

# Property Tax Reforms in Andhra Pradesh and Telangana

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## **Foreword**

It gives me immense pleasure to note that a Book on “Property Tax Reforms in the States of Andhra Pradesh and Telangana” has been compiled by Sri M. Prasada Rao, IAS (Retd.), former Commissioner & Director of Municipal Administration and presently working as Urban Governance Expert, PMU, APUFIDC Ltd. and Sri D. V. Rao, formerly Additional Director of Municipal Administration and presently working as Consultant in the Centre for Good Governance.

In Urban Local Bodies, Property Tax constitutes major source of revenue. It is a well known fact that there are leakages in revenue due to non-assessment and under-assessment of Property Tax in spite of strict surveillance.

This book contains detailed guidelines in assessment of Property Tax and Vacant Land Tax on buildings and lands in Municipalities and Municipal Corporations including GHMC, levy of Property Tax on unauthorised constructions, Property Tax Reforms and Court Judgements, tax calculation etc. This book in its simplified form acts as a guide and will be of great use to the Municipal Revenue Officials and the Auditors of the Municipal Accounts.

Every effort was taken by the authors to explain the details with reference to the Municipal Acts, Statutory Rules, Government orders and Court judgements etc. The book may be considered as a reference book and cannot be quoted as a basis for any litigation or legal action.

I compliment the authors for their strenuous efforts in bringing out this Book on Property Tax Reforms.

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## Preface

1. Property tax constitutes the single largest source of revenue to the urban local bodies (ULBs) in India. In spite of loopholes in the levy, assessment and collection in ULBs, this tax continues to be significant in the local tax revenues. This is evident from the fact that property tax forms about 25 to 30% of the municipal revenues in different states in India. In Andhra Pradesh, property tax constitutes about 33% of total municipal revenues and about 58% of internal revenues during the year 2012-13.
2. Reforms in property tax were initiated in Andhra Pradesh in the year 1989 by undertaking amendments to Municipal Laws. A.P. Municipalities Act, 1965 (APM Act) and Hyderabad Municipal Corporations Act, 1955 have been amended by Act No. 20 of 1989 in order to evolve a scientific and new method in the levy of property tax in Municipalities and Corporations in the State and to simplify the procedure of assessment. The amended Act has come into force from 1-11-1990. Assessment of property tax Rules were issued in the year 1990.
3. Salient Features of Amendments to A.P. Municipalities Act, 1965 (Section 87) are detailed hereunder:
  - i. The Annual Rental Value (ARV) of lands and buildings shall be fixed with reference to the following factors namely – (a) Location of the building (b) Type of construction (c) Plinth area (d) Age of the building and (e) Nature of usage.
  - ii. Consultation with stakeholders on fixation of monthly rent per sq. mt. of plinth area.
  - iii. ARV of lands and buildings shall be fixed notwithstanding anything in AP Buildings (Lease, Rent and Eviction) Control Act, 1960.
  - iv. Rebate from ARV based on the age of the building and to owner occupied residential buildings.
4. The new method of assessment of Property Tax in Andhra Pradesh was guided by the following objectives:
  - i. To evolve a scientific method in the assessment and levy of property tax incorporating the principles of equity, objectivity and simplicity.
  - ii. To fix the assessments uniformly for similar buildings used for similar purposes and situated in same locality.
  - iii. To reduce the element of discretion and to avoid arbitrariness in the assessment of tax.
  - iv. To simplify the procedure of assessment and to make it transparent.
  - v. To delink the Rent Control provisions from assessment of property tax.
5. It may be mentioned that the Supreme Court of India in its judgment dated 2-5-2001 in Civil Appeal No. 4052 of 1996 in respect of assessment of property tax in Urban Local Bodies of Andhra Pradesh has observed, among others, as follows:

“It is our view that the Act and the Rules provide a complete code for assessment of the property tax to be levied for the buildings and lands within the Municipal Corporation”.

6. Noteworthy features of impact created on account of reforms undertaken in new system of property tax are manifold namely - (i) tax payers' acceptability (ii) transparency in fixation of assessments (iii) simplicity in fixation of assessments (iv) buoyancy in revenue and (v) considerable reduction in corruption. There is considerable increase in property tax receipts on account of reforms introduced in this area.
7. In March, 2011 orders were issued by the Government constituting A.P. State Property Tax Board with immediate effect to provide assistance and technical guidance to all Municipalities and Municipal Corporations in the state for proper assessment and revision of Property Tax. Andhra Pradesh Municipal Laws were amended through Act No. 6 of 2012 providing for constitution of A.P. State Property Tax Board and various other matters related to the Board and the amended Act has come into force from 12-10-2012 as per the notification issued in G.O. Ms. No. 387 dated 10-10-2012 of MA & UD Department.
8. Recently, several reforms were introduced in property tax by amending Municipal Laws in August, 2013 providing for (i) Levy of property tax with penalty on unauthorized constructions (ii) Rebate of 5% of property tax where tax for the current financial year is paid before 30th April of the year (iii) Simple interest at the rate of two percent per month in case of failure to pay property tax by the end of June for the first half-year and by the end of December for the second half-year and (iv) Extension of period of limitation for recovery of property tax upto 9 years.
9. This book on property tax reforms is mainly based on various provisions of Municipal Laws, Property Tax Assessment Rules, Circulars issued by Commissioner & Director of Municipal Administration, A.P. and Greater Hyderabad Municipal Corporation. Property tax reforms initiated upto 31-3-2014 in Andhra Pradesh State are included in this book. It is hoped that this book will be of immense use and serve as a guide to all Municipal Commissioners, Municipal Officials dealing with property tax and property tax payers in ULBs in the assessment of property tax.
10. The assistance by various officers of the department in providing the information and the services extended by Smt. V. Sunitha, DPO, APUFIDC in formatting the content are acknowledged.

**1.1.2015**

**M. Prasada Rao**

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# Chapter 1 - Historical Background of Property Tax

## 1.1. Introduction

Property Tax is levied by Local Bodies since ancient times. It is the mainstay of local revenue in all countries both developed and underdeveloped. The property tax is a specific tax and hence it is a very reliable source of revenue to local bodies over a long period of time.

## 1.2. Legal position relating to Taxation

Article 265 of the Constitution of India laid down that “No tax shall be levied or collected except by authority of Law”. According to Article 246 (3) of the Constitution of India the Legislature of any State has exclusive power to make laws for such State or any part thereof with respect to any of the matters enumerated in List II of the Seventh Schedule (in the Constitution referred to as the “State List”). ‘Taxes on lands and buildings’ is one of the matters listed in the State List. As per Section 81 and 85 of A.P. Municipalities Act, 1965, every Municipal Council shall levy property tax on buildings and lands within the municipal limits at a percentage of their annual rental value.

**1.3.** A tax is a compulsory exaction of money by public authority for public purpose enforceable by law and is not payment for services rendered. A fee is a charge for special services rendered to individuals by some government agencies or public authorities. Between a tax and fee there is no generic difference. Both are compulsory exactions of money by public authorities. While a tax is imposed for public purposes and is not and need not be supported by any consideration of service rendered in return, a fee is levied essentially for services rendered and there is an element of quid pro quo between the person who pays the fee and the public authorities which impose it.

## 1.4. Property tax

Property tax constitutes the single largest source of revenue to the urban local bodies (ULBs) in India. In spite of loopholes in the levy, assessment and collection in ULBs, this tax continues to be significant in the local tax revenues. This is evident from the fact that property tax forms about 25 to 30% of the municipal revenues in different states in India. In Andhra Pradesh, property tax constitutes about 33% of total municipal revenues and about 58% of internal revenues during the year 2012-13.

## 1.5. Historical Background of Property Tax

**1.5.1.** The property tax is a British contribution to the Indian Administration. Although it compares well with the British counterpart, it was developed on different lines. According to Charter Act of 1793, lands and buildings were

referred to as property on which tax was to be levied. It was primarily a local tax and the basis for assessment was annual rental value. This tax was levied to meet the charges of civic services. The Charter Act authorized the Presidency towns to levy taxes on buildings and lands at 5% of their annual rental value to meet the cost of scavenging, police and routine maintenance. Outside the presidency towns, the local committees were permitted in 1842 to levy a tax on houses. The Act of 1854 specified for the first time sources of Municipal Revenue out of which the tax on houses, lands and buildings was one of the main sources. The subsequent Acts passed in pursuance of Lord Mayo's Resolution of 1870 and Lord Ripon's Resolution of 1882 consolidated the thinking on the structure of property tax as a municipal source of revenue thereby laying foundation for local autonomy and local accountability. The tax was linked up with franchise when the Town Improvement Act 1871 prescribed that the ratepayers in the municipal jurisdiction could elect local Councillors.

According to the scheme of financial decentralization proposed by Lord Mayo during the year 1877, the services like public health, education and scavenging were purely of local character and the way of financing these services was held to be by means of local taxation (i.e.) by taxing the inhabitants of the locality who received the benefits of the services, and it was decided that the people of the country should raise and expend their own money for maintaining roads, improving the sanitary conditions of the towns and promoting every other object of interest. During the year 1884, for the first time the service functions like water rate, lighting rate and scavenging rate formed the components of property tax along with holding rate on the basis of annual rateable value of the property.

**1.5.2** The Government of India Act, 1919 accorded prominent status to the principles of local autonomy and local accountability. First, it provided a base to the local authorities more or less on par with those of the other two levels of Government. Secondly as the corollary of the first, it laid foundation for local finance, an envious position for local authorities of today which has remained a dream of the votaries of local democracy. The Act envisaged a separate schedule of taxes exclusively reserved for local bodies. They comprised:

- a) Tax on buildings.
- b) Tax imposed on services rendered such as
  - i) a water tax;
  - ii) a lighting tax;
  - iii) a scavenging, sanitary or sewerage tax;
  - iv) a drainage tax; and
  - v) fees for the use of markets and other public conveniences.

**1.5.3** A Taxation Appeals Committee was formed during the year 1932 in pursuance of Bengal Municipal Act which consisted of Municipal Chairman, members and persons to be nominated by Government. It became a model for the Municipal Corporation of Madras. In Government of India Act, 1935 the schedule of local taxes was deleted with the result the status of local finances was seriously affected and the local bodies were brought under the purview of the provinces. It has however permitted the state legislatures to allot at its discretion any of the state financial resources to the local bodies. Thus, the local finance today is circumscribed by a number of statutes. They have drawn the framework for the operation of finances from State Governments unlike the Central and State Taxation authority which has Constitutional basis and the local taxation authority is a matter of state discretion.

## **1.6. Past Attempts at Reforms**

Five major enquiry committees / commissions and study groups were constituted by the Central Government to help to improve local finance generally at the instance of the Central Council of Local Self-Government. The property tax has been a vital subject of their investigation. The recommendations of the said committees are stated below in brief:

### **1.6.1. Report of the Local Finance Enquiry Committee, 1950:**

#### **Recommendations**

- i) There should be only one basis of assessment, namely the Rental basis. There should be no change from the well tried basis of rent to the more or less uncertain basis of capital value.
- ii) Where the actual rent is lower than the reasonable rent, the latter should be adopted as the basis of assessment.
- iii) The Municipal Acts should be amended so as to make it obligatory to record the grounds for each reduction of assessment.
- iv) A Valuation Department should be brought into being for all the local bodies in the State and it should be entrusted with the detailed work connected with the preparation of the valuation list of all the properties within the jurisdiction of a local body.

### **1.6.2. Report of the Taxation Enquiry Commission, 1953-54:**

#### **Recommendations**

- i) The annual value, based on the rent at which properties may reasonably be expected to let should be the normal basis for the levy of property tax, subject to the basis of capital value being adopted in special cases.
- ii) The levy of tax on the basis of reasonable rent is a more equitable method of taxation than one based on capital value.

- iii) Vacant Lands in urban areas should be assessed to property tax adequately.
- iv) A statewide Valuation Department should be created for valuing the properties in municipal areas.

**1.6.3. Report of the Committee on Augmentation of Financial Resources of ULBs, 1963 (Zakaria Committee):**

**Recommendations**

- i) A Central Valuation Department should be set up in each State to get the work of assessment of properties in different municipalities done and also take up systematically at regular intervals, reassessment of urban properties.
- ii) A comprehensive code for assessment of rental values should be drawn up with the assistance of one or two assessors and legal experts.
- iii) The property tax should be freed from the restrictive influence of the Rent Control Act.
- iv) A statutory minimum and maximum rate should be fixed for property tax.
- v) Machinery and plant should be considered for assessment of property tax.

**1.6.4 Report of the Rural-Urban Relationship Committee, 1966:**

**Recommendations**

- i) The valuation of property shall be made on the basis of annual rent at which the property is reasonably expected to let or the actual rent, whichever is greater.
- ii) There should be a statutory minimum rate of 17 percent on the annual rental value of the property.
- iii) Plant and machinery shall not be excluded for fixation of annual rental value
- iv) There should be a Chief Valuation Officer in the Directorate of Local Bodies, who should lay down principles for determining the annual values and supervise and control the Valuation Officers.
- v) The assessment list should be prepared by the Valuation Officer and published for objections. After deciding the objections the Valuation Officer may finalize the list.

**1.6.5. Report of the National Commission on Urbanization, 1988:**

**Recommendations**

- i) To make property tax a major source of revenue, all laws which inhibit a proper valuation of property should be reviewed, amended or scrapped.

- ii) The system of assessment should be simplified, with every urban settlement being divided into zones, with an assigned value, with plus and minus factors on a pre-determined basis. This would remove arbitrariness from assessment.
- iii) The exemptions under property tax should be drastically reviewed and reduced.
- iv) The property tax should be assessed even on unauthorized structures and squatter colonies, without creating any right of title thereby.

## **1.7 Report of the High Power Committee on Municipal Finances and Financial Administration in Andhra Pradesh, 1971:**

### **1.7.1 Recommendations.**

Government have constituted a High Power Committee in Andhra Pradesh in the year 1971 to examine the adequacy or otherwise of the finances at the disposal of the municipalities with reference to their functions and obligations. The Committee made the following recommendations in respect of property tax.

- i) Minimum rates of property tax leviable should be statutorily prescribed and maximum leviable left to the municipalities themselves.
- ii) To avoid under assessments, the assessment list of each ward to be kept in two or three public places in the ward for perusal by the public so that omissions or under assessments might be brought to the notice of the Commissioner.
- iii) Instead of inspecting every property and revising its annual rental value during the quinquennial revision, the annual rental value of each building increased or decreased by a fair percentage having regard to the general price index during the preceding five years.
- iv) Regarding assessment of owner occupied properties on capital value or rental value basis, the status quo before the Act of 1965 be restored.
- v) The exemption of buildings used for educational purposes from property tax be done away with.
- vi) One demand notice only be served for the two half-year bills of property tax.

**1.7.2** One significant investigation of the High Power Committee was related to capital value basis which was introduced under the A.P. Municipalities Act, 1965. The method of assessment of property was envisaged in section 85 of the said Act, according to which the owner occupied houses were to be assessed on capital value basis while the rented houses on annual rental value basis. Revision of property tax assessments was done in all the Municipalities on the above basis during the year 1970 by appointing as many valuation officers as

required. However this was not given effect due to opposition from the public and the method of assessment was switched over to annual rental value.

The observation of the above High Power Committee is extracted below.

“The Committee and the Commissions appointed by the Government of India to go into the finances of urban bodies are not in favour of substituting the present well established system based on annual rental value by the capital value method. The Calcutta Corporation Investigation Committee has favored the annual rental value basis to the capital value basis. The Local Finance Enquiry Committee report (1951) was of the view that municipal assessment on capital basis was marked by favoritism, corruption and graft in countries where it was in force and recommended thus: “We therefore are definitely of the opinion that there should be no change from the well tried basis of rent to the more or less uncertain basis of capital value”. The Taxation Enquiry Commission Report, 1954 was of the same view. The Chamber of Municipal Chairmen opposed the changeover to the capital value basis as did the majority of Municipal Chairmen, who met the Committee. Except for a few, all those who met us, merchants, lawyers, social workers etc, during our visits expressed themselves against capital value basis. As this change has no popular support and its implementation is bound to be resisted in municipalities under militant leadership available in towns and cities, as the fruits of the change are not likely to be reaped before exhausting all processes of law open to the rate-payers, as it is both necessary and desirable that municipal councils maintain, harmonious relations with their citizens, apart from the merits or demerits of the capital value basis, we recommend that the status quo before the Act of 1965 be restored”.

## Chapter 2 - Municipal Finances in Andhra Pradesh

**2.1.** Rapid urbanization is taking place in India as seen from 2011 census. For the first time, India added more people to cities than to its rural areas. Over the decade from 2001, Indian Cities and Towns added 91 million people, while rural areas added 90.4 million people. As per 2011 census the decadal population growth rate for urban India was 31.8% while for rural India it was 12.2%, a drop of almost 6 percentage points for rural India. In view of the above, serious attention has to be paid for augmentation of municipal finances to improve urban infrastructure and service delivery in urban areas.

**2.2.** Urban population in Andhra Pradesh has increased from 20.50 million in the year 2001 to 28.30 millions in the year 2011 registering a decadal growth rate of 36.26% as against the national growth rate of 31.8%. The percentage of urban population to total population in A.P. as per 2011 census is 33.50% compared to 31.80% in India.

### **2.3. Municipal Finances**

Main sources of income to Urban Local Bodies are as detailed below:

#### **2.3.1. Taxes:**

- i. Property tax
- ii. Advertisement tax

#### **2.3.2. Non-taxes (Major Items):**

- i. Water charges
- ii. Fee from markets and slaughter houses
- iii. Rents from commercial complexes
- iv. Trade license fee
- v. Building permit fee
- vi. Betterment / Development charges
- vii. Encroachment fee
- viii. Contributions to water supply connections

#### **2.3.3. Assigned Revenues**

- i. **Entertainment Tax:** 90% of Entertainment Tax collected by Commercial Tax Department is assigned to ULBs on quarterly basis.
- ii. **Surcharge on stamp duty:** Surcharge on Stamp Duty is levied at 1.5% of the value of the instrument and collected by Registration Department and assigned to ULBs on quarterly basis.

