

**KARNATAKA ACT NO.31 OF 2001
THE KARNATAKA MUNICIPAL CORPORATIONS (AMEND-
MENT) ACT, 2000**

ARRANGEMENT OF SECTIONS

Sections:

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STATEMENT OF OBJECTS AND REASONS

(As appended to at the time of introduction)

It is considered necessary to amend the Karnataka Municipal Corporations Act, 1976 to simplify the procedure, introduce the system of self-assessment of property tax and to provide for,-

- (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 Corporation 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) payment of property tax and filing of returns by owners or occupiers;
- (5) 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;
- (11) to levy infrastructure and Solid Waste Management Cesses;

Certain consequential amendments are also made.

Hence the Bill.

(Vide L.A.Bill No.30 of 2000 File No. ಸಂಖ್ಯೆಶಾಇ 48 ಶಾಸನ 2000)

KARNATAKA ACT NO. 31 OF 2001

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

**THE KARNATAKA MUNICIPAL CORPORATIONS
(AMENDMENT) ACT 2000.**

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

An Act further to amend the Karnataka Municipal Corporations Act, 1976.

Whereas it is expedient further to amend the Karnataka Municipal Corporations Act, 1976 (Karnataka Act 14 of 1977) for the purposes hereinafter appearing;

Be it enacted by the 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 Municipal Corporations (Amendment) Act, 2000.

(2) It shall come into force on such ¹[date], as the Government may by notification appoint and different dates may be appointed for different provisions of the Act.

2. Amendment of section 2.- In section 2 of the Karnataka Municipal Corporations Act, 1976 (Karnataka Act 14 of 1977) (hereinafter referred to as the principal Act).-

(i) clause (32) shall be omitted;

(ii) after clause (41), the following shall be inserted, namely:-

“(41A) “Taxable capital value” means the value of any buildings or lands or both fixed in accordance with the provisions

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1. This Act has come into force on 19-11-2001 vide Notification No. UDD 89 AHD (P-1) dated 12-11-2001.

of this Act and the rules for the purpose of assessment of property tax.”

3. Amendment of section 103.-In section 103 of the principal Act, in clause (b), for the word and figures in “schedules III, IV” the word and figure “schedules IV” shall be substituted.

4. Insertion of new section 103 B.- After section 103A of the principal Act, the following shall be inserted, namely:-

“103B. Levy of Infrastructure and Solid Waste Management Cess.- (1) Notwithstanding anything contained in section 19 of the Karnataka Motor Vehicles Taxation Act 1957 (Karnataka Act 35 of 1957) the Corporation may in addition to the tax levied under that Act, levy and collect an infrastructure cess, at such rate not exceeding five hundred rupees per annum as may be prescribed on every motor vehicle suitable for the use on roads within the city and different rates may be prescribed in respect of different classes of motor vehicles.

Explanation.-For the purpose of this section “motor vehicle” shall have the same meaning assigned to it in the Motor Vehicles Act, 1988 (Central Act 59 of 1988).

(2) The Corporation may in addition to property tax levied under section 103, levy a Solid Waste Management cess at such rate not exceeding one thousand rupees per month as may be prescribed, on every owner or occupier of buildings or lands or both in the city, for the purpose of collection, transportation and disposal of solid waste and different rates may be prescribed in respect of different classes of lands or buildings or in different areas.

Explanation.-For the purposes of this section solid waste., includes filth offensive matter, rubbish sewage, trade affluent, trade refuse, waste from hospitals and any other waste which is detrimental to public health.

(3) The cess levied under sub-sections (1) and (2) shall be assessed and collected in such manner as may be prescribed.

(4) Notwithstanding anything contained in sections 61A, 62 and 444, any person aggrieved by the levy, and assessment of cess under this section may, within thirty days from the date of receipt of the order of assessment of such cess, appeal to the prescribed authority whose decision shall be final.

(5) The prescribed authority may, after giving a reasonable opportunity of being heard to the appellant and the Corporation, pass such order as it deems fit.

(6) Subject to such terms and conditions as may be provided in the bye-laws, the cess payable to the Corporation under this section may be collected by such agency as the corporation may appoint in this behalf.”

5. Amendment of section 106.- In section 106 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.”

6. Substitution of sections 108 and 109.-For sections 108 and 109 of the principal Act, the following shall be substituted, namely:-

“108. 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 land or both situated within the city.

(2) The property tax shall be levied at such percentage, not being less than 0.3 percent (three thousandth) and not more than 0.6 percent (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 corporation may, fix the property tax at such percentage of the taxable capital value of the buildings or lands or both having regard to 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 buildings.

109. 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. 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 far as may be based on the method adopted by the Public Works Department, as specified in Schedule III.

(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.

109A. 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."

