

Karnataka Act No. 5 of 2005
THE KARNATAKA MUNICIPALITIES AND CERTAIN OTHER LAW (AMENDMENT)
ACT, 2005

Arrangement of Sections

Sections:

1. Short title and commencement
2. Amendment of Karnataka Act 22 of 1964
3. Amendment of Karnataka Act 14 of 1977
4. Validation of assessment
5. Transitional provision
6. Repeal and savings

STATEMENT OF OBJECTS AND REASONS

It is considered necessary to amend the Karnataka Municipalities Act, 1964 (Karnataka Act 22 of 1964) and The Karnataka Municipal Corporations Act, 1976 (Karnataka Act 14 of 1977) to provide for,-

- (1) reduction of property tax levied for the years 2002-2003, 2003-2004 and 2004-2005 from two and half times to two times of the tax levied for the year 2001-2002;
- (2) exemption of Property Tax in respect of the vacant land around all classes of buildings in the Municipalities and City Corporations;
- (3) total exemption of the tax on vacant land in Municipalities having a population of less than one lakh;
- (4) enhancement of Property Tax once in three years commencing from the year 2005-2006 and to give guidelines for enhancement;
- (5) reduction of tax on commercial buildings from an upper limit of 1.5 percent to 0.9 percent situated in the Municipalities having less than one lakh population and in respect of residential buildings from 1.0 percent to 0.6 percent;
- (6) Certain other consequential amendments are also made.

The Bill also seeks to replace the Karnataka Municipalities (Amendment) Ordinance, 2004 (Karnataka Ordinance 3 of 2004) and the Karnataka Municipal Corporations (Amendment) Ordinance, 2004 (Karnataka Ordinance 2 of 2004) with certain modifications.

Hence the Bill.

(LA Bill No.6 of 2005)

(Entry 5 of list II of Seventh Schedule to the Constitution of India.)

Karnataka Act No. 5 of 2005

(First Published in the Karnataka Gazette Extra-ordinary on the Seventh day of March, 2005)

**THE KARNATAKA MUNICIPALITIES AND CERTAIN OTHER LAW (AMENDMENT)
ACT, 2005**

(Received the assent of the Governor on the Fifth day of March, 2005)

An Act further to amend the Karnataka Municipalities Act, 1964 and the Karnataka Municipal Corporations Act, 1976.

Whereas it is expedient further to amend the Karnataka Municipalities Act, 1964 (Karnataka Act 22 of 1964) and 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-sixth year of Republic of India, as follows:-

1. Short title and commencement.- (1) This Act may be called the Karnataka Municipalities and Certain other Law (Amendment) Act, 2005.

(2) Sub-sections (1), (2), (3A), (4) and (5) of section 2 and sub-sections (1), (2), (4) and (5) of section 3 shall come in force with effect from 1.4.2005 and remaining provisions shall come into force at once.

2. Amendment of Karnataka Act 22 of 1964.- In the Karnataka Municipalities Act, 1964 (Karnataka Act 22 of 1964),-

(1) In section 2, in clause (28B), the words "but does not include appurtenant land to a building" shall be inserted at the end.

(2) In section 101, in sub-section (2),-

(a) in clause (a), for the words "one and half", the word "two" shall be substituted and at the end the following proviso shall be inserted, namely:-

"Provided that the maximum limit of property tax levied in the case of a commercial building within a Municipal Council whose population does not exceed one lakh shall be 0.9 percent"

(b) in clause (b), for the figures, brackets and words "0.6% (rupees six per thousand)", the words and brackets "one percent (rupees ten per thousand)" shall be substituted and at the end the following proviso shall be inserted, namely:-

"Provided that the maximum limit of property tax levied in the case of a residential building within a Municipal Council whose population does not exceed one lakh shall be 0.6 percent"

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

"(2A) Notwithstanding anything contained in sub-section (2), no property tax shall be levied on a vacant land situated within the Municipal Council having a population of less than one lakh."

(d) in sub-section (3), for the second proviso the following proviso shall be substituted, namely:-

"Provided further that the land appurtenant to a building shall be exempted from levy of Property Tax."

(3) After section 101, the following section shall be and shall be deemed to have been inserted with effect from the ninth day of November, 2004 and shall be deemed to have been omitted with effect from the first day of April, 2005, namely:-

“101A. Property Tax payable for certain years.- (1) Notwithstanding anything contained in section 101, the property tax inclusive of all cesses so calculated under said section for the years 2002-2003, 2003-2004 or 2004-2005 shall not exceed two times the property tax inclusive of all cesses levied for the year 2001-02:

Provided that the arrears of the property tax for the year 2002-2003, 2003-2004 and 2004-2005 shall be paid on or before 31.03.2005.

(2) If default is made in making payment in accordance with sub-section (1), the person liable to the tax, shall pay a penalty at the rate of two percent per month of the amount of tax remaining unpaid after the period specified in sub-section (1).”