- iii. **Profession Tax:** 95% of Profession Tax collected by Commercial Tax Department is assigned to GHMC, GVMC and VMC through budget allotment. (Remaining ULBs are not getting profession tax as salaries of these ULBs are paid from Government Treasury).

#### **2.3.4. Non-plan Grants:**

##### **In case of GHMC, GVMC and VMC**

- i. Per capita grant
- ii. M.V. tax compensation
- iii. Property tax compensation
- iv. Octroi compensation

##### **Common to all ULBs**

- i. Maintenance of roads
- ii. Establishment cost of Municipalities / Corporations except GHMC, GVMC and VMC

#### **2.3.5. Plan Grants**

- i. Jawaharlal Nehru National Urban Renewal Mission (JNNURM) (UI&G, BSUP, UIDSSMT, IHSDP)
- ii. APMDP – World Bank Project
- iii. Swarna Jayanthi Shahari Rozagar Yojana (SJSRY)
- iv. Indira Kranthi Padham (Urban)
- v. SFC Grants
- vi. Environmental Improvement in Urban Slums
- vii. Municipal internal roads
- viii. Assistance for interest free loans
- ix. Assistance to New Municipalities for developmental works
- x. Indiramma Programme for Water Supply, ILCS
- xi. Indiramma Programme for Infrastructure
- xii. Provision of basic facilities in Municipal Schools
- xiii. Fencing of parks and playgrounds in ULBs
- xiv. Grants under Backward regions grant fund
- xv. Rajiv Awas Yojana (RAY)
- xvi. 13<sup>th</sup> Finance Commission Grants



**2.4. Revenue realized by ULBs in the State: The revenue realized by ULBs in the state is presented below: \***

(Rs. in crores)

S. No.	Source of Revenue	2007 – 08	2008 - 09	2009 - 10	2010 - 11	2011-12	2012-13
1.	Own tax revenue	695.43	888.17	1034.39	1081.27	1329.97	1681.78
2.	Non-tax revenue	603.64	1151.78	775.33	932.47	967.20	1216.74
3.	Assigned revenue and devolution	483.64	442.62	377.80	684.00	795.70	819.28
4.	Grants from the State Government	290.00	313.60	350.00	430.00	608.00	921.00
5.	Transfers from the Central Government	999.02	1073.71	1289.70	911.26	816.10	378.36
	<b>Total</b>	<b>3071.73</b>	<b>3869.88</b>	<b>3827.22</b>	<b>4039.00</b>	<b>4516.97</b>	<b>5017.16</b>

\* Source: Office of C&DMA

**2.5. Expenditure incurred by ULBs in the State: Expenditure incurred by ULBs in the State is presented below: \***

(Rs. in Crores)

S#	Item	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
1	Establishment						
	a) Salaries & wages for employees	657.88	739.82	840.74	1066.95	1217.66	1374.81
	b) Pension etc. for employees	113.61	115.80	117.72	171.37	161.71	186.71
	c) Others	88.51	110.47	100.36	119.61	96.52	91.91
2	Maintenance						
	(i) Water Supply	102.39	143.17	188.04	203.45	224.79	240.40
	(ii) Buildings	6.58	12.66	9.85	12.96	13.19	18.73
	(iii) Roads	125.90	210.22	95.87	142.97	135.38	160.14
	(iv) Other maintenance exp.	470.14	686.93	645.95	702.01	867.05	859.77
3	Capital Expenditure						
	(i) Water Supply	127.58	174.42	199.79	132.88	152.28	87.44
	(ii) Buildings	47.93	43.99	40.10	59.08	64.97	61.20
	(iii) Roads	382.98	594.44	320.38	365.74	328.67	371.67
	(iv) Other Capital expenditure	434.34	949.84	753.11	842.13	697.31	646.43
4	Welfare Expenditure for citizens						
	a) Education (excluding teachers salary)	2.49	2.14	1.63	2.66	1.63	2.06
	b) Pension etc. for citizens	88.04	113.89	149.93	152.94	153.41	144.85
	c) Other welfare expenditure for citizens	4.70	5.00	4.63	4.27	3.54	7.98
5	Others	30.93	25.07	27.07	42.22	66.84	66.13
	<b>Total</b>	<b>2684.01</b>	<b>3927.86</b>	<b>3495.17</b>	<b>4021.24</b>	<b>4184.95</b>	<b>4320.23</b>

\* Source: Office of C&DMA

## 2.6. Growth in Property tax revenues: \*

Property tax continues to be the single largest source of revenue to the Urban Local Bodies in A.P. There is steady increase in revenue from property tax in all ULBs in A.P. as detailed below:

Year	Property tax (Rs. in Crores)	Percentage of Growth
1992 – 93	82.94	--
1993 – 94	95.13	14.69
1994 – 95	106.31	11.75
1995 – 96	131.92	24.08
1996 – 97	151.25	14.65
1997 – 98	166.92	10.36
1998 – 99	181.87	8.95
1999 – 2000	208.21	14.48
2000 – 01	250.91	20.20
2001 – 02	310.83	23.88
2002 – 03	421.72	35.67
2003 – 04	504.13	20.00
2004 – 05	583.89	15.82
2005 – 06	569.09	- 2.53
2006 – 07	555.90	- 2.31
2007 – 08	661.95	19.07
2008 – 09	852.99	28.86
2009 – 10	998.50	17.05
2010 – 11	1043.50	4.50
2011 – 12	1291.50	23.76
2012 – 13	1642.20	27.15

\* Source: Office of C&DMA

## Chapter 3 - Levy and Fixation of Rate of Property Tax

Rate of property tax is a major factor in the method of assessment of Property tax. Detailed procedure has been prescribed in Municipal Laws and Rules issued there under for fixation of rate of property tax in ULBs.

### **3.1. Procedure for fixation of rate of property tax in Municipalities as per Section 81 of A.P. Municipalities Act, 1965 (APM Act)**

**3-1.1.** Every Municipal Council shall by resolution, levy, among others, property tax. The resolution shall specify the rate of tax and the date from which tax shall be levied. Before passing a resolution, Section 81(2) of APM Act laid down the following procedure:

(i) A notice of resolution expressing the intention of Municipal Council to levy tax shall be published:

- (a) in atleast one newspaper published in the main language of the district having circulation in the Municipality;
- (b) on the notice board of the Municipal office;
- (c) in such other places within municipal limits as specified by the Council;
- (d) and by beat of drum.
- (e) and fix a period of not less one month for submission of objections to the notice.

(ii) The Council shall consider the objections received on the proposed levy of property tax. After consideration of the objections, the Council shall pass a resolution specifying the rate of tax and the date from which such tax is levied. When a Municipal Council determines to levy property tax, the Commissioner shall forthwith publish a notification in the form prescribed in the Rules relating to the manner of publication of notification levying new taxes and enhancement of existing taxes by the Municipal Councils issued in G.O. Ms. 1012 MA dated 26.11.1966. Every such notification shall be published –

- a) in the District Gazette
- b) In atleast one newspaper published in the main language of the district having circulation in the Municipality
- c) on the notice board of the Municipal office;
- d) in such other places within municipal limits as specified by the Council;
- e) and by beat of drum; and
- f) by announcing through microphone wherever it is possible to do so.

Each of all existing Municipal Councils have passed a resolution to levy property tax duly fixing rates of tax after their constitution as Municipality duly following the prescribed procedure.

(iii) Any resolution abolishing any existing tax or reducing the rate of tax shall be immediately reported to the Government. Previous sanction of the Government shall be obtained for such abolition or reduction in the case of Municipalities which have an outstanding loan either from Government, Banks, Insurance or Financial Corporation or from any other local authority.

### **3.1.2. Levy of Property Tax – Components of Property Tax (Section 85)**

Where the Council by resolution determines that a property tax shall be levied, such tax shall be levied on all buildings and lands within Municipal limits at a percentage of their Annual Rental Value (ARV). The components of property Tax are:

- (a) a tax for general purpose;
- (b) a water and drainage tax;
- (c) a lighting tax;
- (d) a scavenging tax.

### **3.1.3. Rates of Property Tax in Municipalities [Section 85 (2)]**

The incidence of property tax together with the Education tax and library cess levied under the relevant laws shall not exceed as shown hereunder in the Municipalities.

- (a) Residential buildings : 25 percent of Annual Rental Value
- (b) Non-Residential Buildings : 33 percent of Annual Rental Value

### **3.1.4. Basis for Levy of Property Tax**

Annual rental value of buildings and lands is the basis for levy of property tax in Municipalities.

## **3.2. Procedure for fixation of Rate of property tax in Greater Hyderabad Municipal Corporation (Sections 197, 198 and 199 of GHMC Act, 1955)**

**3.2.1.** The Corporation shall impose, among others, taxes on lands and buildings. Before the Corporation passes a resolution imposing a tax on lands and buildings for the first time or at a new rate it shall direct the Commissioner to publish the notice in A.P. Gazette and in the local news paper of its intention to do so and fix a reasonable period not being less than one month for submission of objections. The Corporation after considering the objections if any received within the period specified, determine by resolution to levy the tax. Such resolution shall specify the rate at which and the date from which such tax shall be levied.

When the Corporation has determined to levy any tax for the first time or at a new rate, the Commissioner shall publish a notice in the manner laid down in para 3.2.1. provided that if the Corporation is indebted to the Government, the rates of taxes already levied shall not be reduced without the sanction of the Government.

### 3.2.2 Components of Property Tax in GHMC

The following taxes referred to as Property Taxes shall be levied on all buildings and lands in the city.

- (a) a general tax;
- (b) a water tax
- (c) a drainage tax;
- (d) a lighting tax;
- (e) a conservancy tax.

### 3.2.3. Rates of property tax in GHMC (Section 199 of GHMC Act)

The property tax shall be levied at such percentage of rateable value i.e annual rental value on buildings and lands as may be fixed by the Corporation. Provided that the aggregate of the percentage of Property Tax so fixed shall not be less than 15 percent or greater than 30 percent of Annual Rental Value (ARV).

The following rates of Property tax are fixed as a percentage of annual rental value in GHMC from 1-4-1974\*.

<b>Residential Buildings</b>	
<b>Range of Annual Rental Value</b>	<b>Rate of Property Tax</b>
Upto Rs.600/-	<b>Exempted from payment of Property Tax</b>
Rs.601/- to Rs.1200/-	17%
Rs.1201/- to Rs.2400/-	19%
Rs.2401/- to Rs.3600/-	22%
Above Rs.3600/-	30%
<b>Non-Residential Buildings</b>	
All Non-Residential Buildings irrespective of Annual Rental Value (ARV)	30%

\* Source: GHMC Budget 2008-09

### 3.2.4. Property Tax on Properties of Visakhapatnam Port Trust

In the case of lands and buildings vested in the Visakhapatnam Port Trust, it shall be lawful for the Visakhapatnam Municipal Corporation to levy by resolution, in any year, a property tax at the rate of four percent of the annual

gross earnings of the said Port Trust, in the year immediately preceding such levy. [Section 8(3A) of Visakhapatnam Municipal Corporation Act, 1979]

### **3.2.5. Basis for levy of Property Tax in GHMC**

Annual Rental Value of Buildings and lands is the basis for levy of Property Tax in GHMC.

### **3.2.6. Application of the provisions of Hyderabad Municipal Corporations Act, 1955 (Renamed as Greater Hyderabad Municipal Corporation Act, 1955 as per Act No.13 of 2008 w.e.f. 10-7-2008) to other Corporations:**

All the provisions of the GHMC Act, 1955 including the provisions relating to the levy and collection of any tax or fee are extended to and shall apply mutatis mutandis to the other Corporations in AP as per the provisions of various Acts as stated hereunder:

- i. Section 7 (1) of the Visakhapatnam Municipal Corporation Act, 1979
- ii. Section 7 (1) of the Vijayawada Municipal Corporation Act, 1981
- iii. Section 14 (1) of the Andhra Pradesh Municipal Corporations Act, 1994

## **Chapter 4 - Method of Assessment of Property Tax Prior to New Method i.e. upto 1993**

### **4.1. Method of Assessment of Property Tax prior to 1965 in A.P.**

The Andhra Pradesh (Andhra area) District Municipalities Act, 1920 governing the administration of Municipalities was in force in the Andhra area of the State while the corresponding Act in force in Telangana area of the State was the A.P. (Telangana area) District Municipalities Act, 1956 before the enactment of the Integrated Act known as Andhra Pradesh Municipalities Act, 1965. Under the A.P. (AA) Dist. Municipalities Act, 1920 and A.P. (Telangana area) District Municipalities Act 1956 the method of assessment of properties was based on Annual Rental Value in all the Municipalities in the State. However under proviso to Section 82 of the A.P. (AA) District Municipalities Act 1920 in the case of any Government or Railway building or any building of a class not ordinarily let, the gross annual rent of which cannot in the opinion of the assessing authority be estimated, the annual value of the premises shall be deemed to be 6% of the total of the estimated value of the land and the estimated present cost of erecting the building after deducting for depreciations a reasonable amount which shall in no case be less than 10% of such cost.

### **4.2 Method of Assessment of Property as per APM Act, 1965**

An integrated Act was enacted in the year 1965 by name A.P. Municipalities Act, 1965 to consolidate and amend the law relating to municipalities in the state of Andhra Pradesh in the year 1965. The Act came into force on 2-4-1965.

Section 85 of APM Act, 1965 prescribed that property tax shall be levied at such percentages of capital value of lands or buildings on such graded basis, as may be fixed by the Council in respect of buildings or lands used or occupied by the owner. Secondly, property tax shall be levied at such percentages of the Annual Rental Value of such buildings or lands let out on rent. All Municipal Councils have fixed the rate of property tax to be levied on owner occupied buildings at a percentage of capital value and on rented buildings at a percentage of Annual Rental Value on graded basis.

### **4.3. Attempts made to adopt Capital Value Basis in 1970-71**

**4.3.1. Fixation of Capital Value:** The rules prescribing the mode of estimation of buildings and lands for purpose of assessment of property tax on capital value and ARV basis were issued in G.O.Ms.No.41 MA dated 21.1.1969. According to Rule 3(1) of the said rules for the purpose of estimating the cost of erection of buildings used or occupied by the owners they shall be classified into categories specified in column No.2 of the table given there under. In the said table 8

categories of buildings were given. In column No.3 of the said table different rates are given being the cost of the building per sq. meter of plinth area. Under items 3,4,6 and 8 maximum and minimum rates were provided. The cost of erection of building was to be worked out on plinth area basis. In the case of items wherein varying rates are provided the Municipal Councils were to adopt the rates found suitable for the particular municipal area after taking the local conditions into account. The Municipal Commissioner was also empowered to increase the rates adopted by the Municipal Council not exceeding ten percent for superior quality of wood, better type of flooring and fine plastering depending upon the workmanship and cost involved. If the building consists of different types of roofs appropriate rates shall have to be adopted for arriving at total cost of erection. Government were empowered to raise the rates specified in column No.3 of the table once in five years or at such shorter intervals as they deemed fit so as to keep the rates in consonance with the price levels prevailing at the time of such revision. The capital value was to be the total of the estimated value of erection of the building arrived at after allowing for depreciation in lieu of allowances for repairs or on any other account as shown below and the cost of land occupied by the building including the cost of land appurtenant to the building as laid down in section 87 of the said Act.

<u>Life of the Building</u>	<u>Maximum depreciation allowed</u>
Above 2 years and below 5 years	- 5 Percent
5 years and below 10 years	- 10 -do-
10 years and below 15 years	- 15 -do-
15 years and below 25 years	- 25 -do-
25 years and below 35 years	- 30 -do-
35 years and below 50 years	- 40 -do-
50 years and above	- 50 -do-

**4.3.2. Fixation of Annual Rental Value:** The annual rental value of lands and buildings which are let out on rent shall be deemed to be the gross annual rent at which they may reasonably be expected to let from month to month or from year to year less a deduction in the case of buildings of ten percent of that portion of such annual rent which is attributable to the buildings alone apart from their sites and the adjacent lands occupied as an appurtenant thereto and the said deductions shall be in lieu of all allowances for repairs or any other account whatever, provided that in determining the annual rental value of lands or buildings under this rule due regard shall be had to the rent received in respect of such lands and buildings. The property tax on land which is not exclusively used for agricultural purposes and is not occupied or adjacent and appurtenant to building shall be not more than two percent of the capital value of the land.



In respect of any building and land appurtenant thereto, the rent of which has been fixed under section 4 of the A.P. Buildings (Lease, Rent and Eviction) Control Act, 1960, the annual rental value determined for levy of property tax shall not exceed the amount of rent so fixed.

After the above Rules were issued it was proposed to implement the taxation provisions of APM Act, 1965 during the year 1970-71 duly taking up the general revision of property tax assessments in all the Municipalities in the State and to give effect to the revision from 1-4-1971. Though the revision was completed it was not given effect due to strong criticism both inside and outside Legislature, the Councils and by the public and the proposals to bring into force the provisions relating to the method of levy of taxes on the basis of capital value were abandoned.

#### **4.4. Amendment of Section 87 of APM Act in the year 1975 and 1978 relating to Method of Assessment**

i. Further in view of large number of representations made, the Government finally decided to amend the APM Act, 1965, so as to restore the method of levy of taxes on rental value basis in respect of all buildings irrespective of the fact whether they are owner occupied or let out, and accordingly the relevant sections of the Act were duly amended through AP Ordinance No.1/75 which was subsequently enacted as Act No.23 of 1975. Section 87 of the APM Act, as amended by Act No. 23 of 1975 relating to the method of assessment of properties was as follows:

- a) Every building shall be assessed together with its site and other adjacent premises occupied as an appurtenant thereto unless the owner of the building is a different person from the owner of such site or premises.
- b) The annual rental value of lands and buildings shall be deemed to be the gross annual rent at which they may reasonably be expected to let from month to month or year to year less a deduction in the case of buildings of ten percent of that portion of such annual rent which is attributable to the buildings alone apart from their sites and the adjacent lands occupied as an appurtenance thereto and the said deduction shall be in lieu of allowances for repairs or any other account whatever.

ii. Further section 87(2) of APM Act was amended by Act No. 3 of 1978 stipulating that fair rent fixed for any building under section 4 of the A.P. Buildings (Lease, Rent, and Eviction) Control Act, 1960 shall be the gross annual rent for such building. Second proviso to section 85(2) of APM Act stipulated that the percentage of property tax fixed shall be such that the incidence of property tax together with education tax and library cess levied under relevant laws, shall not exceed twenty-five percentum of the annual rental value in the case of residential

buildings and thirty-three percentum of the annual rental value in the case of non-residential buildings.

