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PROPERTY TAX: 5TH MVC TO SOON FINALISE SUGGESTIONS

Even as Delhi's municipal corporations wait for the President's assent to the Bill to reunify them into a single civic body, officials on Saturday said that the fifth Municipal Valuation Committee will soon submit its recommendations for the roadmap ahead for property tax regulations, which will also most likely consider the unification.

The fifth Municipal Valuation Committee (MVC) was constituted in October last year and has met 16 times till now, the most recent being on Friday. It is headed by Anindo Majumdar, IAS (Retd) and has four other members.

Since its constitution, the Committee has undertaken an in-depth study of the reports and recommendations made by the earlier committees. It is reviewing various representations and grievances that were received by earlier MVCs, which include 18 representations from industries, 12 from private unaided schools, 10 from hotels, one from Barat Ghar/Banquet Hall and 127 from residential colonies.

Officials said the MVC will soon finalise its recommendations and submit a report. They added that the MVC is looking to make the property tax matrix progressive and more people-friendly and exploring ways and means to increase tax efficiency. Officials said that the committee has studied the property tax models of cities like Patna, Mumbai, Bengaluru and Singapore and analysed how tax collection methods are reviewed, on what basis they are calculated and under what categories.

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PROPERTY TAX IN TN INCREASED AFTER A GAP OF 24 YEARS

State government justifies hike by stating that there was a manifold increase in inflation over the years

After a gap of 24 years, the Tamil Nadu government on Saturday revised property tax to boost revenue for local bodies. Residents of Chennai's core areas will pay at least 50 per cent more.

The hike will come into effect immediately in municipality and town panchayat limits. However in corporations, including Chennai, it will take effect once the proposals are adopted by the respective councils.

A release by the Tamil Nadu Municipal Administration and Water Supply Department said that in Chennai, the increase will be 50 per cent for residential properties in main areas and 25 per cent for areas that were included in Chennai in 2011 and in the other 20 municipal corporations.

For municipalities and town panchayats, the increase will be 25 per cent for residential properties below 600 sq ft; 50 per cent for those between 601 and 1,200 sq ft; 75 per cent for properties between 1,201 sq ft and 1,800 sq ft; and 100 per cent for above 1,800 sq ft, according to the government gazette .

Property tax is increased by 100 per cent for commercial establishments and by 75 per cent for industries and private schools and colleges, including self-financing courses/departments in aided institutions. Vacant land tax to be increased by 100 per cent in all urban local bodies, the notification said

'Increase self-reliance'

The hike in property tax is the first major reform measure initiated by the DMK government since coming to power in May 2021 to mop up revenue for the State, which is under financial stress.

The DMK had in 2018 protested against a steep hike in property tax effected by the then AIADMK government, which had to roll back the announcement. However, after coming to power, the DMK hinted at an imminent increase in property tax. In August 2021, a White Paper presented by Finance Minister Palanivel Thiaga Rajan suggested enhanced property tax collection to "increase the self-reliance" of urban local bodies and reduce the burden of the State augmenting local bodies' resources through scheme, grants and devolution.

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The State government on Saturday justified the property hike, stating that there was a manifold increase in inflation over the years while there was a dip in the civic bodies' share of own revenue.

State Municipal Administration Minister KN Nehru in New Delhi told newsmen that revision was done in line with the 15 th Finance Commission guidelines and that Central funds would be made available only if it was done. The revision was still less compared to other cities like Bengaluru, Lucknow, Indore, Ahmedabad, Mumbai and Kolkata, he said.

Opposition backlash

The AIADMK lashed out at the increase, saying that this was only a trailer and that more bumper prizes were in store for the people for electing the DMK in the elections. DMK's ally Congress too opposed the hike, saying it would burden people who are already facing rising fuel prices. State Congress chief KS Alagiri said the tax revision would severely impact all sections of the society. He suggested a 10 per cent annual hike.

A general revision of property tax was carried out in the Chennai Corporation in 1998 and in newly merged areas and other urban local bodies in greater Chennai Corporation in 2008.

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