

KARNATAKA ACT NO 32 OF 2003
THE KARNATAKA MUNICIPAL CORPORATIONS
(AMENDMENT) ACT, 2003
Arrangement of Sections

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STATEMENT OF OBJECTS AND REASONS

It is considered necessary to amend the Karnataka Municipal Corporations Act, 1976 (Karnataka Act 14 of 1977),-

- (i) to rationalise the provisions relating to inspections;
- (ii) to dispense with the sanction of the Government before imposing tax;
- (iii) to reduce the rate of property tax on vacant land from the existing rate of minimum 0.3% and maximum 0.6% in view of several objections received from public;

- (iv) to increase the currency of the trade licenses from one year to five years to avoid hardship to small traders;
- (v) to levy a penalty at the rate of 2% per month on belated payment of property tax due;
- (vi) to omit the provisions relating to levy of water cess to mitigate the tax burden;
- (vii) to enhance the tax on commercial building from 0.3% - 0.6% to 0.5% to 1.5% of the capital value of the property;
- (viii) to exempt vacant land to a maximum of 50 square meters around a residential building constructed on a site measuring up to 225 square meters from the levy of property tax;
- (ix) to validate the assessment etc., already made.

Certain other incidental and consequential provisions are also made.

As the matter was urgent and the Karnataka Legislative Council was not in session, the Karnataka Municipal Corporations (Amendment) Ordinance, 2003 was promulgated.

Hence the Bill.

[LA Bill No. 20 of 2003]

[Entry 5 of List-III of Seventh Schedule to the Constitution of India]

KARNATAKA ACT NO 32 OF 2003

(First Published in the Karnataka Gazette Extra-ordinary on the Twentieth day of August, 2003)

**THE KARNATAKA MUNICIPAL CORPORATIONS
(AMENDMENT) ACT, 2003**

(Received the assent of the Governor on the Twentieth day of August, 2003)

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-fourth year of the Republic of India, as follows:-

1. Short title and commencement.- (1) This Act may be called the Karnataka Municipal Corporations (Amendment) Act, 2003.

(2) (a) Section 2, sub-clause (ii) of clause (2) of section 5, clause (c) of sub-section (2) of section 108 proposed to be substituted by clause (2) of section 9, sub-clauses (i), (ii) and (iv) of clause (3) of section 9, sub-clause (i) of clause (1) of section 10, clause (ii) of section 12, clause (3) of section 14 and section 32 shall be deemed to have come into force on the Nineteenth day of November, 2001

(b) Section 6, clauses (a) and (b) of sub-section (2) of section 108 proposed to be substituted by clause (2) of section 9 and sub-clause (iii) of clause (3) of section 9, sub-clauses (ii) and (iii) of clause (1) and

clause (2) of section 10, section 11, section 13, clauses (1) and (2) of section 14, sections 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29 and 33 shall be deemed to have come into force on the sixteenth day of June, 2003.

- (c) the remaining provisions shall come into force at once.

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),-

(1) in clause (23), for the words "land or building" the words "vacant land or building" shall be substituted;

(2) in clause (41A), for the words "value of any buildings or lands or both" the words "value of any building including any land occupied by it or vacant land or both" shall be substituted;

(3) after clause (44), the following shall be inserted, namely:-

" (44A) "Vacant land" means, land not built upon."

3. Amendment of section 71.- In section 71 of the principal Act, in sub-section (1) for the words "Divisional Commissioner of the revenue division", the words "Deputy Commissioner of the district" shall be substituted.

4. Amendment of section 94.- In section 94 of the principal Act, for sub-section (2), the following sections shall be substituted, namely:-

"(2) Any officer of the Government authorised by the Government in this behalf by a general or a special order shall have power,

- (a) to enter on, and inspect, or cause to be entered on and inspect any immovable property occupied by any corporation or any

institution under its control or management or any work in progress under it or in its direction;

- (b) to call for any extract from a proceeding of any Corporation or of any committee or from any book or document in the possession of, or under the control of corporation;
- (c) to require a corporation to take into consideration any objection which appears to him to exist to the doing of anything which is about to be done or is being done by such corporation or any information which he is able to furnish and which appears to him to necessitate the doing of a certain thing by Corporation and to make a written reply to him within a reasonable time stating its reasons for not desisting from doing or not doing such thing.