#### **4.5 Method of Assessment of Property Tax in the year 1978 and upto 1989**

In actual practice there were several practical difficulties in the fixation of ARV. The ARV is expected to reflect the rent at which a building can be let out in normal conditions. However the determination of ARV for actually rented buildings has several constraints. It is even more complicated in the case of owner occupied buildings.

Rented buildings can be classified into three categories.

- i) those for which fair rent has actually been fixed under the Rent Control Act.
- ii) those that are within the purview of the Rent Control Act but fair rent has not actually been fixed under the Act.
- iii) those that are outside the purview of the Rent Control Act.

For buildings in the first category, the ARV will be the actual fair rent fixed for the building in accordance with section 4 of the A.P. Buildings (Lease, Rent, and Eviction) Control Act, 1960.

For buildings in the second category where buildings fall within the purview of Rent Control Act, but fair rent has not actually been fixed, the fair rent fixable under the Rent Control Act shall be taken into account for arriving at the ARV.

For the third category of buildings the ARV will be based on the declared rent as evidenced by lease deeds or declarations of tenant and landlord. It is however open for the valuation officers to disregard the declared rent and adopt an estimated rent if in his opinion there is suppression of facts or collusion between the tenant and landlord for declaring a lower rent than what would be the market rent. In the fixation of estimated rent there is considerable discretion and hence discrepancy in the rent fixed by different valuation officers. In theory the market rent prevailing in the area for similar buildings is supposed to be taken as the estimated rent. But in actual practice it is difficult to arrive at a truly representative and accurate market rent as no two buildings are completely alike and the rents for similar buildings are themselves highly variable owing to various non-economic factors. Moreover the sampling of rents for similar buildings will vary with different valuation officers. Hence, even with the most conscientious effort it is not possible to fix the ARV in such cases on a demonstrably objective basis. It is this situation that has been the main cause of complaints of arbitrariness in the assessment of property tax.

In the case of buildings wholly or partly occupied by the owner the task of fixing the ARV is somewhat more difficult. If such buildings come within the purview of the Rent Control Act then the fair rent fixable under the Act has to be arrived at. If they are outside the purview of the Act, the market rent that the building will fetch will be the basis for arriving at the ARV. While legally there is no specific relief or concession in property tax payable on owner occupied buildings, in practice, assessing authorities fix the ARV of such buildings at 10 to 30% below the market rent. There is again scope for discretionary variations.

It will be noticed from the above narration of the theory and practice of fixing the ARV of buildings that the assessment of property tax lays itself open to the charge that it is at best discretionary to a large extent and at the worst arbitrary to an unacceptable degree.

#### **4.7 Previous years of General Revision of Taxes**

General revision of taxes to take place normally and as per law, once in every five years, did not take place in the municipalities for various administrative reasons since 1965. However, it took place in certain municipalities during 1978-79 to 1990-91 in an erratic way. In respect of the municipalities constituted in the year 1985 and afterwards, general revision did not take place at all upto 1993.

General Revision of Property Tax was not conducted in all Municipalities simultaneously because the earlier revisions of property tax were conducted in different years. Valuation Officers used to be appointed for undertaking revision of property tax in Municipalities. As there were no guidelines / instructions for revision of property tax, Valuation Officers used to estimate MRV in different manners using their discretion without reference to location, nature of construction, nature of usage, plinth area and age of the building leading to lot of disparities in the levy of property tax on similar buildings. Lot of complaints were used to be received in all Municipalities protesting against the arbitrary manner of fixation of property tax during general revision.

## **Chapter 5 - New Method of Assessment of Property Tax in Municipalities**

### **5.1 Process of Restructuring**

The impetus for restructuring the property tax assessment in Andhra Pradesh interestingly came from political executives. The then Chief Minister enquired about the method of assessing properties in one of the state level meetings in the year 1984 where he expressed his dissatisfaction with the then existing method of assessment. Enquiries were made about possible changes to make it more scientific, rational and objective. Suggestions were invited from experienced Municipal Commissioners. Enquiries were made with other State Governments on this issue. After consultation with officers and leaders at the state level, it was decided to introduce new method for assessment of property tax taking into consideration measurable variables like nature of construction of building, usage of building, plinth area, location, age of building. Finally, a standard model incorporating these variables was formulated and Municipal Laws were amended to implement the model.

### **5.2 Property Tax Reforms - Amendments to Municipal Laws in 1989**

Reforms in property tax were initiated in Andhra Pradesh in the year 1989 by undertaking amendments to Municipal Laws. A.P. Municipalities Act, 1965 (APM Act) and Hyderabad Municipal Corporations Act, 1955 have been amended by Act No. 20 of 1989 in order to evolve a scientific and new method in the levy of property tax in Municipalities and Corporations in the State and to simplify the procedure of assessment. The amended Act has come into force from 1-11-1990.

#### **5.2.1 Salient Features of Amendments to APM Act, 1965 (Section 87)**

- i. Every building shall be assessed together with its site and other adjacent premises occupied as an appurtenant thereto unless the owner of the building is a different person from the owner of such site or premises.
- ii. The Annual Rental Value (ARV) of lands and buildings shall be fixed with reference to the following factors:
  - a) Location of the building
  - b) Type of construction
  - c) Plinth area
  - d) Age of the building
  - e) Nature of usage
- iii. ARV of lands and buildings shall be fixed notwithstanding anything in AP Buildings (Lease, Rent and Eviction) Control Act, 1960.

- iv. Rebate from ARV based on the age of the building.
- v. Rebate from ARV to owner occupied residential buildings.
- vi. Rebate of five percent of the ARV in respect of all buildings situated in municipalities on the sea shore.
- vii. Exemptions to recognized educational institutions which are charitable institutions and utilized for charitable purposes.

### **5.2.2. Objectives of new method of assessment of property tax**

The new method of assessment of Property Tax (hereinafter called New Method) in Andhra Pradesh was guided by the following objectives:

- i. To evolve a scientific method in the assessment and levy of property tax incorporating the principles of equity, objectivity and simplicity.
- ii. To fix the assessment uniformly for similar buildings used for similar purposes and situated in same locality.
- iii. To reduce the element of discretion and to avoid arbitrariness in the assessment of tax.
- iv. To simplify the procedure of assessment and to make it transparent.
- v. To delink the Rent Control provisions from assessment of property tax.
- vi. To provide relief to owner occupied residential buildings, and buildings constructed under weaker section housing schemes.
- vii. To improve buoyancy in the property tax revenues.
- viii. To make tax administration efficient, transparent and effective in the levy of Property Tax.

### **5.3. Assessment of property tax in Municipalities – Assessing Authority – Schedule - II**

- i. As per Rules 2 to 8 of Taxation and Finance Rules contained in Schedule-II of A.P.M. Act, 1965, Commissioner is the assessing authority for fixation of property tax on all buildings and lands in Municipalities.
- ii. As per Rule 2 (1) of Schedule-II, the Commissioner shall prepare and keep assessment books showing the persons and property liable to taxation under A.P.M. Act, 1965.
- iii. As per Rule 6 of Schedule-II, the value of any land or building for purposes of the property tax shall be determined by the Commissioner after giving an opportunity of making a representation to the owner of the land or building.
- iv. As per Rule 7 of Schedule-II, the Commissioner shall enter the capital value or annual rental value as the case may be, of all lands and buildings determined by him and the tax payable thereon in assessment books to be kept for the purpose.
- v. As per Rule 8 of Schedule-II, the assessment books shall be completely revised by the Commissioner once in every five years.

## **5.4 Assessment of Taxes Rules, 1990**

A.P. Municipalities (Assessment of Taxes) Rules, 1990 provide a detailed procedure for determination of ARV and property tax of buildings in Municipalities. The said Rules are enclosed as Annexure - I.

### **5.4.1. Apportionment of Annual Rental Value (ARV)**

The ARV is apportioned among the building and land in the following proportion. This apportionment is being followed as a general principle in municipalities over a long time.

- i) Building - 2/3 of ARV
- ii) Land - 1/3 of ARV

### **5.4.2. Allowances for repairs or on any other account**

The following deductions are allowed from the ARV attributable to the building in lieu of all allowances for repairs or on any other account:

<b>Age of the building</b>	<b>Deduction allowed</b>
25 years and below	10% of ARV
Above 25 years and upto 40 years	20% of ARV
Above 40 years	30% of ARV

### **5.4.3. Rebate to owner occupied residential buildings**

A rebate of 40% of the ARV is allowed from ARV attributable to the building in respect of the residential buildings occupied by the owner inclusive of the deduction permissible towards the age of the building.

### **5.4.5. Municipalities situated on the sea-shore**

An additional deduction of 5% of ARV attributable to the building is allowed in respect of municipalities and municipal corporations situated on the sea-shore. This concession applies currently to the following municipalities and municipal corporations.

- 1) Bheemunipatnam Municipality
- 2) Kakinada Municipal Corporation
- 3) Machilipatnam Municipality
- 4) Visakhapatnam Municipal Corporation

### **5.4.6. Non-multistoried buildings**

As per the orders issued in G.O.Ms.No.468, M.A, dt.31.7.1993, MRV per sq.mt. of plinth area has to be fixed separately for the following categories in respect of non-multistoried buildings without lift facility.

- i. Cellar
- ii. Ground and First Floor

- iii. Second and Third Floor

#### **5.4.7. RCC Posh Buildings**

As per the orders issued in G.O.Ms.No.468 MA dated 31-7-1993, the difference in MRV per sq.mt. of plinth area between RCC posh building and RCC ordinary building shall be limited to 20%.

#### **5.5. New method of Assessment of Property tax in Municipalities**

A.P. Municipalities Act, 1965 as amended by Act. No. 20 of 1989, Taxation and Financial Rules, 1965 contained in Schedule-II and A.P. Municipalities (Assessment of Taxes) Rules, 1990 provide a detailed new method for assessment of Property tax in the municipality newly constituted or whenever general revision of assessment books has been taken up in Municipalities from time to time.

The Supreme Court of India in its judgment dated 2-5-2001 in Civil Appeal No. 4052 of 1996 in respect of assessment of property tax has observed, among others, as follows

“It is our view that the Act and the Rules provide a complete code for assessment of the property tax to be levied for the buildings and lands within the Municipal Corporation”.

#### **5.6. Stages in New method of assessment of property tax:**

- i. Division of Municipality into Zones
- ii. Classification of Buildings based on type of construction into 6 categories
- iii. After classification of buildings based on type of construction, they will be further classified based on the nature of usage into 6 or more categories
- iv. Sample survey of prevailing rental values of 20 percent of rented buildings for fixation of monthly rental value (MRV) per sq.mt. of plinth area for various categories of buildings in each zone construction-wise and nature of usage-wise
- v. Preparation of draft notification in Form – A
- vi. Consultation with State Property Tax Board
- vii. Consideration of views of State Property Tax Board
- viii. Publication of draft notification in Form-A showing MRV per sq. mt. of plinth area for various categories of buildings in all zones and calling for objections and suggestions from the public
- ix. Consultation with elected representatives
- x. Consideration of the objections and suggestions received from the public

- xi. Publication of a final notification showing monthly rent fixed per sq. mt. of plinth area in Form – A
- xii. Preparation of property tax assessment list of buildings in Municipality in Form – B
- xiii. Preparation of Special Notices
- xiv. Issuance of Public Notice under Rule 10 (1) of Taxation and Finance Rules contained in Schedule II of APM Act
- xv. Service of Special Notices
- xvi. Receipt of Revision petitions
- xvii. Disposal of Revision petitions
- xviii. Receipt of Appeals
- xix. Disposal of Appeals

## **5-7. Division of Municipality into Zones**

**5.7.1.** The first step in the implementation of levy or revision of property tax is to divide the entire Municipal area into convenient territorial zones for the purpose of fixation of monthly rental value per sq.mt. of plinth area. A Team may be constituted with the following Officers to submit proposals for division of Municipality into territorial zones for the purpose of fixation of monthly rental values for various categories of buildings.

- i. Revenue Officer / UD Revenue Inspector
- ii. Town Planning Officer
- iii. Municipal Engineer

**5.7.2.** The following factors shall be kept in view for division of the Municipality into territorial zones for fixation of monthly rental values.

- i. Availability of civic amenities like Water supply, Drainage, Roads, Street lighting.
- ii. Proximity to Educational and Medical Institutions
- iii. Proximity to Markets and Shopping Centres
- iv. Proximity to Parks and Play Grounds
- v. Proximity to Banks, Postal Services and Public Offices
- vi. Proximity to Factories and Industrial Areas, and
- vii. Such other relevant factors

**5.7.3.** As the rents fetched for buildings on the main roads vary from the rents fetched on internal roads, lanes and by-lanes in a zone, sub-categorization of locations in the zones may be provided by the Commissioner wherever necessary for fixation of separate rents for such buildings as shown hereunder:



- i. Buildings abutting main roads
- ii. Buildings abutting internal roads
- iii. Buildings abutting lanes and by-lanes

**5.7.4.** Natural boundaries shall be followed to the extent possible while dividing the Municipality into territorial zones. Geographical contiguity shall be maintained in the division of Municipality into territorial zones.

**5.7.5.** The team referred in para 5.7.1 shall submit proposals for division of Municipality into zones along with draft notification in Form A containing localities and areas together with door nos. included in each zone to the Commissioner for approval. Further, a town map dividing the Municipality into zones shall also be submitted with the proposals.

## **5.8. Classification of buildings**

After division of municipality into territorial zones, the buildings situated in each zone shall be classified, based on the nature of construction into the following categories

- i. **RCC Posh buildings:** RCC buildings with superior quality of wood, better type of flooring and sanitary fittings, pre-ponderance of marble flooring, teak wood for doors, windows and cup-boards and attached bathrooms, which lead to higher cost of construction.
- ii. **RCC Ordinary buildings:** RCC buildings with ordinary type of wood, flooring and sanitary fittings.
- iii. **Madras Terraced or Jack Arch roofed or stone slabs or slate roofed buildings.**
- iv. **Mangalore tiled roofed or asbestos roofed or G.I. roofed buildings.**
- v. **Country tiled buildings.**
- vi. **Huts.**
- vii. **Any other building not covered above.**

## **5.9. Classification of building based on nature of usage**

After classification of buildings based on type of construction, they shall be further classified into the following categories mentioned in Rule 6 of the Rules based on the nature of usage:

- i. **Residential;**
- ii. **Shops, shopping complexes;**
- iii. **Public use:** The buildings intended for public use shall be further categorized as follows:
  - a) office complexes, Public and Private offices and Banks;
  - b) Hospitals and Nursing Homes; and
  - c) Educational Institutions.
- iv. **Commercial purposes:** Buildings used for commercial purposes shall be further sub-categorized as follows:

- a) Hotels, Lodges, Restaurants;
- b) Godowns and other business establishments
- v. Industrial purposes i.e., Factories, Mills, Workshops and other Industries;
- vi. Cinema theatres or Places of Public Entertainment.
- vii. Any other use not covered above.

The Commissioner may add any other use, not specified above depending upon local circumstances and situation as found necessary and incorporate the same in Form 'A' suitably.

For example, separate usages may be provided depending on local circumstances for the following categories:

- i. ATMs
- ii. Clinics, dispensaries and diagnostic centres
- iii. Star hotels
- iv. Bar and restaurants
- v. Petrol bunks
- vi. Cellular towers
- vii. Multiplex and similar theatres
- viii. A/c Marriage halls and function halls
- ix. Non-A/c Marriage halls and function halls

### **5.10. Sample survey of Data relating to prevailing rental values of 20% of rented buildings of all categories**

**5.10.1.** To arrive at average monthly rental value (MRV) fixable for each category of building per sq.mt. of plinth area, information has to be gathered relating to the prevailing rental values of 20% of rented buildings of various categories as per nature of construction and nature of usage in each zone in a format prescribed in Form – L of the Rules.

**5.10.2.** All buildings will be classified into 6 categories based on the nature of construction. Further, buildings will be classified into 9 categories (drawn from 6 broad categories) based on nature of usage. Thus, there would be 54 categories of buildings in each zone. There is a possibility of more categories of buildings if new usages of buildings are added. Hence, information has to be gathered for 54 categories (or more) of buildings in each zone to a tune of 20% of rented buildings. This information is vital for fixation of MRV per sq. mt. of plinth area in each zone. Hence information has to be gathered in a true and diligent manner by contacting the tenants of 20% of rented buildings.

### **5.10.3. Method of conducting survey**

- i. Bill Collectors and Revenue Inspectors may be entrusted with the task of conducting survey of gathering prevailing rental values of 20% of rented buildings of various categories.
- ii. As a first step, the Bill Collectors / Revenue Inspectors shall introduce themselves to the tenants of buildings and explain the purpose of their visit as mentioned hereunder.
- iii. “ \_\_\_\_\_ Municipality has initiated the process of levying / revising property tax to come into force from \_\_\_\_\_(date to be specified) and for this purpose a sample survey is being conducted to gather information relating to prevailing rental values of 20% of rented buildings as per nature of construction and usage. Your cooperation is solicited to furnish the required information for the survey”.
- iv. As a second step, a leaflet (in English and Telugu) has to be handed over to the tenant of the building about the purpose of the survey. A leaf-let is prepared explaining the levy of property tax and the purpose of survey as shown in Annexure – II.
- v. As a third step, the Bill Collectors / Revenue Inspectors shall take measurements (outer) of length and breadth of the building for arriving at the plinth area. Further they shall also gather information relating to the rent paid by the tenant (prevailing rental value) for the building for which plinth area has been measured.
- vi. As a fourth step, they shall gather information relating to plinth area and prevailing rental value (rent paid by the tenant) of various categories of 20% of rented buildings in a zone as per nature of construction and as per usage to the extent of their availability in the zone/sub zone allotted to them.

