

**KARNATAKA ORDINANCE NO. 3 OF 2003  
THE KARNATAKA MUNICIPALITIES (AMENDMENT)  
ORDINANCE, 2003**

**Arrangement of Sections**

***Sections:***

1. Short title and commencement
2. Insertion of section 2
3. Amendment of section 94
4. Omission of section 94A
5. Amendment of section 97
6. Amendment of section 101
7. Amendment of section 102
8. Amendment of section 103
9. Amendment of section 105
10. Omission of section 109
11. Amendment of section 10
12. Amendment of section 147
13. Amendment of section 150
14. Amendment of section 151
15. Substitution of the expression "building or land or both" etc
16. Validation of assessment

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*(Promulgated by the Governor of Karnataka in the  
fifty-fourth year of the Republic of India and First published  
in the Karnataka Gazette Extra-ordinary on the 16<sup>th</sup> day  
of June 2003.)*

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

Whereas the Karnataka Legislative Council is not in session and the Governor of Karnataka is satisfied that the circumstances exist which render it necessary for him to take immediate action further to amend the Karnataka Municipalities Act, 1964 (Karnataka Act 22 of 1964) for the purposes hereinafter appearing:

Now, therefore, in exercise of the powers conferred by clause (1) of Article 213 of the Constitution of India, the Governor of Karnataka is pleased to promulgate the following ordinance, namely:-

**1. Short title and commencement.-** (1) This Ordinance may be called the Karnataka Municipalities (Amendment) Ordinance, 2003.

(2) Section 2, section 3 excluding clause (iii) of sub-section (1) and sub-sections (2) and (3) thereof, section 5, section 6 excluding clause (a) of sub-section (Q) of section 101 sought to be substituted by sub-section (2) of this section and sections 8, 10, 11, 12, 13, 14 and 15 shall be deemed to have come into force on the nineteenth day of November 2001 and the remaining provisions shall come into force at once.

**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),-

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(1) in clause (27A),-

- (i) 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.
- (ii) for the words " tax on buildings or land or both " the words " tax on buildings or vacant land or both" shall be substituted.

(2) after clause (28-A), the following shall be inserted, namely:-

"(28-B) "Vacant land" means land not built upon".

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

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

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

"(i) a tax on building or vacant lands or both situated within the municipal area (hereinafter referred to as property tax);"

(ii) in sub-clause (viii),-

- (a) for the words "buildings and lands" the words "buildings and vacant land" shall be substituted'

- (b) in the proviso, for the words "building or land or both" the words "building or vacant land or both" shall be substituted;

- (iii) the provisos and Explanations (i) and (ii) thereof shall be omitted.

(2) after sub-section (1), the following sub-sections shall be inserted, namely:-

"(1-A) The following buildings and vacant lands shall be exempted from the property tax, namely:-

- (a) places set apart for public worship and either actually so used or used for no other purpose;
- (b) choultries for occupation of which no rent is charged and coultries the rent charged for the occupation of which is used exclusively for charitable purpose;
- (c) places used for the charitable purpose of sheltering the destitute or animals and orphanages, homes and schools for the deaf and dumb, asylum for the aged and fallen women and such similar institutions run purely on philanthropic lines as are approved the by State Government;
- (d) such ancient monuments protected under the Karnataka Ancient and Historical Monuments and Archaeological Sites and Remains Act, 1961 (Karnataka Act 7 of 1962) and Ancient and Archaeological Sites and Remains Act, 1958 (Central Act 24 of 1958) or parts thereof as are not used as residential quarters or public offices;
- (e) charitable hospitals and dispensaries but not including residential quarters attached thereto;
- (f) such hospitals and dispensaries maintained by railway administration as may from time to time be notified by the State Government, but not including residential quarters attached thereto;
- (g) burial and cremation grounds included in the list published by the Municipal Commissioner or Chief Officer;
- (h) Government lands set apart for free recreational purposes and such other Government land as may be notified by it, which in the opinion of the State Government no income could be derived;

- (i) buildings or vacant lands exclusively used for,-
  - (i) student hostels, which are not established or conducted for profit;
  - (ii) educational purposes by recognized educational institutions;
- (j) buildings or vacant lands belonging to the Central Government or any State Government used for the purposes of Government and not used or intended to be used for residential or commercial purposes;
- (k) buildings or vacant lands belonging to the Bangalore Development Authority, the Karnataka Housing Board, the Urban Development Authorities constituted under the Karnataka Urban Development Authorities Act, 1987 or any local authority, the possession of which has not been delivered to any person, in pursuance of any grant, allotment or lease;
- (l) land which is registered as land used for agricultural purpose in the revenue accounts of State Government and is actually used for cultivation of crops;

Provided that nothing contained in clauses (a), (c) and (e) shall be deemed to exempt from property tax, any building or vacant land for which rent is payable by the person or persons using the same for the purposes referred to in the said clauses:

Provided further that for the purposes of clause (j), a certificate issued by the State Government or any officer duly authorised by the State Government that any building or land is used for the purposes of the State Government and not used or intended to be used for residential or commercial purposes shall be binding on the municipal council.