(3) The Corporation and every municipal authority and all corporation officers and other corporation employees shall be bound to afford the officer authorised under sub-section (2) access at all reasonable time to the premises and properties of the corporation and to all records, accounts and other documents the inspection of which he may consider necessary to enable him to discharge his duties”.

(4) The officer authorised under sub-section (2) may, after such inspection, make a report to the Government.

5. Amendment of section 103.- In section 103 of the principal Act,-

- (1) clause (a) shall be omitted;
- (2) in clause (b),
 - (i) for the words and figure “with the sanction of the Government and at rates not exceeding

those specified in schedules IV and VIII” the words “at rates not exceeding those specified in this Act” shall be substituted;

(ii) in sub-clause (i), for the words “buildings or lands or both” the words “buildings or vacant land or both” shall be substituted;

(iii) sub-clauses (v) and (ix) shall be omitted.

6. Omission of section 103A.- Section 103A, of the principal Act shall be omitted.

7. Omission of sections 104 and 105.- Section 104 and 105 of the principal Act shall be omitted.

8. Substitution of section 106.- For section 106 of the principal Act, the following section shall be substituted, namely:-

“106. Publication of resolution with notice.- A corporation shall by a resolution passed at a general meeting levy any tax specified in section 103 and in such resolution specify the classes of persons or properties which shall be made liable and the amount or rate at which the tax shall be levied. When such a resolution has been passed the corporation shall publish a notice of such resolution in the notice board of its office and by advertisement in local newspapers. The publication of such notice shall be conclusive evidence that the tax has been imposed in accordance with the provisions of this Act and the rules made thereunder.”

9. Amendment of section 108.- In section 108 of the principal Act,-

(1) in sub-section (1), for the words “buildings or lands or both” the words “buildings or vacant lands or both” shall be substituted;

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

“(2) The property tax shall be levied in case of,-

(a) commercial building at such percentage not being less than 0.5 per cent (rupees five per thousand) and not more than one and half percent of taxable capital value of the building;

(b) residential building and buildings other than commercial building, at such percentage not being less than 0.3 per cent (rupees three per thousand) and not more than 0.6 per cent (rupees six per thousand) of taxable capital value of the building;

(c) vacant land,

(i) measuring not above one thousand square meters, at not less than 0.1 per cent (rupees one hundred per lakh) and not more than 0.2 per cent (rupees two hundred per lakh) of taxable capital value of land,

(ii) measuring above one thousand square meters but not above four thousand square meters, at not less than 0.025 per cent (rupees twenty five per lakh) and not more than 0.05 per cent (rupees fifty per lakh) of taxable capital value of land,

(iii) measuring above four thousand square meters, at not less than 0.01 per cent (rupees ten per lakh) and not more than 0.02 per cent (rupees twenty per lakh) of taxable capital value of land.

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

(i) for the words “lands or both” the words “vacant lands or both” shall be substituted;

(ii) for the word “land” wherever it occurs, the words “vacant land” shall be substituted;

- (iii) explanation shall be omitted.
- (iv) after the proviso, the following proviso shall be inserted, namely:-

“Provided further that vacant land to a maximum of 50 square meters around the residential buildings constructed on sites measuring upto 225 square meters shall be exempt from levy of property tax.”

10. Amendment of section 109.- In section 109 of the principal Act,-

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

- (i) for the words “together with its land”, the words “together with the land occupied by it” shall be substituted;
- (ii) for the words “estimated market value of the land notified by the Government” the words “market value guidelines of properties published” shall be substituted;
- (iii) for the words, letter and figures “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”, the words, figure and letter “assessed having regard to the market value guidelines of properties published under section 45B of the Karnataka Stamp Act, 1957 minus depreciation at the time of assessment as may be notified by the Government from time to time” shall be substituted;

(2) in sub-section (2) for the words “estimated market value of the land notified by the Government”, the words

“market value guidelines of properties published” shall be substituted.