#### 5.10.4. Method of Filling up survey Format

The method of filling up various columns in Form – L, i.e. survey format is detailed hereunder:

Col.No.	Item	Method of filling up the column
	Property Tax Zone No:	As per information given in draft notification in Form A
	Sub-Zone No:	
	Nature of Construction	This information will be filled after inspection
	Type of Usage	This information will be filled after inspection
1	Sl. No	
2	Door No.	This column will be filled as per existing municipal records

Col.No.	Item	Method of filling up the column
3	Property Tax per annum	This column will be filled as per existing municipal records
4	Gross MRV	This column will be filled as per existing municipal records
5	Name of the Tenant	This column has to be filled after conducting proper enquiry
6	Cellar/ Ground Floor/ 1 <sup>st</sup> Floor/ Other Floors	After inspection of the building, this column has to be filled
7	Plinth Area	<p>Plinth area means: "Area arrived at by multiplying the length of the building with breadth as measured outside the basement level" as per Rule 2 of Assessment of Taxes Rules, 1990.</p> <p>Plinth area of a building includes plinth area of cellars, ground floor and all other floors above the ground floor. Open balconies, open staircases and open portico without support are not to be included in plinth area.</p> <p>Plinth area has to be taken separately in the following cases:</p> <ol style="list-style-type: none"> <li>1. if the type of construction is more than one category.</li> <li>2. if the building is put to different uses.</li> <li>3. If the building is constructed in different years</li> <li>4. In respect of multistoried buildings, plinth area has to be taken floor-wise.</li> </ol>
8.	Prevailing MRV	After inspection of the building and after ascertaining rent paid by the tenant, the column has to be filled.
9.	Remarks	Any other relevant information may be noted here.

#### 5.10.5. Test Checking

Revenue Officers / Commissioners shall take all steps to ensure that survey is conducted in a proper manner and information is gathered in a true and diligent manner as this information is vital for fixation of MRV per sq. mt. of plinth area. In addition, they shall conduct test check of 10% of the buildings surveyed and record their findings thereon in the survey format.

#### **5.10.6. Method of arriving at rental data**

After completion of survey, plinth area of all buildings of same construction and same usage (category-wise) shall be got totaled for each zone / sub-zone. Similarly, the prevailing monthly rent of these buildings also shall be totaled. Later, the monthly rent per sq.mt. of plinth area for buildings of same construction and same usage shall be arrived by dividing total monthly rent by total plinth area. Thus monthly rent per sq.mt. of plinth area for all categories of buildings construction-wise and usage-wise shall be arrived for each zone / sub-zone.

#### **5.11. Preparation of draft notification in Form – A**

After completion of the above exercise, the Commissioner shall propose the monthly rent for all categories of buildings in all zones and sub-zones based on the type of construction and nature of use in Form - A appended to Assessment of Property Tax Rules. The Commissioner shall prepare a draft notification in Form-A containing division of Municipality into zones and sub-zones and localities / areas included in each zone and sub-zones with particulars of Door Nos. and showing monthly rent proposed for sq.mt. of plinth area for all categories of buildings based on type of construction and nature of use in all zones and sub-zones.

#### **5.12. Consultation with A.P. State Property Tax Board**

**5.12.1.** In G.O. Ms. No. 107 MA dated 26-3-2010, orders were issued constituting Andhra Pradesh State Property Tax Board (hereinafter called Board) with immediate effect to provide assistance and technical guidance to all Municipalities and Municipal Corporations in the State for proper assessment and revision of property tax. Further, in Memo No. 23510/TC.1/2010-1 dated 26-3-2011, Government have issued orders stating that Commissioner & Director of Municipal Administration (C&DMA) is appointed to discharge the functions of the Chairman, Andhra Pradesh State Property Tax Board till a regular Chairman is appointed.

**5.12.2.** Municipal Laws in A.P. have been amended by Act No. 6 of 2012 providing for constitution of A.P. State Property Tax Board, composition of the Board, qualifications for the Chairperson and members, staff of the Board, functions of the Board, powers of the Board and other matters. Section 85-I (1) (ii) of Andhra Pradesh Municipalities Act, 1965 as amended by Act No. 6 of 2012 provides as follows:

“the Municipal Commissioner shall consult the Board before issue of draft notification fixing monthly rent proposed per square meter of plinth area for assessment or revision of property tax. The Board shall study the draft notification and make a comparative study of the monthly rental values proposed by other Municipalities in the District in this regard and offer its

views in the matter. The Municipal Commissioner shall give due consideration to the views offered by the Board before adopting final notification showing monthly rent per sq. mt. of plinth area as prescribed”.

**5.12.3.** Act No. 6 of 2012 has come into force from 12-10-2012 as per notification issued in G.O. Ms. No. 387 dated 10-10-2012 of MA & UD Department.

**5.12.4.** The Municipal Commissioner shall consult the Board before issue of draft notification in Form – A by sending a copy of draft notification to the Board and seek their views in the matter. The Municipal Commissioner shall give due consideration to the views offered by the Board before issue of draft notification in Form – A.

### **5.13. Publication of draft notification in Form - A**

After receipt of the views of the Board on draft notification, the Commissioner shall give due consideration to the views of the Board and finalize the draft notification in Form – A. After finalization of draft notification it shall be published in the District Gazette and in a local newspaper having circulation in the District calling for objections or suggestions from the public on the said notification, regarding division of municipality into zones and the monthly rents proposed per sq.mt. of plinth area for various categories of buildings so as to reach the Commissioner within 15 days from the date of publication of the notification in the District Gazette.

### **5.14 . Consultation with Elected Representatives**

After expiry of 15 days from the publication of the draft notification in the District Gazette, the objections and suggestions received from the public shall be tabulated by the Commissioner. Further, the Commissioner has to hold an informal meeting with the Chairperson and Members of the Council including ex-officio Members and Co-option Members requesting their suggestions on the draft notification duly furnishing the suggestions received from the public on the draft notification.

### **5.15 . Consideration of objections and suggestions**

After completion of the above exercise, the Commissioner shall consider the objections and suggestions received in response to the said notification and the suggestions received in the informal meeting with the elected representatives and record his decision on the said suggestions on the tabulated statement prepared earlier. Further the Commissioner shall give due consideration to the views offered by the Board before finalizing the notification. Thereupon, the Commissioner may revise the zones and the monthly rental value provisionally fixed for various categories of buildings wherever found necessary.

## **5.16 . Preparation and publication of final notification in Form A**

Fixing rental values for various categories of buildings in various zones and sub-zones is the responsibility of the Commissioner. Therefore, upon considerations of various suggestions and views as explained in the above para, the Commissioner shall prepare a final notification showing the monthly rent fixed for sq.mt. of plinth area in Form – A appended to Assessment of Property Tax Rules, 1990 and publish it in the District Gazette and in the local Newspaper having circulation in the District for information of the public. This notification shows the division of municipality into zones and sub-zones along with localities and door nos. included in each zone and sub-zone; and monthly rent fixed for each category of building based on construction and usage for all the zones and sub-zones. This notification will be in force till a fresh notification is issued at the time of general revision of property tax.

## **5.17. Property Tax Assessment Return**

As per section 95 of APM Act, the Commissioner is competent to call for information relevant for assessment of property tax from the owner or occupier of buildings. The Commissioner has to call for a property tax return from owners of buildings as per the pro-forma prescribed in Citizen Charter guidelines issued in the year 2001 to save time in preparation of assessment list of buildings in Form B for assessment of property tax. A copy of property tax assessment return is enclosed as Annexure – III

## **5.18. Preparation of Property Tax Assessment List of Buildings in Form - B**

**5.18.1.** After publication of Form A notification showing monthly rent fixed per sq. mt. of plinth area for buildings zone-wise, construction-wise and usage-wise, the Commissioner shall take action to prepare Property Tax Assessment list of Buildings in Form - B. He shall constitute teams with the following officers to the extent necessary for preparation of assessment list of buildings.

- i. Revenue Inspectors
- ii. Assistant Engineers
- iii. Town Planning Supervisors
- iv. Town Planning Building Overseers
- v. Senior Assistants
- vi. Any other suitable staff

The teams shall inspect the buildings with the assistance of the Bill Collector concerned and fill up the columns in property tax assessment list of buildings except columns 27 and 28 which shall be filled by the Commissioner.

### 5.18.2. Property Tax Assessment list of Buildings (Form - B)

Property Tax Assessment list of Buildings is the basis for assessment of Property Tax on Buildings. Hence proper filling up of various columns is of utmost importance in the assessment of property tax. The method of filling up various columns is provided hereunder:

Col. No.	Item	Method of filling up the Column
1	Door No.	This column will be filled from the existing Property Tax Demand Register
2	Name and address of the owner	-do-
3	No. in the Assessment Register	-do-
4	ARV of the Building	-do-
5	ARV of the site	-do-
6	Total property tax	-do-
7	Library Cess	-do-
8	Zone No.	This column will be filled from the Form A notification
9	Name of the locality	-do-
10	Year of completion and age of the building.	Information shall be ascertained orally from the owner of the building. In case of doubt, owner may be asked to produce evidence
Description of each storey of the building.		
11	Nature and type of roofing	After inspection of the building, this column has to be filled. If there are different roofings, they have to be recorded separately
12	Nature and type of flooring	-do-
13	Nature and type of wood	-do-
14	Nature and type of walls	-do-
Amenities provided in the building		
15	Electricity	-do-
16	Water tap/well	-do-
17	Whether connected with Municipal Drainage	-do-
18	Attached bathroom	-do-
19	Total adjacent premises in sq.mts.	First, total area of the site including building shall be measured. Plinth area of ground floor shall be deducted from the total area of the site to get extent of adjacent premises
* 20	Area of appurtenant land allowed under explanation to section 87 of APM Act	Three times plinth area of the building including built up area shall be allowed as area of appurtenant land  If plinth area of the building is 100 sq.mt,



Col. No.	Item	Method of filling up the Column
		appurtenant land allowed including the plinth area of building would be 300 sq.mt.
21	Area to be taxed under VLT with assessment no.	If appurtenant land is more than three times plinth area of the building including its built up area, then the excess land will be treated as vacant land and taxed separately
22	Name and occupation of the occupant (owner or tenant)	This column has to be filled after proper enquiry. In case of doubt, the occupant may be asked to produce evidence like Ration Card, Bank Pass Book, Passport, Voter Photo Identity Card etc.
23	Type of construction	After inspection of the building, this column has to be filled. It must be one of the types as per the Notification
24	Plinth area of building per each type of construction in sq.mt.	Plinth area has to be taken separately in the following cases i) if the construction is more than one type ii) if the building is constructed in different years iii) if the building is partly owner occupied and partly let out iv) if the building is put to different uses, i.e. Residential, Office, Shop etc.
25	Nature of use of the building	After inspection of the building, this column has to be filled up. It must be one of uses as per the Notification
26	MRV notified per sq. m. plinth area	This column has to be filled as per the notification in Form A
27	Monthly Rental Value fixed	Plinth area has to be multiplied with MRV notified per sq. mt. of plinth area
28	Reasons for increase / decrease	Self contained reasons shall be recorded for increase/decrease of property tax
29	Assessment no. allotted in the new register	Assessment nos. will be allotted ward-wise. For example, if there are 2600 buildings in ward no.1, assessment nos. will be allotted upto 2600 and 400 assessment nos. will be reserved for new assessments. Assessment no. of ward no. 2 starts from 3001
30	Gross ARV of the building	Monthly Rental Value between building and land will be apportioned in the ratio of 2:1. For example if the MRV of the property is Rs.3000/-, MRV of building would be Rs.2000/- and that of land be Rs.1000/- Multiply MRV (of building) with 12 to arrive Annual Rental Value (ARV)
31	Age of the building	This will be filled up from column (10)

<b>Col. No.</b>	<b>Item</b>	<b>Method of filling up the Column</b>
32	Allowances for repairs / depreciation	Allowances have to be given based on age of the building and nature of occupation, i.e. owner occupied or rented
33	Annual Rental Value of the building (ARV)	Column (30) minus column (32)
34	Annual Rental Value of the premises	Multiply MRV of land (one-third of MRV of property) by 12
35	Total Annual Rental Value	Col. (33) plus col. (34)
	Revised assessment as fixed by the Commissioner	
36	Tax for general purpose	All Municipal Councils have notified rate of property tax separately for residential buildings and Non-residential buildings Example: Rate of property tax fixed by the Municipal Council: 25% of ARV. On the basis of rate of tax and ARV (col.35), tax has to be worked out
37	Water & Drainage Tax	
38	Lighting Tax	
39	Scavenging Tax	
40	Education Tax	
41	Total Property Tax	
42	Library Cess	Library Cess is levied at 8% of property tax
43	Total property tax and Library Cess	Col. (41) plus col. (42)
44	Initials of Commissioner	This has to be filled by the Commissioner
45	No. of special notice	Every special notice is given a no. This no. has to be noted
46	Date of service of special notice	This is important. Date of service of special notice has to be noted. This date is required to determine whether revision petition is received within the time
47	Date of receipt of Revision Petitions (R.P.)	Revision petitions will be considered if they reach Municipal Office within 30 days from the date of service of special notice
48	No. of revision petition	All R.P.s shall be entered in the Register of RPs and shall be numbered consecutively
49	Orders of the Commissioner	Self-contained orders have to be passed by the Commissioner after disposal of R.P. Orders in brief have to be recorded in this column
<b>Assessment fixed on Revision Petition</b>		
50	Tax for general purposes	These columns have to be filled as in the case

Col. No.	Item	Method of filling up the Column
51	Water and drainage tax	of cols. (36) to (41)
52	Lighting tax	
53	Scavenging tax	
54	Education tax	
55	Total property tax	
56	Library Cess	These col. have to be filled just like cols. (42) and (43)  (This tax has to be entered in the demand column of Demand Register.  If no RP is received within time, tax referred in col. 43 be entered in the demand column of the Demand Register)
57	Total property tax and library cess	
58	No. of appeal	Appeals will be considered if they reach Municipal Office within 15 days from the date of service of endorsement on the Revision Petition and on payment of tax  All appeals received shall be entered in the Register of Appeals and be numbered consecutively
59	Orders of Appellate Commissioner (A.C.)	Orders in brief of AC have to be noted in this col.  If tax is reduced by AC, the reduced tax will be entered in the demand column of the Demand Register
60	Initials of Commissioner	This col. has to be filled by the Commissioner

\* **Explanation** to second proviso to sub-section (4) of Section 87 of the Act stipulates that an area not exceeding three times the plinth area of the building including its site or a vacant land to the extent of 1000 sq.mts. whichever is less shall be deemed to be adjacent premises occupied as an appurtenant to the building, and assessed to tax in accordance with the provisions of Section 87 and the area if any, in excess of the said limit shall be deemed to be land not occupied by or adjacent to such building and tax levied on such property as per Section 85 (3) of the APM Act.

### 5.18.3. Test Check of Property Tax Assessment List of Buildings

The following officers have to test check the preparation of Assessment List of Buildings to a tune of 10% of the assessments allotted to them.

- i. Commissioner
- ii. Revenue Officer
- iii. Town Planning Officer
- iv. Municipal Engineer

### 5.19. Calculation of Property Tax

As soon as information is gathered in Property tax Assessment List of Buildings in one book, the Commissioner shall fill up columns 27 and 28 in the said list duly fixing monthly rental value and recording reasons for increase/decrease of Property Tax for each assessment. Self contained reasons shall be recorded for increase/decrease of property tax. As soon as columns 27 and 28 are filled up in one book, the concerned assistants in revenue section shall calculate the property tax. This work relating to fixation of MRV and recording reasons and calculation of property tax shall be taken up as soon as information is gathered in one assessment book without waiting for completion of the entire work in all assessment books.

### 5.20. Approved Assessment List

The Commissioner shall sign the assessment list for each ward as soon as it is completed and shall then certify the correctness of the total amount of the assessment or revised assessment for such ward.

### 5.21 . Preparation of Special Notice

**5.21.1.** As soon as assessment is fixed by the Commissioner in the Assessment list, a special notice of property tax for assessment of property tax or amendment where there is enhancement in the tax shall be prepared in the format prescribed in Assessment of Property Tax Rules, 1990. The format of special notice has been expanded in G.O.Ms.No.663, M.A, dt.28-11-1992.

### 5.21.2. The special notice consists of the following information

- 1. Special notice No. ----- dated -----
- 2. Asst. no. :
- 3. Name :
- 4. Door no. :
- 5. Street :
- 6. Existing Assessment
  - a. Annual Rental Value :
  - b. Amount of Tax :
- 7. Increased or New Assessment
  - a. Annual Rental Value :
  - b. Amount of Tax :
- 8. Reasons for Increase
  - I. Zone No. :
  - II. Nature of Construction      Plinth area      Nature of usage
    - (A)    (B)    (C)
    - a) RCC Posh Building

- b) RCC Ordinary Building
- c) Madras Terraced or Jack Arch roofed or stone slabs or slate roofed building
- d) Mangalore tiled roofed or Asbestos roofed or G.I. Roofed building
- e) Country tiled/building
- f) Huts

III. Monthly rental Value fixed :Rs.

9. Date of Service of notice :

Bill Collector

Commissioner

\_\_\_\_\_ Municipality

### **5.21.3. Service of special notices in newly constituted municipality**

Whenever property tax is levied for the first time, a special notice shall be served on the owner of the property as per Rule 11 of Schedule-II of Taxation and Finance Rules. On the constitution of new Municipality, assessment shall have effect from the date specified in notification issued under Section 83 of the Act. If the date specified is 1-4-2015, the special notice shall be served before 31-3-2015.

### **5.22. Public Notice about Assessment of Property Tax**

**5.22.1.** When assessment books have been prepared for the first time or when general revision of such books has been completed, the Commissioner shall give public notice under Rule 10 (1) of Schedule II of APM Act stating that revision petitions will be considered if they reach Municipal office within a period of sixty days from the date of such notice in the case of the Government or a company and of thirty days from the said date in other cases. The notice shall be affixed to the notice board of the Municipal Office and other important public offices and on the same day be published in the Municipality by beat of drum.

**5.22.2.** Before the public notice is given under Rule 10(1) of Schedule II, it shall be open to the Director / Regional Director of Municipal Administration to make test-check of the assessments made by the Commissioner. On the completion of the test-check, such officer may give the Commissioner such directions, as he

deems fit, in regard to the correction of assessment and the Commissioner shall be bound to carry out the directions before the public notice is given.

