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Property tax hike raises more questions

The escalation of property tax in Mysuru is under flak for lack of clarity.

The controversy over the escalation in property tax which came into vogue under Mysuru City Corporation (MCC) limits with effect from April 1, refuses to die as citizens and activists continue to question the methodology for effecting the hike.

Recently, a large group of citizens including the KPCC spokesperson M. Lakshman flayed the authorities for the manner in which the hike has been effected and threatened to file a PIL in the High Court questioning the escalation. On Sunday, activist Bhamy V. Shenoy, founding working president of Mysore Grahakara Parishat (MGP), questioned the rationale of the hike and described it as flawed at various levels. He computed the hike for different properties to find out that the increase is not 15% as claimed by MCC and mandated by the law. “In reality it is as much as 170% depending upon the vacant land around ones house,” said Dr. Shenoy.

Till date, the MCC has not come up with any explanation about how they misled the public by stating it will go up by mere 15% and that too during a pandemic year, he added. Based on the calculations, he pointed out that a property with no vacant land around the house has a hike of only 14% while another property with a huge vacant land around the house has seen the tax increase by 170%.

In the past, vacant land did not attract any tax. Thus a small house on a small plot had more or less the same tax liability as a small house on a large parcel of land. This was not fair and equitable since land is often far more valuable than the house, he said. The government is justified in levying a tax on vacant land, but they should have done it gradually and not at one go, he added.

He also pointed out that there was no double taxation in case of houses without a Completion Report and wondered whether it was a change of policy or a glitch in the software. The list of cess had also increased and to the existing health, library, urban transport, beggary and solid waste management cess, the authorities have added garden and cemetery cess, Dr. Shenoy added. Similarly, the discount of 5% for paying the tax in April was only on house tax without cess. Now a 5% discount is applicable to all the cess. But the authorities have failed to include garden and cemetery cess.

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Dr. Shenoy, whose organisation fought for introduction of the Self Assessment System and strongly advocated the online payment system, said it is not clear on what basis depreciation rates for buildings have been fixed or how land and construction values have been arrived at in computation of the property tax.

Calling for a committee of experts to go into the issue of property tax and conceive a sound policy, he said the present exercise has raised more questions.

‘Unscientific’ property tax hike opposed

Property tax enhanced by the Mysuru City Corporation has evoked strong opposition from citizens.

Congress to file Public Interest Litigation plea in High Court

The hike in property tax which was approved by the Mysuru City Corporation (MCC) will be questioned in court on legal and technical grounds as the tax escalation has been described as illegal and in violation of the law.

This was stated in a public meeting convened by the Mysuru city and district Congress here on Sunday and attended by a large number of citizens, including MCC councillors.

Karnataka Pradesh Congress Committee spokesperson M. Lakshman said MCC was coerced by the State government to escalate property tax by 15% with a rider that failure to do so would result in suspension of all grants due to the local body.

This was also corroborated by former Mayor Ayub Khan who said that the MCC received such a circular and the cast-strapped corporation was forced to comply with the directives lest it would stand to lose funds to provide even basic amenities and services.

Legal flaws

Mr. Lakshman said this was nothing short of “extortion and daylight robbery” and comes at a time when people are struggling to survive in the times of pandemic. Hence, a multi-pronged struggle would be launched which entails writing to officials concerned highlighting both legal and technical flaws in the present hike, which was described as “unscientific”.

In case the government does not respond and resolve the issue within a fortnight, the Congress would file a Public Interest Litigation plea in the High Court to bring a stay and eventually get the hike quashed, he added.

The technical flaws related to the quantum of hike and though the Karnataka Municipal Corporation Act 1976 has mandated 15% hike in property tax once in three years, what is being enforced is in excess of 200% in many cases, according to citizens participating in the meeting.

Some of the tax paying citizens who spoke pointed out that the hike has been two to three fold and was in violation of the law. A tax paying citizen claimed that the property tax was calculated as ₹9,600 last year and it was enhanced to ₹25,600 this year.

Mr. Khan said instead of the 2007 guidance value of the property for computing the property tax, the MCC was using the 2018 guidance value resulting in a steep hike.

Self-assessment scheme

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Mr. Lakshman said property tax under self-assessment scheme (SAS) entailed the tax payer to make the entries and compute the tax. But in the online system rolled out by the MCC, the property data has already been fed into the system and the software automatically calculates the amount based on the data fed into it. In the event of an anomaly, there was no scope for correction and hence, this was in violation of the very basis of the SAS, he added.

It was also pointed out that though there were nearly 1.83 lakh to nearly 2 lakh registered properties within the MCC limits, only 50% of them were regularly paying the taxes while no property tax was levied on buildings housing government offices.

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