11. Amendment of section 109A.- In section 109A of the principal Act for the words “any building or part of a building” the words “any residential building or part of a residential building” shall be substituted.

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

(i) in clause (k), for the words “the City of Mysore Improvement Trust Board,” the words and figures “any Urban Development Authority constituted under the Karnataka Urban Development Authorities Act, 1987” shall be substituted;

(ii) in the provisos, for the word “land” the words “vacant land” shall be substituted.

13. Amendment of section 112.- In section 112 of the principal Act, after sub-section (3), the following shall be inserted, namely:-

“(4) If default is made in making payment in accordance with sub-section (3), the person liable to pay the tax, shall pay a penalty at the rate of two per cent per month of the amount of tax remaining unpaid after the period specified in sub-section (3).”

14. Amendment of section 112A.- In section 112A of the principal Act,-

(1) in sub-section (4), after the words, figure and brackets “under sub-section (1)” the words, figure and brackets “or fails to pay in advance the amount of property tax payable by him as required under sub-section (2)” shall be inserted.

(2) in sub-section (5),-

(i) for clause (a), the following shall be substituted, namely:-

“(a) at the rate of two per cent per month of the amount of property tax assessed and due in case of failure to pay the amount of property tax due and to submit a return”

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

“(c) one hundred rupees in case of failure to submit a return after payment of property tax in full”

(3) in sub-section (8), for the words “building or land” the words “building or vacant land” shall be substituted.

15. Amendment of section 112B.- In section 112B of the principal Act, sub-section (2) shall be omitted.

16. Amendment of section 114.- In section 114 of the principal Act, for sub-section (3), the following shall be substituted, namely:-

“(3) Whenever such transfer comes to the knowledge of the Commissioner or authorised officer through such notice the name of the transferee shall be entered in the property tax register.”

17. Substitution of section 146.- For section 146 of the principal Act, the following section shall be substituted, namely:-

“146. Power of the Government to require corporation to impose taxes.- The Government may, by notification require the corporation to impose any tax specified in the notification as may be imposed under section 103 in such manner and to such extent as the Government considers fit, and the corporation shall forthwith proceed to impose the tax in accordance with the requisition.”

18. Omission of section 148.- Section 148 of the principal Act shall be omitted.

19. Amendment of section 176.- In section 176 of the principal Act,-

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

- (i) the words “the value of which does not exceed two thousand rupees in each instance,” shall be omitted;
- (ii) for the words “twelve months” the words “two years” shall be substituted;

(2) in sub-section (2), the words “the value of which does not exceed five thousand rupees in each instance,” shall be omitted.

20. Amendment of section 178A.- In section 178A of the principal Act, in sub-section (1), for the words “Divisional Commissioner of the concerned revenue division” the words “Deputy Commissioner of the concerned district” shall be substituted.

21. Amendment of section 183.- In section 183 of the principal Act,-

(1) in sub-section (1), for the words “exceeding ten thousand rupees” the words “exceeding such amount as may be notified by the Government from time to time” shall be substituted;

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

“(2) In respect of the tenders made in pursuance of the notice given under sub-section (1), the Commissioner may accept or reject any tender in accordance with the provisions of the Karnataka Transparency in Public Procurements Act, 1999 (Karnataka Act 29 of 2000).”

22. Amendment of section 346.- In section 346 of the principal Act, in sub-section (1), for the words “every year” the words “every fifth year” shall be substituted.

23. Amendment of section 348.- In section 348 of the principal Act, in sub-section (3), for the words “three years” the words “five years” shall be substituted.

24. Amendment of section 351.- In section 351 of the principal Act,-

(1) in sub-section (2), for the words “commencement of the year for which the licence is sought to be renewed”, the words “expiry of the period of licence” shall be substituted.

(2) in sub-section (6), for the words “end of the year” the words “end of the period of five years” shall be substituted.

25. Amendment of section 353.- In section 353 of the principal Act,-

(1) in sub-section (6), for the words “end of the year” the words “end of the period of five years” shall be substituted.