### **5.23. Service of Special Notices**

**5.23.1.** Special notices shall be served on the owners of the buildings as referred in para 5.23.2 . The special notice provides complete information to the owner of the building to enable him to understand how the MRV is fixed. Further it enables the owner to file a revision petition if he notices any discrepancy in the information furnished in Col. No. 8 of special notice i.e. (I) Nature of construction (II) Plinth area (III) Nature of usage.

### **5.23.2. As per Section 353 of APM Act service of special notice may be effected.—**

- i. By giving to the owner of the building duly obtaining acknowledgement on the office copy of the special notice with date.
- ii. Whenever the owner is not found in the building by giving the notice to some adult member or servant of his family. In these cases, the name of the person on whom notice is served shall be got written in capital letters underneath the signature duly noting down the relationship of the recipient to the owner of the building. Date of service always shall be noted in the office copy of the special notice.
- iii. If the owner does not reside in the municipality and his address elsewhere is known to the Commissioner by sending the same to him by registered post.
- iv. If none of the means aforesaid be available, by fixing the same in some conspicuous part of such place of abode or business.

### **5.24. Date of coming into force of the property tax**

As per Rule 15 (1) of Taxation and Finance Rules contained in Schedule-II of A.P.M. Act, 1965, on the constitution of new municipality, assessment shall have effect from the date specified in the notification under Section 83.

As per Rule 15 (2) of the said Rules, a general revision shall be deemed to have taken effect on the first day of the (half year) following that in which the notice under Rule 10 is published, or, in a case where a special notice is required to be served on the owner or occupier of the property under the first proviso in that rule, on the first day of the (half year) following that in which such special notice is served on the owner or occupier of the property.

### **5.25. Filling of Revision Petitions**

**5.25.1.** The owners of properties are entitled to file revision petitions within 30 days from the date of service of special notice showing the property tax fixed in

respect of the following cases under Rules 10 and 11 of Schedule II of A.P. Municipalities Act, 1965.

- i. When property tax assessment books have been prepared for the first time in the Municipality
- ii. Whenever a general revision of property tax assessment books has been completed and where there is enhancement of the tax
- iii. Whenever property tax is assessed or revised through monthly lists

**5.25.2.** In addition, any person may, at any time not being less than 30 days before the end of a half-year move the Commissioner by revision petition to reduce the tax to which he is liable under Rule 12 of Schedule - II of A.P. Municipalities Act, 1965.

## **5.26. Register of Revision Petitions**

**5.26.1.** As soon as a revision petition is received in municipal office from a tax payer against the property tax assessment fixed by the Commissioner, the revision petition shall be entered in a Register of Revision Petitions in Form E appended to Andhra Pradesh Municipalities (Assessment of Taxes) Rules, 1990. A serial number shall be given to each revision petition and all columns in the register shall be filled up.

**5.26.2.** A docket sheet shall be prepared for every revision petition with the following information.

- |   |   |
|---|---|
| 1. Serial Number  | - |
| 2. Name of the owner  | - |
| 3. Door No.   | - |
| 4. Locality   | - |
| 5. Zone Number  | - |
| 6. Type of construction   | - |
| 7. Nature of usage  | - |
| 8. Plinth area in sq. mts.  | - |
| 9. Monthly rental value fixed per sq. mt. of plinth area as per Form A notification                           | - |
| 10. Monthly rental value fixed on the property  | - |
| 11. Half-yearly property tax  | - |
| 12. Date of service of special notice   | - |
| 13. Date of receipt of revision petition  | - |
| 14. Whether the revision petition has been received within 30 days from the date of service of special notice | - |

- |     |  |   |
|-----|--|---|
| 15. | Whether the revision petition has been received under Rule 12 of Schedule II of A.P. Municipalities Act, 1965 and if so whether the petition has been received within the time | - |
| 16. | Date of hearing  | - |
| 17. | Orders of the Commissioner in brief  | - |
| 18. | Property tax fixed after disposal of revision petition   | - |
| 19. | Initials of the Commissioner   | - |

## **5.27. Disposal of Revision Petitions**

### **5.27.1. Hearing of the Revision Petition**

The Commissioner shall give an opportunity to the petitioner to appear either in person or by an authorized agent to represent his case in respect of revision petition at the municipal office. For this purpose, hearing notice shall be served on the petitioner informing the date and time of hearing. A reasonable time of one week to ten days shall be given to the petitioner in the hearing notice to appear in the municipal office. At the time of hearing, the Commissioner shall record the statement of the petitioner regarding the submissions made by him for reduction of property tax. After recording the statement of the petitioner by the Commissioner, signature of the petitioner shall be obtained on the statement.

### **5.27.2. Orders of the Commissioner on the Revision Petition**

After completing the hearing of the revision petition, the Commissioner shall pass a speaking order. In simple terms, a speaking order is an order that speaks for itself. The order should contain all the details of the case, pleadings of the petitioner, clear findings of the competent authority on the case and should appear as a reasoned order.

**The speaking order, among others, may be passed in the following manner**

- i. Details of the building on which property tax is levied
- ii. Grounds stated by the petitioner in the revision petition for reduction of property tax
- iii. Submissions made by the petitioner at the time of hearing as recorded in the statement of the petitioner
- iv. Detailed reasons for confirmation or reduction of property tax
- v. Direction to the petitioner to pay the property tax fixed on the revision petition within 15 days from the date of receipt of orders from the Commissioner
- vi. Intimation to the petitioner that an appeal can be preferred to the Appellate Commissioner-cum-Regional Director within 15 days of the receipt of the orders from the Commissioner on the revision petition duly paying the property tax as specified in the order



- vii. After disposal of the revision, necessary entries shall be made in the Register of Revision Petitions
- viii. While detailed orders are recorded in the docket sheet of RP, brief orders may be recorded in the Register of RPs and in the Property Tax Assessment List
- ix. The tax after disposal of RP has to be entered in the Demand Register

### **5.27.3. Model speaking order**

A model speaking order on disposal of revision petition for reduction of property tax is enclosed as Annexure - IV

**Source: Circular ROC No. 5227/2012/F1 dated 16-3-2012 of Office of C&DMA**

### **5.28. Appeals**

**5.28.1.** An appeal shall lie to Regional Director-cum-Appellate Commissioner of Municipal Administration (AC) in respect of orders passed by the Commissioner on the disposal of revision petitions filed by the owners of the buildings for reduction of property tax. An appeal shall be made in writing and shall set forth concisely and under distinct heads the grounds of objection to the decision or other proceedings appealed against. No appeal to the Appellate Commissioner shall be heard –

- a) Unless it reaches the municipal office within 15 days from the date of receipt of the orders disposing the revision petition by the Commissioner

Provided that the Appellate Commissioner may admit an appeal within 15 days after the time prescribed above if causes be shown to his satisfaction for not preferring it within the prescribed time

- b) unless the tax in respect of which the appeal is presented has been deposited at municipal office within 15 days from the receipt of the orders disposing the revision petition or where Appellate Commissioner admits the appeal within 15 days of the time prescribed, on or before the day upon which the appeal is presented

**5.28.2.** As soon as an appeal is received in municipal office, it shall be entered the Register of Appeals in Form - K appended to Andhra Pradesh Municipalities (Assessment of Taxes) Rules, 1990.

**5.29.** A docket sheet shall be prepared for every appeal with appropriate information as in the case of docket sheet for revision petition.

### **5.30. Hearing of the appeal**

The Appellate Commissioner shall give an opportunity to the appellant to appear either in person or by an authorized agent to represent his case in respect of the appeal at the municipal office. For this purpose, hearing notice shall be served on the appellant informing the date and time of hearing. A reasonable time of one week to ten days shall be given to the appellant in the hearing notice to appear in the municipal office. At the time of hearing, the Appellate Commissioner shall record the statement of the appellant regarding the submissions made by him for reduction of property tax. After recording the statement of the appellant by the Appellate Commissioner, signature of the appellant shall be obtained on the statement.

### **5.31. Consultation with Municipal Chairperson**

- i. As per Rule 22 (2) of Schedule – II of A.P. Municipalities Act, 1965, the Appellate Commissioner-cum-Regional Director shall dispose the appeals in consultation with Chairperson of the Municipality concerned.
- ii. As seen from the Case Law on this subject “for purpose of the disposal of the appeal, the requirement of consultation would be satisfied if the Appellate Commissioner communicates his comment on the appeal to the Chairman and invites his remarks on the same and proceeds to dispose of the appeal by affording an opportunity to the Chairman of the Council to attend on the date of hearing. If he intends to add to the comments already made by him or to suggest alternative comments by person, he can do so. In the event of the Chairman of the Council not availing of the opportunity of personal deliberation, it can be concluded that nothing further is to be consulted and on the basis of consultation by correspondence, the Appellate Commissioner can dispose of the appeal”.

### **iii. Orders of the Appellate Commissioner (AC) on the appeal**

After completing the hearing of the appeal, and after consultation with the Municipal Chairperson the AC shall pass a speaking order containing all the details of the case, pleadings of the petitioner, clear findings of the competent authority on the case and the order should appear as a reasoned order. The AC may follow the procedure suggested for disposal of revision petitions while disposing of the appeals and also follow the model order for disposal of revision petition duly making necessary modifications at his level at the time of issuing orders on the disposal of appeals.

### **5.32. Levy of property tax on lands in Municipalities (Sections 85 & 87)**

- i. Section 85 (3) (a) of A.P Municipalities Act, 1965 stipulates that the Council shall levy property tax in the case of lands which are not used exclusively for agricultural purposes and or not occupied by, or adjacent and appurtenant to building at such percentages of the capital value of

the lands as may be fixed by the Council. Further, that such percentage shall not exceed the maximum if any fixed by the Government.

- ii. Further, Explanation to second proviso to sub-section (4) of Section 87 of the Act stipulates that an area not exceeding three times the plinth area of the building including its site or a vacant land to the extent of 1000 sq.mts. whichever is less shall be deemed to be adjacent premises occupied as an appurtenant to the building, and assessed to tax in accordance with the provisions of Section 87 and the area if any, in excess of the said limit shall be deemed to be land not occupied by or adjacent to such building and tax levied on such property as per Section 85 (3) of the APM Act.

#### **5.32.1. Basis for levy of Property Tax on lands**

As per Rule 8 of A.P. Municipalities (Assessment of Taxes) Rules, 1990 the capital value of lands fixed by the Registration Department for the purpose of registration shall be adopted as capital value for the lands for levy of property tax.

#### **5.32.2. Rate of property tax on lands**

As per Rule 9 of the said Rules, the property tax on lands (commonly known as Vacant Land Tax) shall be levied at 0.20% of the capital value of the land (i.e. the market value as fixed by the Stamps and Registration Department for purpose of registration).

#### **5.32.3. Method of assessment of property tax on lands**

The property tax assessment list of lands shall be prepared in Form-C. The procedure prescribed for preparation of assessment list of buildings in Form-B, preparation and service of special notices etc. as in the case of levy of property tax shall be followed in respect of assessment of tax on lands.

#### **5.33. Monthly Revision Lists**

As per Rule 11 of Taxation and Finance Rules, in every case which between one general revision and another, the Commissioner assesses any property for the first time or increases the assessment of any property, the Commissioner shall intimate by special notice to the owner or occupier of such property that a petition for revising the assessment will be considered if it reaches the municipal office within 30 days from the date of service of such notice.

**5.33.1.** As per Rule 12 (1) of Assessment of Taxes Rules, 1990, Bill Collectors, Revenue Inspectors or other outdoor officers, specially selected for the purpose shall submit for their respective wards monthly revision lists in Form F appended to the Rules which shall contain particulars of all buildings namely:

- i. the construction, reconstruction, or enlargement of which is completed during the month

- ii. newly occupied during the month together with the names of the owners of such buildings and the dates of such completion or the new occupation as the case may be
- iii. whenever there is a change in the occupation of the building, i.e. from owner occupied to rented and vice versa, and
- iv. whenever there is a change in the usage of the building.

Monthly list shall be submitted by 10<sup>th</sup> of every month in respect of all buildings liable for levy / revision of property tax during the preceding month.

**5.33.2.** This monthly list of buildings in Form F consists of 64 columns with the following major items of information

- i. Existing Assessment
- ii. Description of each storey of the building
- iii. Amenities provided in the building
- iv. Particulars of plinth area and MRV fixed
- v. Revised assessment as fixed by the Commissioner
- vi. Assessment fixed on revision petition
- vii. Assessment fixed on appeal

**5.33.3 .** Similarly, the revenue staff shall submit the monthly list of vacant lands requiring levy of property tax or revision of property tax in Form-G. The monthly list of Vacant Lands in Form G consists of 38 columns with the following major items of information

- i. Existing assessment
- ii. Annual Rental Value / Capital Value
- iii. Assessment as fixed by the Commissioner
- iv. Assessment fixed on Revision Petition
- v. Assessment fixed on Appeal

Monthly list shall be submitted by 10<sup>th</sup> of every month in respect of all lands liable for levy / revision of property tax during the preceding month.

**5.33.4. Assessment of property tax in respect of buildings included in the monthly revision lists**

Annual rental value in respect of the buildings included in the monthly revision lists shall be arrived at based on the monthly rent fixed for sq. mt. of plinth area as stated in the notification in Form A appended to the Rules which was issued earlier and in force. Later on, the property tax payable shall be arrived at as per the new method of assessment of property tax.

Further, the procedure detailed for new method of assessment of property tax in respect of service of special notice, disposal of revision petitions and

appeal shall be followed in respect of these buildings also. The revision petition received under Rule 11 of Taxation and Finance Rules shall be disposed of as per the procedure already stated for disposal of revision petitions.

Any assessment made by the Commissioner in pursuance of Rule 11 and 14 of Taxation and Finance Rules shall be deemed to have come into effect on the first day of the half year to which the assessment which was sought to be assessed or revised relates.

#### **5.34. Mutation Register**

As per Rule 12 (2) of the Assessment of Taxes Rules, 1990, where between one general revision and another any property is brought under assessment for the first time or the assessment of any property is altered, particulars thereof shall be entered in the Mutation Register (MF No.23) and the necessary addition or correction shall be made in the Demand Register.

## **Chapter 6 - Levy of Property Tax on unauthorized constructions with penalty in Municipalities**

**6.1.** A.P, Municipalities Act, 1965 (APM Act, 1965) was amended by Act No. 35 of 1998 w.e.f. 9-3-1999 by adding subsection 5 (2) to Section 85 of APM Act, 1965 stipulating that, where a building is constructed or reconstructed or some structures are raised unauthorizedly, it shall be competent to the assessing authority to levy property tax on such building or structure with a penalty of 10% on the amount of tax levied till such unauthorized construction is demolished or regularized.

**6.2.** APM Act, 1965 was further amended by Act No. 15 of 2013 w.e.f. 5-8-2013 increasing the quantum of penalty leviable with property tax on unauthorized constructions as stated hereunder:

- |  |   |  |
|--|---|--|
| (a) Upto ten percent violation of permissible setbacks only in respect of floors permitted in a sanctioned plan      | : | Twenty five percent of property tax as penalty |
| (b) More than ten percent violation of permissible setbacks only in respect of floors permitted in a sanctioned plan | : | Fifty percent of property tax as penalty       |
| (c) Unauthorized floors over the permitted floors in a sanctioned plan   | : | Hundred percent of property tax as penalty     |
| (d) Total unauthorized construction  | : | Hundred percent of property tax as penalty     |

**6.3.** The penalty is leviable till such unauthorized construction is demolished or regularized.

## **Chapter 7 - Levy of Property Tax on lands in Municipalities**

### **7.1. Levy of property tax on lands in Municipalities (Sections 85 & 87)**

- iii. Section 85 (3) (a) of A.P Municipalities Act, 1965 stipulates that the council shall levy property tax in the case of lands which are not used exclusively for agricultural purposes and or not occupied by, or adjacent and appurtenant to building at such percentages of the capital value of the lands as may be fixed by the council. Further, that such percentage shall not exceed the maximum if any fixed by the Government.
- iv. Further, Explanation to second proviso to sub-section (4) of Section 87 of the Act stipulates that an area not exceeding three times the plinth area of the building including its site or a vacant land to the extent of 1000 sq.mts. whichever is less shall be deemed to be adjacent premises occupied as an appurtenant to the building, and assessed to tax in accordance with the provisions of Section 87 and the area if any, in excess of the said limit shall be deemed to be land not occupied by or adjacent to such building and tax levied on such property as per Section 85 (3) of the APM Act.

### **7.2. Basis for levy of Property Tax on lands**

As per Rule 8 of A.P. Municipalities (Assessment of Taxes) Rules, 1990 the capital value of lands fixed by the Registration Department for the purpose of registration shall be adopted as capital value for the lands for levy of property tax.

### **7.3. Rate of property tax on lands**

As per Rule 9 of the said Rules, the property tax on lands shall be levied at 0.20% of the capital value of the land (i.e. the market value as fixed by the Stamps and Registration Department for purpose of registration).

### **7.4. Date of coming into force of the tax**

Whenever property tax is levied for the first time, a special notice shall be served on the owner of the property as per Rule 11 of Schedule-II of Taxation and Finance Rules. As per Rule 15 (3) of Schedule-II, the property tax shall come into effect from the first day of the half-year in which a special notice is served.

### **7.5. Correction of assessment records with retrospective effect**

As per Section 91-A of A.P. Municipalities Act, 1965 the Municipal Council is competent to direct the Commissioner to assess or re-assess whenever it is found that any person or property has been inadvertently omitted from the assessment records or inadequately or improperly assessed relating to any tax, with retrospective effect upto five half-years preceding the current half-year.

Thus, the Commissioner is competent to levy property tax on vacant lands with retrospective effect upto five half-years preceding the current half-year



## **Chapter 8 - Exemptions from Payment of Property Tax in Municipalities**

### **8. Exemptions from payment of property tax (Section 88)**

#### **8.1. The following buildings and lands are exempt from payment of property tax in Municipalities**

- i. Places set apart for public worship.
- ii. Choultries
- iii. Recognized educational institutions including hostels, public buildings and places used for charitable purpose and libraries and playgrounds which are open to the public.
- iv. Ancient monuments not used as residential quarters or as public offices.
- v. Charitable hospitals and dispensaries.
- vi. Hospitals and dispensaries maintained by railway institutions.
- vii. Burial and burning grounds.
- viii. Buildings and lands belonging to the municipality
- ix. Irrigation works vested with the Government.