3(A) In section 102, in sub-sections (1) and (2), for the words "assessed having regard to", the words "equivalent of fifty percent of" shall be substituted.

(4) After section 102, the following new section shall be inserted, namely:-

“102A. Enhancement of property tax.- Notwithstanding anything contained in section 101 and 102 the property tax assessed and levied under either provision shall not be assessed each year thereafter but shall stand enhanced by 15 percent once in every three years commencing from the financial year 2005-2006:

Provided that the Municipal Council may enhance such property tax upto 30 percent once in three years and different rates of enhancement may be made to different areas and different classes of buildings and lands:

Provided further that the non assessment of property tax under this section during the block period of three years shall not be applicable to a building in respect of which there is any addition, alteration or variation to it.

Provided also that nothing contained in this section shall be deemed to affect the power of State Government to direct an earlier revision of property tax.”

(5) In section 110, in sub-section (1), in clause (f), for the words "such vacant land", the words "the land occupied by such building" shall be substituted.

(6) After section 388 of the principal Act, the following new section shall be inserted, namely:-

“389.- Removal of difficulties.- *If any difficulty arises in giving effect to the provisions of this Act, the Government may, by order published in the Official Gazette as the occasion may require do anything which appears to it to be necessary to remove the difficulty.*”

3. Amendment of Karnataka Act 14 of 1977.- In the Karnataka Municipal Corporations Act, 1976 (Karnataka Act 14 of 1977),-

(1) In section 2, in clause (44A), the words "and does not include land appurtenant to a building" shall be inserted at the end.

(2) In section 108,-

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

(i) in clause (a), for the words "one and half" the word "two" shall be substituted;

(ii) in clause (b), for the figures, words and brackets "0.6 percent (rupees six per thousand)" the figures, words and brackets "one percent (rupees ten per thousand)" shall be substituted;

(b) in sub-section (3), for the second proviso the following shall be substituted, namely:-

“Provided further that the land appurtenant to a building shall be exempted from levy of Property Tax.”

(3) After section 108, the following section shall be and shall be deemed to have been inserted with effect from the ninth day of November, 2004 and shall be deemed to have been omitted with effect from first day of April, 2005, namely:-

“108A. Property Tax payable for certain years.- (1) Notwithstanding anything contained in section 108, the property tax inclusive of all cesses calculated under said section for the years 2002-2003, 2003-2004 or 2004-2005 shall not exceed two times the property tax inclusive of all cesses levied for the year 2001-02:

Provided that the arrears of the property tax for the year 2002-2003, 2003-2004 and 2004-2005 shall be paid on or before 31.03.2005.

(2) If default is made in making payment in accordance with sub-section (1), the person liable to the tax, shall pay a penalty at the rate of two percent per month of the amount tax remaining unpaid after the period specified in sub-section (1).”

(4) In section 109, -

(a) in sub-section (1), after the words and figures “Karnataka Stamp Act, 1957”, the words “subject to such rules as may be prescribed” shall be inserted;

(b) in sub-sections (1) and (2), for the words "assessed having regard to", the words "equivalent of fifty percent of" shall be substituted.

(5) After section 109, the following new section shall be inserted, namely:-

“109A. Enhancement of property tax.- Notwithstanding anything contained in section 108 and 109 the property tax assessed and levied under either provision shall not be assessed each year thereafter but shall stand enhanced by 15 percent once in every three years commencing from the financial year 2005-2006:

Provided that the Municipal Corporation may enhance such property tax upto 30 percent once in three years and different rates of enhancement may be made to different areas and different classes of buildings and lands:

Provided further that the non assessment of property tax under this section during the block period of three years shall not be applicable to a building in respect of which there is any addition, alteration or variation to it.

Provided also that nothing contained in this section shall be deemed to affect the power of State Government to direct an earlier revision of property tax.”

(6) After section 508, the following new section shall be inserted, namely:-

“509. Removal of difficulties.- If any difficulty arises in giving effect to the provisions of this Act, the Government may, by order published in the Official Gazette as the occasion may require do anything which appears to it to be necessary to remove the difficulty.”

4. 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.

5. Transitional provision.- Notwithstanding anything contained in the Karnataka Municipalities Act, 1964 (Karnataka Act 22 of 1964) and the Karnataka Municipal Corporations Act, 1976 (Karnataka Act 14 of 1977), the excess property tax inclusive of all cesses collected for the years 2002-2003 2003-2004 or 2004-2005 over and above two times the property tax inclusive of all cesses levied for the year 2001-2002 shall be adjusted against the property tax payable for the subsequent years.

6. Repeal and savings.- (1) The Karnataka Municipalities (Amendment) Ordinance, 2004 (Karnataka Ordinance 3 of 2004) and the Karnataka Municipal Corporations (Amendment) Ordinance, 2004 (Karnataka ordinance 2 of 2004) are hereby repealed.

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

By order and in the name of the Governor of Karnataka

G. Dakshina Moorthy
Secretary to Government
Department of Parliamentary Affairs and Legislation