(1-B) No tax shall be levied on any advertisement which,-

- (a) is exhibited with the window of any building if the advertisement relates to the trade, profession or business carried on in that building; or
- (b) relates to trade, profession or business carried on within the land or building upon or over which such advertisement is exhibited or to sale or letting of such land or building or any effects therein or any sale of , or entertainment or meeting to be held on or upon or in, the same; or
- (c) relates to the name of the land or building, upon or over which the advertisement is exhibited or to the name of the owner or occupier of such land or building; or
- (d) relates to the business of a railway administration and is exhibited within any railway station or upon any wall or other property of a railway administration;
- (e) relates to any activity of the State Government
- (f) relates to any public meeting".

(3) in sub-section (2), for the words, figure and brackets "sub-section (1)" the words figure, letter and brackets "sub-section (1A)" shall be substituted.

**4. Omission of section 94A.-** Section 94A of the principal Act shall be omitted.

**5. Amendment of section 97.-** In section 97 of the principal Act, in sub-section (1), the proviso shall be omitted.

**6. Amendment of section 101.-** In section 101 of the principal Act,-

- (1) in sub-section (1), for the words "or lands or both", the words "or vacant land 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 per cent of taxable capital value of the building.
- (b) residential building and buildings other than commercial 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 measuring not above one thousand square meters, at not less than 0.1 per cent (rupee one per thousand) and not more than 0.2 per cent (rupees two per thousand) of taxable capital value of land.
- (d) vacant land 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 (rupees fifty per lakh) of taxable capital value of land.
- (e) vacant land 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 land 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 may not be subject to property tax."

**7. Amendment of section 102.-** In section 102 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 "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" the words, figures 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 prescribed" 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.

**8. Amendment of section 103.-** In section 103 of the principal Act, in sub-section (4) for the words "any building or part of a building" the words "any residential building or part of a residential building" shall be substituted.



**9. Amendment of section 105.-** In section 105 of the principal Act,-

(1) in sub-section (4),-

- (i) after the words figure and brackets "under sub-section (1)" the words figure and brackets or fails to pay in advance full amount of property tax as required under sub-section (2)" shall be inserted;
- (ii) for the words "land and building", the words "vacant land and building" shall be substituted.

(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 amount of property tax due and to submit a return,"

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

"(c) of one hundred rupees in case of failure to submit return after payment of property tax in full."

(3) in sub-section (8), after the words "commencement of every year" the words "If default is made in making payment the person liable to pay shall pay a penalty at the rate of two percent per month of the amount of tax remaining unpaid after the expiry of the period" shall be inserted;

(4) in sub-section (9), for the words " building or land" the words "building or vacant land" shall be substituted.

**10. Omission of section 109.-** Section 109 shall be omitted.

**11. Amendment of section 110.-** In section 110 of the principal Act, for the words " owner of the buildings or lands" the words "owner of buildings or vacant lands" shall be substituted.

**12. Amendment of section 147.-** In the proviso to section 147 of the principal Act, the words "building or land" in two places where they occur, the words "building or vacant land" shall be substituted.

**13. Amendment of section 150.-** In section 150 of the principal Act, in sub-section (4), for the words "assessment list" the words "property tax register" shall be substituted.

**14. Amendment of section 151.-** In section 151 of the principal Act,-

- (1) in the heading, for the word "land" the words "vacant land" shall be substituted.
- (2) for the words " a tax on lands or buildings or both" the words "property tax" shall be substituted;
- (3) for the words, "buildings or land" in the two places where they occur, the words, "building or vacant land" shall be substituted.

**15. Substitution of the expression "building or land or both" etc.-** In any other place in the principal Act, for the expression,-

- (i) "Taxes on building or land" the expression "property tax" shall be substituted;
- (ii) "buildings or land or both", the expression "buildings or vacant land or both" shall be substituted;
- (iii) "building or land" and "land or building", the expression "building or vacant land" and "vacant land or building" shall respectively be substituted.

**16. 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 Ordinance shall be deemed to 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 Ordinance 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.

**T. N. CHATURVEDI**  
**GOVERNOR OF KARNATAKA**

By Order and in the name of  
the Governor of Karnataka

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