#### **8.2. Places set apart for public worship**

- i. Where only certain place is used as a place of worship while the substantial portion was used as place for dispensary, school etc., it was held by courts that such a premises is not exempted from property tax (AIR 1959 Cal.361)
- ii. The Shops and stalls in a temple area liable to pay tax (AIR 1942 Mad.658)
- iii. A Bhajan Mandiram occasionally let out for marriages is liable to pay tax (AIR 1943 Mad.518).
- iv. Benefit of exemption from payment of property tax to a hostel of a temple which is not used for the students cannot be granted.

#### **8.3. Choultries**

- i. Choultries involves resting place for travelers
- ii. The mere use of the income from property as an endowment of a choultry will not clothe the property with the character of a choultry (AIR 1938 Mad. 924)
- iii. A choultry will be entitled to exemption on two conditions
  - a) That no rent shall be charged for occupation

- b) That if rent is charged for such occupation, such rent should be used exclusively for charitable purposes. (1968 An.W.R. 404)

Buildings situated outside the choultry and rented out and income of which is utilized for charity are not choultries and exemption cannot be claimed in respect of property tax.

#### **8.4. Recognized educational institutions**

- i) The full bench of Andhra Pradesh High Court in its judgment dated 28-12-2006 in W.P. No. 4214 of 2006 & batch has held in this matter as follows:

“Therefore, in our view, all the recognized educational institutions including hostels, public buildings and places used for charitable purposes are exempt under section 85 of the Act provided those institutions, hostels, public buildings and places are used for charitable purposes” ..... “we dispose of the writ petitions as well with an observation that before levying the tax on petitioners institutions (educational institutions) the authorities concerned should address to the question as to whether the institutions are charitable institutions or not and for such purpose the petitioners are at liberty to make representations to the concerned authorities within one month and after considering such representations, the authorities may pass appropriate orders”.

- ii) Thus, it may be concluded that educational institutions which are charitable institutions and used for charitable purposes are eligible for exemption from property tax in Municipalities. The Supreme Court of India in Municipal Corporation of Delhi vs Children Book Trust (1992) 3 SCC at page 390; AIR 1992 SC 1456 has observed on charitable purposes as follows:

**“it would be clear that where the predominant object is to sub-serve charitable purpose and not to earn profit it would be a charitable purpose”.**

#### **8.5. Exemption of owner occupied residential buildings**

The owner occupied residential buildings are exempt from property tax by resolution of the council if the ARV of the same does not exceed Rs. 300/- provided that the person to be assessed does not own any other building or land assessed to the property tax.

#### **8.6. Houses constructed for the urban poor**

In respect of houses constructed for the urban poor, municipality shall collect one rupee for every half-year towards the property tax

## Chapter 9 - Implementation of new system of property tax & General Revision of Property tax in Municipalities and Corporations from 1-10-1993

**9.1.** As per orders issued in G.O. Ms. No. 469 MA dated 31-7-1993, all Municipalities have revised the assessment books completely as per the provisions contained in A.P. Municipalities Act, 1965 and Rules issued there under w.e.f. 1-10-1993. Thus, new system of property tax was implemented in all ULBs except Municipal Corporation of Hyderabad w.e.f. 1-10-1993 and the details of revision are as follows:

Tax prior to revision : Rs. 48.00 crores  
Tax after revision : Rs. 83.00 crores

### **9.2. Monthly Rental Values (MRVs) fixed per square meter of plinth area in municipalities in the year 1993**

The following are the maximum monthly rental values per square meter of plinth area notified by municipalities during the year 1993 after the sample surveys. It may be noted that each Municipality has issued a notification separately fixing MRV per sq. m. of plinth area based on the prevailing rental values for various constructions and usages.

Nature of Usage	Category of Construction					
	RCC Posh	RCC Ordinary	Madras Terraced	Mangalore tiled	Country tiled	Huts
	In Rupees					
A. Residential	8.00	6.50	5.50	4.00	3.00	2.00
B. Shops	30.00	27.00	21.00	16.00	12.00	4.00
C. Public offices:						
i) Offices & banks	18.00	16.00	14.00	8.00	7.00	4.00
ii) Hospitals & Nursing Homes	18.00	16.00	14.00	10.00	6.00	2.00
iii) Educational Institutions	12.00	10.00	8.00	5.00	4.00	2.00
D. Commercial Usage:						
i) Hotels, Lodges & Restaurants	14.00	14.00	12.00	8.00	6.00	3.00
ii) Godowns	9.80	8.00	6.00	5.00	4.00	2.00
E. Industrial use	8.00	7.00	7.50	5.40	3.00	2.50
F. Cinema theatres	7.50	6.00	5.00	4.50	3.50	3.00
G. Other uses	4.50	4.25	3.50	3.00	2.50	2.00

### 9.3. General Revision of Property Tax from 1.4.2002

Property Tax shall be revised once in 5 years in all ULBs. However Property Tax was revised in all ULBs except Hyderabad and Visakhapatnam from 1.4.2002 and the details of revision are as follows:

Tax prior to Revision	:	Rs.311.00 crores
Tax after Revision	:	Rs.422.00 crores

### 9.4. Monthly Rental Value (MRV) fixed per sq.m. of Plinth in Municipal Corporations in the year 2002

The following are the maximum monthly rental values per sq.mt. of plinth area notified by Corporations to come into effect from 1-4-2002

Nature of Usage	Category of Construction (In Rupees)					
	RCC Posh	RCC Ordinary	Madras Terraced	Mangalore Tiled	Country Tiled	Huts
A. Residential	16.20	13.50	10.00	8.10	5.90	3.60
B. Shops	45.00	36.00	32.00	24.00	18.00	14.00
<b>C. Public Offices</b>						
(i) Offices & Banks	40.00	30.00	26.00	18.00	16.00	9.00
(ii) Hospitals & Nursing Homes	22.50	21.00	14.50	12.00	10.50	8.00
(iii) Educational Institutions	12.00	10.00	6.00	4.00	3.20	2.25
<b>D. Commercial Usage:</b>						
i) Hotels, Lodges & Restaurants	30.00	24.00	20.00	16.00	8.00	4.00
ii) Godowns	30.00	25.00	18.00	15.00	14.00	8.50
E. Industrial Use	20.00	15.75	13.50	10.00	9.00	8.00
F. Cinema Theatres	25.00	23.00	20.00	15.00	15.00	7.50
G. Other Uses	19.00	16.00	11.50	8.00	7.00	4.50

### 9.5. Monthly Rental Value (MRV) fixed per sq.m. of Plinth in Municipalities in the year 2002

The following are the maximum monthly rental values per sq.m. of plinth area notified by Municipalities to come in to effect from 1-4-2002

Nature of Usage	Category of Construction (In Rupees)					
	RCC Posh	RCC Ordinary	Madras Terraced	Mangalore Tiled	Country Tiled	Huts
A. Residential	18.00	15.00	10.00	7.50	7.00	10.00
B. Shops	50.00	47.00	40.00	30.00	25.00	36.00
<b>C. Public Offices</b>						
(i) Offices & Banks	55.00	49.00	42.00	21.00	25.00	32.00
(ii) Hospitals & Nursing Homes	26.00	24.00	20.00	16.00	20.00	20.00

Category of Construction					(In Rupees)	
Nature of Usage	RCC Posh	RCC Ordinary	Madras Terraced	Mangalore Tiled	Country Tiled	Huts
(iii) Educational Institutions	24.00	18.00	15.00	12.00	20.00	25.00
<b>D. Commercial Usage:</b>						
i) Hotels, Lodges & Restaurants	38.00	32.00	28.00	22.00	15.00	25.00
ii) Godowns	38.00	32.00	24.00	20.00	16.00	23.25
E. Industrial Use	24.00	20.00	18.00	14.00	12.00	18.00
F. Cinema Theatres	30.00	20.00	18.00	15.00	12.00	15.00
G. Other Uses	20.00	18.00	16.00	14.00	12.00	14.00

**9.6. Monthly rental value (MRV) fixed per sq.m of plinth area in the years 1992-93 and 2002-03:**

The following are the maximum monthly rental value fixed per square meter of plinth area in Municipalities during the years 1992-93 and 2002-03 (comparison)

Sl. No.	Nature of usage	Maximum MRV per square meter of plinth area	
		1992-93	2002-03
1	2	3	4
1	Residential Purpose	Rs.8.00	Rs.18.00
2	Shops	Rs.30.00	Rs.50.00
3	Public Use:-		
	(i) Officers and Banks	Rs.18.00	Rs.55.00
	(ii) Hospitals and Nursing Homes	Rs.18.00	Rs.26.00
	(iii) Educational Institutions	Rs.12.00	Rs.24.00
4	Commercial Use:-		
	(i) Hotels, Lodges and Restaurants	Rs.14.00	Rs.38.00
	(ii) Godowns	Rs.9.80	Rs.38.00
5	Industrial Usage	Rs.8.00	Rs.24.00
6	Cinema Theatres	Rs.7.50	Rs.30.00
7	Other Usages	Rs.4.50	Rs.20.00

**9.7. General revision of Property Tax from 1-10-2007 in respect of non-residential buildings:**

As per Rule 8 (1) of Taxation and Finance Rules contained in Schedule-II appended to AP Municipalities Act, 1965 the assessment books shall be completely revised by the Commissioner once in every five years. Similarly, as per Section 226 (3) of Hyderabad Municipal Corporations Act, 1955, a new assessment book shall be prepared at least once in five years. Hence, directions

were issued by the Government to all ULBs to revise Property Assessment Books completely w.e.f. 1.10.2007 in respect of non-residential buildings duly following the above procedure.

Accordingly, property tax was revised in respect of non-residential buildings in all ULBs w.e.f. 1-10-2007. Particulars of Revision of Property tax in all ULBs except GHMC are detailed hereunder:

- i. Tax prior to revision : Rs. 496.00 crores
- ii. Tax after revision : Rs. 539.00 crores

## **Chapter 10 - Judgment of Hon'ble High Court in 1994 and Hon'ble Supreme Court in 2001**

### **10.1. Courts' intervention**

Certain Rate Payers Associations have filed Writ Petitions in the High Court of Andhra Pradesh in the years 1993 and 1994 questioning the action of Government and Municipalities in introducing the new system of assessment of property tax and revision of taxes on the basis of new system.

The petitioners challenged the New System of Property Tax on the following grounds:

- (i) The challenge in all Writ Petitions is that the mode of determination of ARV of the buildings as has been brought out by the amendments to Municipal Laws and the Rules issued there-under is illegal, ultra vires of the Constitution of India, arbitrary and without jurisdiction.
- (ii) Though originally endeavor was made by the Counsels to assail the constitutional validity of the amendments to section 212 and 87 of the respective Acts, yet they firmly did not pursue the submission and confined their arguments to the validity of the Rules.
- (iii) It was urged that the determination of the rental value on the basis of the monthly or yearly rent fixed for sq.mt. of plinth area is not in accordance with the provisions of the Act and as inherently suffering from the defect of not representing the annual or monthly rent at which the buildings may reasonably be expected to be let. Hence submitted that the Rules as ultra vires of the Act.
- (iv) The other submission urged is of the rules being discriminatory as suffering from the vice of treating un-equals as equals as being inherently incapable of making provisions for differences between buildings to buildings.
- (v) it is submitted that the entire exercise undertaken in accordance with Rules to be illegal as the provisions of section 198 of the Corporation Act has not been followed.
- (vi) It is submitted that the rentals can only be determined with reference to the rent control legislation for which no different provision can be made in the Rules.

### **10.2. Orders of High Court of AP**

The High Court of AP in its orders dated 29.12.1994 in W.P.No.15591/93 and batch gave the following directions in a batch of Writ Petitions filed against the new system of assessment of property tax.

- (i) The power of determination of the rateable value of the buildings and the property tax belongs to the Commissioner, which cannot be fettered by rules framed under the Acts.
- (ii) The Committee constituted by the Government has no role to play and the Commissioner is not bound by their recommendations.
- (iii) The Annual Rental Value to be fixed by the Commissioner in the Corporation areas shall be limited to the fair rent either determined or determinable under the A.P. Buildings (Lease, Rent and Eviction) Control Act.
- (iv) Subject to the maximum as above, the Commissioner may fix a lesser Annual Rental Value keeping in consideration the factors as provided for in Section 212 of the Corporation Act.
- (v) The Annual Rental Value in respect of all buildings in municipal areas where rent has been determined under the rent control legislation would be the gross annual rent on the basis of such rent determined, unless where there is any fraud or collusion, and that in respect of other buildings in the municipality areas, the Commissioner has to determine the amount keeping in consideration the factors under Section 87(2).
- (vi) In determining the Annual Rental Value, the Commissioner may resort to plinth area method so as to serve him as a basis and guide, but it will be open to the assesses to contest the annual rental value, rateable value or property tax determined in respect of their buildings and when the objections are raised, the Commissioner has to decide those objections objectively without fettering his discretion because of the determination already made on the basis of the plinth area method.
- (vii) Rules 3 to 7 of the Corporation and the Municipal Property Tax Assessment Rules are to be read only as enabling provisions for the Commissioner to aid him in discharge of his functions under the Corporation or the Municipal Act to arrive at working figures for the purpose of determination, but not as fettering his discretion in the matter as conferred upon him under the statutes.
- (viii) The Form 'A' publication already made would be deemed to have been issued by the Commissioner only on such basis as is stated above and not in pursuance of the recommendations of the Committee.
- (ix) Before Form 'B' is issued in respect of the buildings and lands, the Commissioner shall afford opportunity to the assesses to object to the determinations made and shall decide the objections on considerations as directed above, and the provisions of Sections 214 to 225 of the



Corporation Act shall be scrupulously followed subject to the provisions of Appeal.

### **10.3. Implications of the orders of High Court**

- i. The District Level Advisory Committee has no role to play in determination of monthly rental value per square meter of plinth area. Hence, action has to be taken to stop the convening of the meetings of District Level Advisory Committees whenever general revision of property tax is taken up.
- ii. The ARV to be fixed by the Commissioner in the Corporation areas shall be limited to the fair rent either determined or determinable under Rent Control Act.
- iii. Where fair rent has been fixed under Rent Control Act in municipal areas, it shall be adopted as ARV for the purpose of fixation of property tax.
- iv. Whenever any objections are raised regarding ARV fixed, the Commissioner has to decide those objections objectively without fettering his discretion because of the determination already made on the basis of plinth area method.

### **10.4. Directions of Supreme Court**

On an appeal preferred by Government of Andhra Pradesh against the orders of the High Court, the Supreme Court of India delivered its final judgment in Civil Appeal No. 4052 of 1996 dated 2<sup>nd</sup> May 2001. The important directions of the Supreme Court are as follows:

- (i) “It is our view that the Act and the rules provide a complete code for assessment of the property tax to be levied for the buildings and lands within the Municipal Corporations. There is no provision in the statute that the fair rent determined of a property under the Rent Control Act is binding on the Commissioner. But that is not to say that the Commissioner is mandatorily required to follow the fair rent fixed by the authority under the Rent Control Act. The Hon’ble High Court therefore, did not commit any error in holding that the determination of fair rent under the rent control statute will not be binding on the Commissioner for the purpose of assessment of property tax under the Act”.
- (ii) “The Committee set up by the State Government has no statutory existence. Its recommendations are advisory and are not binding on the Commissioner. In this regard also, the High Court cannot be said to have committed any illegality in holding that the powers of the Commissioner are not fettered by the recommendations of the Committee. Therefore,

the order of the State Government making the decision of the Committee binding on the Commissioner is not sustainable and the view taken by the High Court in this regard is unassailable.

#### **10.5. Final orders of the Supreme Court**

“On the discussions in the foregoing paragraphs, the decision that emerges is that only the findings / decision of the High Court in point nos. (3) and (5), as stated in the judgment under challenge, are to be set aside. It is ordered accordingly. The appeals are allowed in part. No Costs.”

#### **10.6. Implications of the orders of Supreme Court**

The Supreme Court set aside the judgment of the High Court in respect of point nos. (3) and (5). Point no. (3) of the Judgement of High Court is that “the ARV to be fixed by the Commissioner in the Corporation areas shall be limited to the fair rent either determined or determinable under the A.P. Buildings (Lease, Rent and Eviction) Control Act”. According to the judgment of the High Court, the Commissioners of the Corporations are bound to fix the ARVs with reference to the fair rent either determined or determinable under the A.P. Buildings (Lease, Rent and Eviction) Control Act, but not under the provisions of section 212 of the HMC Act 1955. In view of setting aside that point of the judgment by the Supreme Court, adoption of fair rent determined or determinable under the provisions of Rent Control Act is not binding on the Commissioners and they can assess the property tax under the provisions of Section 212 of the HMC Act 1955.

The other point of the High Court set aside by the Supreme Court is in respect of point no (5), i.e., assessments in municipal areas is as follows:

“The ARV in respect of all buildings in municipal areas where rent has been determined under the rent control legislation would be the gross annual rent on the basis of such rent determined, unless there is any fraud or collusion, and that in respect of other buildings in the municipal areas, the Commissioner has to determine the amount keeping in consideration the factors under Section 87(2).” In view of setting aside this point by the Supreme Court, the Commissioners can assess the property tax of all Buildings on the basis of factors mentioned in Section 87 of APM Act, 1965.

In view of the above, the provisions of Rent Control Act will not apply for fixation of ARV and levy property tax in Municipality as well as Corporation areas. The recommendations of Advisory Committee are not binding on the Commissioner in the matter of fixation of monthly Rental Value per Sq. m. of Plinth Area.

In view of the judgment of the Hon’ble Supreme Court, there is no need for the Commissioners of Municipalities and Municipal Corporations to place the proposals relating to monthly rental value per sq.mt. of plinth area before the

District Level Advisory Committee constituted by the Government for their final recommendations in this matter. Rule 7 (2) of Assessment of Property tax Rules, 1990 has been amended in G.O. Ms. 83 MA dated 22-2-2002 omitting the provision relating to place the proposals before the District Level Advisory Committee constituted by the Government for its final recommendations.