(2) in sub-section (7), for the words “before the commencement of the year for which renewal is sought”, the words “before the expiry of the period of licence” shall be substituted.

26. Amendment of section 372.- In section 372 of the principal Act, in sub-section (1), the words “an annual” shall be omitted.

27. Amendment of section 373.- In section 373 of the principal Act for the words “end of the year” the words “end of the period of five years” shall be substituted.

28. Amendment of section 381.- In section 381 of the principal Act, in sub-section (3), for the words “end of the year” the words “end of the period of five years” shall be substituted.

29. Amendment of section 443.- In section 443 of the principal Act, in sub-section (2),-

(1) in clause (a), after the proviso, the following proviso shall be inserted, namely:-

“Provided further that notwithstanding anything contained in this Act, fee may be paid in advance in a lump sum for a period of five years by the applicant for grant of license, registration or permission or at his choice for each year from the commencement of first year of such period.”

(2) in clause (b), for the words “three years” the words “five years” shall be substituted.

30. Insertion of new section 443-A.- After section 443 of the principal Act, the following shall be inserted, namely:-

“443-A. Appeal to Karnataka Appellate Tribunal or District Court.- (1) Any person aggrieved by any notice issued, action taken or proposed to be taken by the Commissioner under sections 308, 309, 321 (3) may appeal,-

- (i) to the Karnataka Appellate Tribunal in case of the corporation of the city of Bangalore;
- (ii) to the District Court having jurisdiction in case of other corporations.

(2) The decision of the Karnataka Appellate Tribunal or as the case may be the District Court shall be final.

(3) All appeals made against any notice issued or other action taken or proposed to be taken by the Commissioner under sections 308, 309 and 321 (3) and pending before the standing committee on the date of commencement of this section shall stand transferred to the Karnataka Appellate Tribunal, or as the case may be, District Court and such appeals shall be disposed off by them as if they were filed before them.”

31. Amendment of section 444.- In section 444 of the principal Act, in sub-section (1), in clause (a), in sub-clause (i) the figures and brackets “308, 309, 321 (3)” shall be omitted.

32. Substitution of expressions “building or land or both etc.”.- For the expressions “building or land or both”, “building or land” and “building and land”, which occur in any

other place in the principal Act, the words “building or vacant land or both”, “building or vacant land” and “building and vacant land” shall respectively be substituted.

33. Validation of assessment.- Anything done or any action taken or purporting to have done or taken (including any notices or orders issued and all proceedings held for the levy, assessment, reassessment, revision of assessment and collection of tax or amount purported to have been collected by way of tax) in relation to such levy, assessment or collection under the provisions of the principal Act before the publication of this Act shall be deemed to be valid and effective as if such levy, assessment or collection or action or thing had been made taken or done under the principal Act as amended by this Act and accordingly,-

- (a) all acts, proceedings or things done by any Authority in connection with the levy, assessment or collection of such tax shall, for all purposes be deemed to be and to have been always been made done or taken in accordance with the law;
- (b) no suit or proceedings shall be maintained or continued in any court or tribunal or before any authority for the refund of any such tax; and
- (c) no court shall enforce any decree or order directing the refund of any such tax.

34. Transitory provision.- Notwithstanding anything contained in the principal Act as amended by this Act, for the years 2002-2003 and 2003-2004,-

(1) the property tax payable shall be paid within thirtieth September 2003 and on such payment no penalty shall be levied.

(2) if the person liable to pay property tax files the return and also pays the tax due before thirtieth September 2003, he shall be allowed a rebate of five percent of the tax payable by him.

36. Repeal and Savings:- (1) The Karnataka Municipal Corporations (Amendment) Ordinance, 2003 (Karnataka Ordinance No. 4 of 2003) is hereby repealed.

(2) Notwithstanding such repeal anything done or any action taken under the principal Act, as amended by the said Ordinance, shall be deemed to have been done or taken under the principal Act, as amended by this Act.

By Order and in the name of the
Governor of Karnataka

M.R. Hegde
Secretary to Government,
Department of Parliamentary
Affairs and Legislation.