment or collection pending immediately before such amendment may be continued as if the provisions of the principal Act, the rules, bye-laws and notifications made or issued thereunder relating to such levy assessment, and collection as they existed prior to such amendment of the principal Act, had not been amended.