## **Chapter 11 - New Method of Assessment of Property Tax in GHMC and other Municipal Corporation**

### **11.1 Method of Assessment of property tax prior to 1989**

As per Section 212 of Hyderabad Municipal Corporations Act, 1955 prior to amendment by Act No. 20 of 1989, the Annual Rental Value (ARV) of any building or land assessable to property tax shall be fixed at annual rent at which such building or land might reasonably be expected to let from year to year. Rules or procedure has not been prescribed for fixation of the ARV of buildings and lands for assessment of property tax.

### **11.2. Amendments to Hyderabad Municipal Corporations Act, (HMC Act) 1955 in the year 1989**

Hyderabad Municipal Corporations Act, 1955 has been amended by Act No. 20 of 1989 in order to evolve a scientific and new method in the levy of property tax in Corporations in the State and to simplify the procedure of assessment. The amended Act has come into force from 1-11-1990.

### **11.3. Application of the provisions of HMC Act, 1955 to other Corporations**

HMC Act, 1955 is renamed as Greater Hyderabad Municipal Corporation Act, 1955 as amended by Act No. 13 of 2008 w.e.f. 10-7-2008. All the provisions of the GHMC Act, 1955 including the provisions relating to the levy and collection of any tax or fee are extended to and shall apply *mutatis mutandis* to the other Corporations in AP as per the provisions of various Acts as stated hereunder:

- i. Section 7 (1) of the Visakhapatnam Municipal Corporation Act, 1979
- ii. Section 7 (1) of the Vijayawada Municipal Corporation Act, 1981
- iii. Section 14 (1) of the Andhra Pradesh Municipal Corporations Act, 1994

### **11.4. Salient features of amendments to HMC Act, 1955 (Section 212)**

- i. The ARV of lands and buildings shall be deemed to be the gross annual rent at which they may reasonably be expected to let from month-to-month or year-to-year with reference to the following factors:
  - a) Location of the building
  - b) Type of construction
  - c) Plinth area
  - d) Age of the building
  - e) Nature of usage to which it is put
- ii. Rebate from ARV based on the age of the building.
- iii. Rebate from ARV to owner occupied residential buildings.
- iv. ARV of lands and buildings shall be fixed notwithstanding anything contained in AP Buildings (Lease, Rent and Eviction) Control Act, 1960.

- v. Exemptions to educational institutions upto 10<sup>th</sup> class subject to certain conditions.

#### **11.5. Assessment of property tax in Municipal Corporations – Assessing Authority**

- i. As per Section 214 to 226 of HMC Act, 1955 Commissioner is the assessing authority for fixation of property tax on all buildings and lands in the Municipal Corporation.
- ii. As per Section 214 of HMC Act, the Commissioner shall keep “the assessment book” in which shall be entered every financial year –
  - a) List of all buildings and lands in the city.
  - b) The ARV of each such building and land determined in an accordance with the provisions of HMC Act.
  - c) The name if ascertained of the person primarily liable for the payment of the property tax in respect of each such building or land.
- iii. As per section 215 (1) of HMC Act, each of the wards shall have separate assessment book called “Ward Assessment Book”.
  - a) The Ward Assessment Books and their respective parts if any shall collectively constitute “Assessment Book”.
- iv. As per section 225 (1) of HMC Act, the Commissioner may amend the Assessment Book:-
  - a) By inserting therein the name of any person or any premises previously omitted.
  - b) By increasing or reducing the amount of the ARV and of the assessment based thereupon.
  - c) By altering the assessment on any land or building which has been erroneously valued or assessed through mistake.
  - d) By inserting or altering an entry in respect of any building erected or re-erected or altered or added to or reconstructed in whole or part after preparation of the assessment book.
- v. As per Section 226 (1) of HMC Act, 1955, it shall not be necessary to prepare a new assessment book every financial year and the Commissioner may adopt the entries in the last preceding year’s book with such alterations as he thinks fit, as the entries for each new financial year.
- vi. As per section 226-A (1) of HMC Act, as amended by Act No. 15 of 2013, a new assessment book shall be prepared atleast once in five years.

## **11.6. Assessment of Property Tax Rules, 1990**

The Hyderabad Municipal Corporations (Assessment of Property Tax) Rules, 1990 provide a detailed procedure for determination of ARV and property tax of buildings and lands in Municipal Corporation. These Rules will apply to other Municipal Corporations also in view of the provisions of the Acts mentioned in para 11-3. The said Rules are enclosed as Annexure-V.

### **11.6.1. Fixation of monthly rent for each category in a zone per sq.mt. or sq. ft. of plinth area**

Rule 7(3) of HMC (Assessment of property tax) Rules as amended by G.O. Ms. No. 596 dated 20-11-2006 of MA & UD Department provides that the Commissioner shall fix monthly rent for each category in a zone per sq. mt. or sq. ft. of plinth area and notify the rate of monthly rent so fixed in Form – A. Hence, a decision has to be taken to fix monthly rent either in sq. mt. or sq. ft. of plinth area in Form – A so as to take plinth area accordingly in sq. mt. or sq. ft. for conducting survey in Form – D as required in Rule 3 (2) or to take plinth area in Form – B as required in Rule 7 (4) of the Rules.

### **11.6.2. Multistoried buildings**

As per Rule 7 (2) of Hyderabad Municipal Corporations (Assessment of Property Tax) Rules, 1990 in respect of all multistoried buildings monthly rent shall be fixed separately for the following categories:

- i. Cellar
- ii. Ground and First Floor
- iii. Other Floors

### **11.6.3. Non-multistoried buildings**

As per the orders issued in G.O.Ms.No.468, M.A, dt.31.7.1993 in respect of non-multistoried buildings without lift facility, MRV per sq. mt. or sq. ft. of plinth area shall be fixed separately for the following categories.

- i. Cellar
- ii. Ground and First Floor
- iii. Second and Third Floor

### **11.6.4. RCC Posh Buildings**

As per the amendments issued to Assessment of Property Tax Rules in G.O.Ms.No.596, M.A, dt.20.11.2006 a building which satisfies the following criteria shall be classified as RCC posh building.

- a) A building which is having superior sanitary and electrical fittings which lead to higher cost of construction.
- b) A building which is having pre-ponderance of marble flooring, teak wood for doors, windows and cup-boards.

**Note:** The difference in MRV per sq. mt. or sq. ft. of plinth area between RCC posh building and RCC ordinary building shall be limited to 20%.

**11.7. Apportionment of Annual Rental Value (ARV) in Municipal Corporations except GHMC:** The ARV is apportioned among the building and site in the following proportion in all Corporations except GHMC. This apportionment is being followed as a general principle in Municipal Corporations over a long time.

- i) Building - 2/3 of ARV
- ii) Site - 1/3 of ARV

**11.8. Apportionment of Annual Rental Value (ARV) in GHMC:** The ARV is apportioned between the building and site in GHMC in the following proportion.

- i) Building - 50% of ARV
- ii) Site - 50% of ARV

**11.9. Allowances for repairs or on any other account**

The following deductions are allowed from the ARV attributable to the building in lieu of all allowances for repairs or on any other account:

<b>Age of the building</b>	<b>Deduction allowed</b>
25 years and below	10% of ARV
Above 25 years and upto 40 years	20% of ARV
Above 40 years	30% of ARV

**11.10. Rebate to owner occupied residential buildings**

A rebate of 40% of the ARV is allowed from ARV attributable to the building in respect of the residential buildings occupied by the owner inclusive of the deduction permissible towards the age of the building.

**11.11. New method of Assessment of Property tax in Municipal Corporations**

Hyderabad Municipal Corporations Act, (HMC Act) 1955 as amended by Act No. 20 of 1989 w.e.f. 1-11-1990, the Hyderabad Municipal Corporations (Assessment of Property Tax) Rules, 1990 as amended by G.O. Ms. No. 596 MA dated 20-11-2006 provide a detailed new method for assessment of Property tax in the Municipal Corporations or preparation of a new assessment book or whenever general revision of assessment books has been taken up from time to time.

The Supreme Court of India in its judgment dated 2-5-2001 in Civil Appeal No. 4052 of 1996 in respect of assessment of property tax has observed, among others, as follows:

“It is our view that the Act and the Rules provide a complete code for assessment of the property tax to be levied for the buildings and lands within the municipal corporation”.

#### **11.12. Stages in New Method of Assessment of property tax**

- i. Division of Municipal Corporation into zones
- ii. Classification of Buildings based on type of construction into 6 categories
- iii. After classification of buildings based on their type of construction, they will be further classified based on the nature of usage into 6 or more categories
- iv. Sample survey of prevailing rental values of 20 percent of rented buildings for fixation of Monthly Rental Value (MRV) per sq.mt. / sq. ft. of plinth area for various categories of buildings in each zone construction-wise and nature of usage-wise
- v. Preparation of draft notification in Form – A
- vi. Consultation with State Property Tax Board
- vii. Consideration of views if any received from State Property Tax Board
- viii. Publication of draft notification in Form-A showing MRV per sq.mt. / sq. ft. of plinth area for various categories of the buildings in all zones and calling for objections and suggestions from the public
- ix. Consultation with elected representatives
- x. Consideration of the objections and suggestions received from the public and elected representatives
- xi. Publication of final notification showing monthly rent fixed per sq.mt. / sq. ft. of plinth area in Form – A
- xii. Preparation of property tax assessment list of buildings in Municipal Corporation in Form – B
- xiii. Preparation of Special Notices
- xiv. Issue of Public Notice under Section 226-A (2) of the HMC Act, 1955 as amended by Act No. 15 of 2013 w.e.f. 5-8-2013
- xv. Service of Special Notices
- xvi. Receipt of compliant petitions
- xvii. Disposal of complaint petitions

#### **11.13. Division of Municipal Corporation into Zones**

**11.13.1.** The first step in the levy or revision of property tax is to divide the Municipal Corporation into convenient territorial zones for the purpose of fixation



of monthly rental value per sq.mt. / sq. ft. of plinth area. A team may be constituted with the following Officers to submit proposals for division of Municipal Corporation into territorial zones for the purpose of fixation of monthly rental values for various categories of buildings.

- i. Deputy Commissioner
- ii. Executive Engineer
- iii. Assistant City Planner

**11.13.2.** The following factors shall be kept in view for division of the Municipal Corporation into territorial zones for fixation of monthly rental values and levy or revision of property tax thereon.

- i. Availability of civic amenities like Water supply, Drainage, Roads, Street lighting.
- ii. Proximity to Educational and Medical Institutions
- iii. Proximity to Markets and Shopping Centres
- iv. Proximity to Parks and Play Grounds
- v. Proximity to Banks, Postal Services and Public Offices
- vi. Proximity to Factories and Industrial Areas, and
- vii. Such other relevant factors

**11.13.3.** As the rents fetched for buildings on the main roads vary from the rents fetched on internal roads, lanes and by-lanes in a zone, sub-categorization of locations in zones may be provided by the Commissioner wherever necessary for fixation of separate rents for such buildings as shown hereunder:

- i. Buildings abutting main roads.
- ii. Buildings abutting internal roads.
- iii. Buildings abutting lanes and by-lanes.

**11.13.4.** Natural boundaries shall be followed while dividing the Municipal Corporation into territorial zones. Geographical contiguity shall be maintained in the division of Municipal Corporation into territorial zones.

**11.13.5.** The team referred in para 11.13.1 shall submit proposals for division of Municipal Corporation into zones and sub-zones along with draft notification in Form - A containing localities and areas together with door nos. included in each zone and sub-zone to the Commissioner for approval. Further, a town map dividing the Municipal Corporation into zones shall also be submitted with the proposals.

#### **11.14. Classification of buildings**

After division of Municipal Corporation into territorial zones, the buildings situated in each zone shall be classified, based on the nature of construction into the following categories

- i. RCC Posh buildings: RCC buildings with teak wood for doors, windows and cupboards, marble flooring and superior sanitary fittings, electrical fittings and attached bathrooms, which increase the cost of construction
- ii. RCC Ordinary buildings: RCC buildings with ordinary type of wood, flooring and sanitary fittings
- iii. Madras Terraced or Jack Arch roofed or stone slabed or slate roofed buildings
- iv. Mangalore tiles roofed or asbestos roofed or G.I. roofed buildings
- v. Country tiled buildings
- vi. Huts
- vii. Any other building not covered above

#### **11.15. Classification of building based on nature of usage**

After classification of buildings based on their type of construction, they shall be further classified into the following categories mentioned in Rule 6 of the Rules based on the nature of usage

- i. Residential
- ii. Shops and shopping complexes
- iii. Public use, i.e., office complexes, Public and Private offices, Hospitals and Nursing Homes, Banks, Educational Institutions
- iv. Commercial purposes, i.e. Hotels, Lodges, Restaurants, Godowns and other business Establishments
- v. Industrial purposes, i.e., Factories Mills, Workshops and other Industries
- vi. Cinema theatres or Places of Public Entertainment;

The Commissioner may add any other use, not specified above depending upon local circumstances and situation as found necessary and incorporate the same in Form 'A' suitably.

For example, separate usage may be provided depending on local circumstances for the following categories:

- i. ATMs
- ii. Clinics, dispensaries and diagnostic centres

- iii. Star hotels
- iv. Bar and restaurants
- v. Petrol bunks
- vi. Cellular towers
- vii. Multiplex and similar theatres
- viii. A/c Marriage halls and function halls
- ix. Non-A/c Marriage halls and function halls

**11.16. Sample survey of Data relating to prevailing rental values of 20% of rented buildings of all categories**

**11.16.1.** After finalization of the division of Municipal Corporation into taxation zones and sub-zones, a survey has to be conducted to gather information relating to the prevailing rental values of 20% of rented buildings of various categories as per nature of construction and nature of usage in each taxation zone and sub-zone in the format prescribed in Form – D appended to the Rules.

**11.16.2.** All buildings will be classified into 6 categories based on the nature of construction. Further, buildings will be classified into 6 categories or more based on nature of usage. Thus, there would be 36 categories of buildings or more in each zone. There is a further possibility of more categories of buildings if new usages of buildings are added by the Commissioner.

**11.16.3.** Hence, information has to be gathered for 36 categories (or more) of buildings in each zone to a tune of 20% of rented buildings. This information is vital for fixation of MRV per sq.mt. / sq. ft. of plinth area in each zone. Hence information has to be gathered in a true and diligent manner by contacting the tenants of 20% of rented buildings.

**11.16.4. Method of conducting survey**

- i. Bill Collectors and Revenue Inspectors have to be entrusted with the task of conducting survey of gathering prevailing rental values of 20% of rented buildings of various categories.
- ii. As a first step, the Bill Collectors / Revenue Inspectors shall introduce themselves to the tenants of buildings and explain the purpose of their visit as mentioned hereunder.
- iii. “\_\_\_\_\_ Municipal Corporation has initiated the process of revision of property tax to come into force from \_\_\_\_\_(date to be specified). For this purpose a sample survey is conducted to gather

information relating to prevailing rental values of 20% of rented buildings as per nature of construction and usage. Your cooperation is solicited to furnish the required information for the survey”.

- iv. As a second step, a leaflet (in English and Telugu) has to be handed over to the tenant of the building about the purpose of the survey. A leaf-let is prepared explaining the levy of property tax and the purpose of survey as shown in Annexure - VI.
- v. As a third step, the Bill Collectors / Revenue Inspectors shall take measurements (outer) of length and breadth of the building for arriving at plinth area. Further they shall gather the information relating to prevailing rental value of the building for which plinth area has been measured.
- vi. As a fourth step, they shall gather information relating to plinth area and prevailing rental values of various categories of 20% of rented buildings in a zone and sub-zone as per nature of construction and as per usage to the extent of their availability in the zone and sub-zone allotted to them.

#### 11.16.5. Method of Filling up survey Format

The method of filling up various columns in Form – D appended to the Rules i.e. survey format is detailed hereunder

Col. No.	Item	Method of filling up the column
	Property Tax Zone No: Sub-Zone No:	As per information given in draft notification in Form A
	Nature of Construction	This information will be filled after inspection
	Type of Usage	This information will be filled after inspection
1	Sl. No.	
2	Door No.	This column will be filled as per existing municipal records
3	Property Tax per annum	This column will be filled as per existing municipal records
4	Gross MRV	This column will be filled as per existing municipal records
5	Name of the Tenant	This column has to be filled up after conducting proper enquiry
6	Cellar/ Ground Floor/ 1 <sup>st</sup> Floor/ Other Floors	After inspection of the building, this column has to be filled up
7	Plinth Area	Plinth area means: “Area arrived at by multiplying the length of the building with

Col. No.	Item	Method of filling up the column
		<p>breadth as measured outside the basement level” as per Rule 2 (iv) of Assessment of Taxes Rules, 1990</p> <p>Plinth area of a building includes plinth area of cellars, ground floor and all other floors above the ground floor of the building. Open balconies, open staircases, open porticos without support are not to be included in plinth area.</p> <p>Plinth area has to be taken separately in the following cases:</p> <ol style="list-style-type: none"> <li>1. if the type of construction is more than one category</li> <li>2. if the building is put to different uses</li> <li>3. If the building is constructed in different years</li> <li>4. In respect of multistoried buildings, plinth area has to be taken floor-wise</li> </ol>
8.	Prevailing MRV	After inspection of the building, the column has to be filled up after ascertaining rent paid from the tenant. If the tenant do not disclose the rent, prevailing rental value need be noted
9.	Remarks	Any other relevant information may be noted here

#### 11.16.6. Test Checking

Revenue Officer / Deputy Commissioner / Commissioner shall take all steps to ensure that survey is conducted in a proper manner and information is gathered in a true and diligent manner as this information is vital for fixation of MRV per sq.mt. / sq. ft. of plinth area. In addition, they shall conduct a test check of 10% of the buildings surveyed and record their findings thereon in the survey format.

#### 11.16.7. Method of arriving at rental data

After completion of survey, plinth area for buildings of same construction and same usage (category-wise) shall be got totaled for each zone and sub-zone. Similarly, the prevailing monthly rent of these buildings also shall be totaled. The monthly rent per sq.mt. / sq. ft. of plinth area for buildings of same construction and same usage shall be arrived by dividing total monthly rent by

total plinth area. Thus monthly rent per sq.mt. / sq. ft. of plinth area for all categories of buildings construction-wise and usage-wise shall be arrived for each zone and sub-zone.