7. Amendment of section 110.- Section 110 of the principal Act shall be renumbered as sub-section (1) thereof and after sub-section(1) as so renumbered, the following shall be inserted, namely:-

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

8. Amendment of section 112.- In section 112 of the principal Act, -

(1) in sub-section(3),-

(i) for the words “sixty days” the words “ninety days” shall be substituted;

(ii) for the words “half year” the word “year” shall be substituted.

(2) sub-sections (4),(5), (6) and (7) shall be omitted.

9. Insertion of new sections 112A, 112B, 112C and 112D.- After section 112 of the principal Act, the following shall be inserted, namely:-

“112A. Assessment of property tax.- (1) Every owner or occupier who is liable to pay property tax under this Act, shall every year submit to the Commissioner or the officer authorised by him in this behalf (hereinafter referred to as authorised officer) a return in such form within such period and in such manner as specified in schedule III.

Provided that if the owner or occupier who is liable to pay tax files return and also pays tax which is due, within one month from the date of commencement of the 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 alongwith 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. 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 Commissioner 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 Commissioner 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 property tax under sub-section (3) or (4), the Commissioner or the authorised officer may also direct the owner or occupier to pay in addition to the property tax assessed a penalty,-

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

(b) not exceeding two times the amount of difference between the property tax assessed and the property tax paid

along with his return in the case of knowingly submitting an incomplete or incorrect return.

(6) The owner or occupier may either accept the property tax assessed and the penalty if any, levied or send objections to the Commissioner 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 Commissioner 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) In order to facilitate filing of a return by an owner or occupier of any building or land and assessment of property tax under this section, the corporation shall, from time to time issue guidelines for determining the taxable capital value and property tax payable thereon.

112B. Preparation and publication of property tax register.- (1) A property tax register in respect of buildings or lands or both in the city shall be maintained in such form and in such manner as may be prescribed. (2) When a property tax register is prepared and updated, the Commissioner 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 corporation 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.

(4) The Commissioner or the authorised officer may issue a property tax certificate to every owner or occupier of building

or lands, containing all the details of, buildings or lands or both and the property tax payable in relation to such buildings or lands or both.

112C. 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 byelaw;

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 deemed to be the property tax due.

(3) Notwithstanding anything contained in sections 61A, 62 or 444 any person aggrieved by the determination 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 the corporation pass such order as it deems fit.

112D. Survey of lands and buildings and preparation of property register.- (1) The Commissioner shall, subject to the general or special orders of the Government, direct a survey of buildings or lands or both within the city 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 specified in Schedule III.

(3) For the purpose of preparation of property register or assessment of property tax in respect of any buildings or lands or both, the Commissioner 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:

Provided that such entry into and upon any building or land shall be made between sunrise and sunset:

Provided further that in the case of buildings used as human dwelling due regard shall be paid to the social and religious customs of the occupiers and no apartment in the actual occupancy of a woman shall be entered until she has been informed that she is at liberty to withdraw and every reasonable facility has been afforded to her for withdrawing”.

10. Substitution of section 113.- For section 113 of the principal Act, the following shall be substituted, namely:-

“113. Demand for payment of property tax and appeal against such demand.- (1) If the property tax including penalty leviable under sub-section (5) of section 112A is not paid after it has been become due, the corporation may cause to be served upon the person liable for payment of the same a notice of demand in such form as may be prescribed.

(2) If the person to whom a notice of demand has been served under sub-section (1) does not, within thirty days from the service of such notice of demand either,-

(a) pays the sum demanded in the notice; or

(b) prefers an appeal under sub-section (3) against the demand, he shall be deemed to be in default and thereupon such sum shall be recovered along with such penalty and in such manner as may be prescribed.

(3) Notwithstanding anything contained in sections 61A or 62 or 444, any person disputing the claim in the notice of demand served under sub-section (1), may within thirty days after the service of such notice, appeal in such manner subject to such conditions and to such authority as may be prescribed”.

11. Amendment of section 115.- In section 115 of the principal Act,-

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

(i) the letter and brackets (a) shall be omitted;

(ii) clauses (b) and (c) shall be omitted;

(2) in sub-section (2),-

(i) the letter and brackets “(a)” shall be omitted;

(ii) clauses (b) and (c) shall be omitted.

12. Omission of section 116.- Section 116 of the principal Act shall be omitted.

13. Amendment of section 186.- In section 186 of the principal Act,-

- (i) in the heading, for the word “ Chapter “ the words “ certain provisions of this Chapter “ shall be substituted;
- (ii) for the words “ This Chapter “ the words and figures “ Provisions of sections 187 to 244 “ shall be substituted.

14. Transitory provision.- Notwithstanding anything contained in the principal Act, as amended by the Karnataka Municipal Corporations (Amendment) Act, 2000 (hereinafter referred to as the said Act) the property tax levied under the principal Act, immediately before it is amended by the said Act may, notwithstanding that the property 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 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.