#### **11.17. Preparation of draft notification in Form – A**

After completion of the above exercise, the Commissioner shall propose the monthly rent for all categories of buildings in all zones and sub-zones based on the type of construction and nature of use in Form - A appended to Assessment of Property Tax Rules. The Commissioner shall prepare a draft notification in Form - A containing division of Municipal Corporation into zones and sub-zones and localities / areas included in each zone and sub-zone with particulars of Door. Nos. and showing monthly rent proposed for sq.mt. / sq. ft. of plinth area for all categories of buildings based on type of construction and nature of use in all zones and sub-zones.

#### **11.18. Consultation with A.P. State Property Tax Board**

**11.18.1.** In G.O. Ms. No. 107 dated 26-3-2010 orders were issued constituting Andhra Pradesh State Property Tax Board (hereinafter called Board) with immediate effect to provide assistance and technical guidance to all Municipalities and Municipal Corporations in the State for proper assessment and revision of property tax. Further, in Memo No. 23510/TC.1/2010-1 dated 26-3-2011 Government have issued orders stating that Commissioner & Director of Municipal Administration (C&DMA) is appointed to discharge the functions of the Chairman, Andhra Pradesh State Property Tax Board till a regular Chairman is appointed.

**11.18.2.** Municipal Laws in A.P. have been amended by Act No. 6 of 2012 providing for constitution of A.P. State Property Tax Board, composition of the Board, qualifications for the Chairperson and members, staff of the Board, functions of the Board, powers of the Board and other matters. Section 85-I (1) (ii) of Andhra Pradesh Municipalities Act, 1965 as amended by Act No. 6 of 2012 provides as follows:

“the Municipal Commissioner shall consult the Board before issue of draft notification fixing monthly rent proposed per square meter of plinth area for assessment or revision of property tax. The Board shall study the draft notification and make a comparative study of the monthly rental values proposed by other Municipalities in the District in this regard and offer its views in the matter. The Municipal Commissioner shall give due consideration to the views offered by the Board before adopting final notification showing monthly rent per sq. mt. or sq. ft. of plinth area as prescribed”.

**11.18.3.** As per Section 197-A of GHMC Act, 1955 as amended by Act No. 6 of 2012 the provisions relating to State Property Tax Board constituted under sub-section (1) of Section 85 of A.P. Municipalities Act, 1965 shall *mutatis mutandis* applicable to GHMC and other Corporations. Act No. 6 of 2012 has come into force from 12-10-2012 as per notification issued in G.O. Ms. No. 387 dated 10-10-2012 of MA & UD Department.

**11.18.4.** The Municipal Commissioner shall consult the Board before issue of draft notification in Form – A by sending a copy of draft notification to the Board and seek their views in the matter. The Municipal Commissioner shall give due consideration to the views offered by the Board before issue of draft notification in Form – A.

**11.19. Publication of draft notification in Form – A**

After receipt of the views of the Board on the draft notification, the Commissioner shall give due consideration to the views of the Board and finalize the draft notification in Form – A. After finalization of draft notification by the Commissioner, a gist of notification shall be published in a local newspaper having circulation in the District and complete draft notification shall be published in the District Gazette calling for objections or suggestions from the public on the said notification, regarding division of Municipal Corporation into zones and sub-zones and the monthly rents proposed per sq.mt. / sq. ft. of plinth area for various categories of buildings so as to reach the Commissioner within 15 days from the date of publication of the notification in the District Gazette.

The Commissioner has to make available copies of the District gazette containing draft notification to the public at the main office of the Corporation, Circle offices, E-Seva centres on payment of reasonable cost from the date of publication of gist of the draft notification in the newspaper.

**11.20. Consultation with Elected Representatives**

After expiry of 15 days from the publication of the draft notification in the District Gazette, the objections and suggestions received from the public shall be tabulated by the Commissioner. Further, the Commissioner has to hold an informal meeting with the Mayor and Members of the Corporation including ex-officio Members and Co-option Members requesting their suggestions on the draft notification duly furnishing the suggestions received from the public on the draft notification.

**11.21. Consideration of objections and suggestions**

After completion of the above exercise, the Commissioner shall consider the objections and suggestions received in response to the said notification and the suggestions received in the informal meeting with the elected

representatives and record his decision on the said suggestions on the tabulated statement prepared earlier. Further the Commissioner shall give due consideration to the views offered by the Board before finalizing the final notification. Thereupon, the Commissioner may revise the zones and the monthly rental values provisionally fixed for various categories of buildings wherever found necessary.

#### **11.22. Preparation and publication of final notification in Form A**

Thereupon, the Commissioner shall prepare a final notification showing the monthly rents fixed for sq. mt. or sq. ft. of plinth area in Form – A appended to Assessment of Property Tax Rules, 1990 and publish it in the District Gazette and the gist of final notification in the local Newspaper having circulation in the District for information of the public. This notification shows the division of Municipal Corporation into zones and sub-zones with the localities included in each zone and sub-zone with door nos. and monthly rents fixed for each category of building based on construction and usage for all the zones. This notification will be in force till a fresh notification is issued at the time of general revision of property tax.

The Commissioner has to make available copies of the District gazette containing final notification to the public at the main office of the Corporation, Circle offices, E- Seva centres on payment of reasonable cost from the date of publication of gist of the final notification in the newspaper.

#### **11.23. Property Tax Assessment Return**

As per section 213 of HMC Act, the Commissioner is competent to call for information relevant for assessment of property tax from the owner or occupier of buildings. Hence, the Commissioner may call for a property tax return from owners of buildings as per the proforma prescribed in Citizen Charter guidelines issued in the year 2001 to save time in preparation of assessment list of buildings in Form – B for revision of property tax.

#### **11.24. Preparation of Property Tax Assessment List of Buildings in Form B**

**11.24.1.** After publication of Form A notification showing monthly rent fixed per sq.mt. / sq. ft. of plinth area for buildings zone-wise, construction-wise and usage-wise, the Commissioner shall take action to prepare Property Tax Assessment list of Buildings in Form B. He shall constitute teams with the following officers to the extent necessary for preparation of assessment list of buildings in Form B.

- i. Revenue Inspectors



- ii. Assistant Engineers
- iii. Town Planning Supervisors
- iv. Town Planning Building Overseers
- v. Senior Assistants
- vi. Any other suitable staff

The teams shall inspect the buildings with the assistance of the Bill Collector concerned and fill up the columns in property tax assessment list of buildings in Form-B except columns 27 and 28 which shall be filled by the Commissioner.

#### 11.24.2. Property Tax Assessment list of Buildings (Form B)

Property Tax Assessment list of Buildings is the basis for assessment or revision of Property Tax on Buildings. Hence proper filling up of various columns is of utmost importance in the assessment of property tax. The method of filling up various columns is provided hereunder:

Col. No.	Item	Method of filling up the Column
1	Door No.	This column will be filled up from the existing Property Tax Demand Register
2	Name and address of the owner	-do-
3	No. in the Assessment Register	-do-
4	ARV of the Building	-do-
5	ARV of the site	-do-
6	Total property tax	-do-
7	Library Cess	-do-
8	Zone no.	This column will be filled up Form - A notification showing monthly rent fixed per sq.mt. / sq. ft of plinth area.
9	Name of the locality	-do-
10	Year of completion and age of the building	Information shall be ascertained orally from the owner of the building. In case of doubt, owner may be asked to produce evidence
	Description of each storey of the building.	
11	Nature and type of roofing	After inspection of the building, this column has to be filled up. If there are different roofings, they have to be recorded separately
12	Nature and type of flooring	-do-
13	Nature and type of wood	-do-
14	Nature and type of walls	-do-
	Amenities provided in the	

Col. No.	Item	Method of filling up the Column
	building	
15	Electricity	-do-
16	Water tap/well	-do-
17	Whether connected with Municipal Drainage	-do-
18	Attached bathroom	-do-
19	Total adjacent premises in sq.mts.	First, total area of the site including building shall be measured. Plinth area of ground floor shall be deducted from the total area of the site to get extent of adjacent premises
20	Area of appurtenant land allowed under section 212 of HMC Act	Three times plinth area of the building including built up area shall be allowed as area of appurtenant land. If plinth area of ground floor is 100 sq. mt., adjacent premises allowed would be 300 sq. mt.
21	Area to be taxed under VLT with assessment no.	As per section 212 (2) of GHMC Act, 1955 vacant land not exceeding three times plinth area of building including its site or vacant land to the extent of 1,000 sq. mts. whichever is less shall be deemed to be adjacent premises occupied as an appurtenant to the building and assessed to tax as per section 212 (1) of GHMC Act, 1955.  If appurtenant land is more than three times the plinth area of the building including its built up site, then the excess land will be treated as vacant land and taxed separately.
22	Name and occupation of the occupant (owner or tenant)	This column has to be filled after conducting proper enquiry. In case of doubt, the occupant may be asked to produce evidence like Ration Card, Bank Pass Book, Pass Port, Voter Photo Identity Card etc.
23	Type of construction	After inspection of the building, this column has to be filled .
24	Plinth area of building per each type of construction in sq.mt. / sq.ft.	Plinth area has to be taken separately in the following cases. i) if the nature of construction is more than one type ii) if the building is constructed in different years iii) if the building is partly owner occupied

Col. No.	Item	Method of filling up the Column
		and partly let out iv) if the building is put to different uses, i.e. Residential, Office, Shop etc.
25	Nature of use of the building	After inspection of the building, this column has to be filled. If the building is put to more than one use, plinth area has to be taken separately for each use
26	Monthly rent notified per sq. mt. or sq. ft. of plinth area	This column has to be filled up as per the notification in Form A
27	Monthly Rental Value fixed	Plinth area has to be multiplied with MRV notified per sq. mt. or sq. ft.
28	Reasons for increase / decrease	Self contained reasons shall be recorded for increase/decrease of property tax
29	Assessment no. allotted in the new register	Assessment nos. will be allotted ward-wise. For example, if there are 2600 buildings in ward no.1, assessment nos. will be allotted upto 2600 and 400 assessment nos. will be reserved for new assessments. Assessment no. of ward no. 2 starts from 3001
30	Gross ARV of the building	Monthly Rental Value between building and land will be apportioned in the ratio of 2:1. For example, if the MRV of the property is Rs.3,000/-, MRV of Building would be Rs.2,000/- and that of land be Rs.1,000/-. In the case of GHMC in the similar example, it would be Rs.1,500/- for building and Rs.1,500/- for land Multiply MRV of building with 12 to arrive ARV
31	Age of the building	This will be filled up from column (10)
32	Allowances for repairs / depreciation	Allowances have to be given based on age of the building and nature of occupation, i.e. owner occupied or rented
33	Annual Rental Value of the building (ARV)	Column (30) minus column (32)
34	Annual Rental Value of the premises	One-third of the total Annual Rental Value of the property. In the case of GHMC, it is 50% of total ARV of the property
35	Total Annual Rental Value	Col. (33) plus col. (34)
	Revised assessment as fixed by the Commissioner	

Col. No.	Item	Method of filling up the Column
36	General Tax	Municipal Corporations have notified rate of property tax separately for residential buildings and Non-residential buildings
37	Conservancy Tax	
38	Lighting Tax	
39	Drainage Tax	
40	Total Property Tax	
41	Library Cess	Library Cess is levied at 8% of property tax
42	Total property tax and library cess	Col. (40) plus col. (41)
43	Initials of Commissioner	This has to be filled by the Commissioner
44	No. of special notice	Every special notice is given a no. This no. has to be noted
45	Date of service of special notice	This is important. Date of service of special notice has to be noted. This date is required to determine whether Complaint Petition is received within the time
46	Date of receipt of Complaint Petition (CP)	Complaint petitions will be considered if they reach Municipal Office within 15 days from the date of service of special notice
47	No. of Complaint Petition	All C.P.s shall be numbered consecutively
48	Orders of the Commissioner	Self-contained orders have to be passed by the Commissioner after disposal of C.P. Orders in brief have to be recorded in this column
	Assessment fixed on Complaint Petition	
49	General Tax	These columns have to be filled as in the case of cols. (36) to (40)
50	Conservancy tax	
51	Lighting Tax	
52	Drainage Tax	
53	Total property tax	
54	Library Cess	These col. have to be filled as in the case of cols. (41) and (42)
55	Total property tax and library cess	
56.	Initials of Commissioner	This has to be filled by the Commissioner

### 11.24.3. Test Check of Property Taxes Assessment List of Buildings

The following officers have to test check the preparation of Assessment List of Buildings to a tune of 10% of the assessments allotted to them.

- i. Commissioner

- ii. Deputy Commissioner
- iii. Revenue Officer
- iv. Assistant City Planner
- v. Deputy Executive Engineer
- vi. Executive Engineer

#### **11.24.4. Calculation of Property Tax**

As soon as information is gathered in Property tax Assessment List of Buildings in one book, the Commissioner shall fill up the columns 27 and 28 in the said list duly fixing monthly rental value and record reasons for revision of Property Tax for each assessment. Self contained reasons shall be recorded for revision / assessment of property tax. As soon as columns 27 and 28 are filled - in one book, the concerned assistants in revenue section shall calculate the property tax. This work relating to fixation of MRV and recording reasons and calculation of property tax shall be taken up as soon as information is gathered in one assessment book without waiting for completion of the entire work in all assessment books.

#### **11.24.5. Approved Assessment List**

The Commissioner shall sign the assessment list for each ward as soon as it is completed and shall then certify the correctness of the total amount of the assessment or revised assessment for such ward.

#### **11.25. Preparation of Special Notice**

As soon as assessment is fixed by the Commissioner in the assessment list, a special notice of property tax for levy or revision of property tax shall be prepared in the format prescribed in the Rules duly filling all columns in the special notice.

#### **11.26. Contents of special notice**

It is noticed that format of special notice is not prescribed in the Rules. As such, the format prescribed for Municipalities (Form D) may be adopted. The special notice shall provide complete information to the owner of the building to enable him to understand how the MRV is fixed. Further it enables the owner to file a complaint petition if he notices any discrepancy in the information furnished in col.no. 8 of Form D i.e. (a) Nature of construction, (b) Plinth area (c) Nature of usage.

#### **11.27. Issuance of public notice**

As per Section 226-A (2) inserted by Act No. 15 of 2013, whenever preparation of new assessment book has been completed, the Commissioner shall give a public notice indicating the places where the new assessment books may be inspected and also stating that complaint petitions, if any, will be

considered if they reach Municipal Corporation office within fifteen days from the date of publication of such notice. Such notice shall be published in the District Gazette and in the local daily news paper and also by posting play cards in conspicuous places throughout the Corporation.

#### **11.28. Date of coming into force of the property tax**

As per Section 226-A (3) of GHMC Act, 1955 the new assessment book shall be deemed to have taken effect on the first day of the half-year following that in which the public notice is published or in case where a special notice is to be served on the owner of the property on the first day of the half year following that in which such special notice is served on the owner of the property.

#### **11.29. Service of special notice**

In every case where property tax is levied for the first time or where there is increase or revision in property tax of any premises, the Commissioner shall arrange for service of special notice to the owner or occupier of the said premises informing that any complaint petition against the same will be received in his office at any time within the fifteen days from the service of special notice.

#### **11.30. Method of Service of Special Notice**

##### **11.30.1. As per Section 630 of HMC Act service of the notice may be effected.—**

- i. By giving to the owner of the building duly obtaining acknowledgement on the office copy of the special notice with the date.
- ii. Whenever the owner is not found in the building by giving the notice to some adult member or servant of his family. In these cases, the name of the person on whom notice is served shall be got written in capital letters underneath the signature duly noting down the relationship of the recipient to the owner of the building. Date of service shall always be noted in the office copy of the special notice.
- iii. If the owner does not reside in Municipal Corporation and his address elsewhere is known to the Commissioner by sending the same to him by registered post.
- iv. If none of the means aforesaid is available, by fixing the same in some conspicuous part of such place of abode or business.

#### **11.31. Filing of Complaint Petitions**

The owners of the properties are entitled to file complaint petitions in Municipal Corporation office within the fifteen days from the date of service of special notice.

### **11.31.1 . Register of Complaint Petitions**

- i. As soon as a complaint petition is received in Municipal Corporation from a tax payer against the property tax assessment fixed by the Commissioner, the complaint petition shall be entered in a Register of Complaint Petitions. A serial number shall be given to each complaint petition and all columns in the register shall be filled up.
- ii. A docket sheet shall be prepared for every complaint petition with the following information.

- i. Serial No. -
- ii. Name of the owner -
- iii. Door No. -
- iv. Locality -
- v. Zone No. -
- vi. Type of construction -
- vii. Nature of usage -
- viii. Plinth area in sq. mts. -
- ix. Monthly rental value fixed per sq. mt. or sq. ft. of plinth area as per Form A notification -
- x. Monthly rental value fixed on the property -
- xi. Half-yearly property tax -
- xii. Date of service of special notice -
- xiii. Date of receipt of complaint petition -
- xiv. Whether the complaint petition has been received within 15 days from the date of service of special notice -
- xv. Date of hearing -
- xvi. Orders of the Commissioner in brief -
- xvii. Property tax fixed after disposal of complaint petition -
- xviii. Initials of the Commissioner -

### **11.32. Disposal of Complaint Petitions**

#### **11.32.1. Hearing of the Complaint Petition**

The Commissioner shall give an opportunity to the petitioner to appear either in person or by an authorized agent to represent his case in respect of complaint petition at the Municipal Corporation office. For this purpose, hearing

notice shall be served on the petitioner informing the date and time of hearing. A reasonable time of one week to ten days shall be given to the petitioner in the hearing notice to appear in the municipal office. At the time of hearing, the Commissioner shall record the statement of the petitioner regarding the submissions made by him for reduction of property tax. After recording the statement of the petitioner by the Commissioner, signature of the petitioner shall be obtained on the statement.

### **11.32.2. Orders of the Commissioner on the Complaint Petition**

After completing the hearing of the complaint petition, the Commissioner has to pass a speaking order. In simple terms, a speaking order is an order that speaks for itself. The order should contain all the details of the issue, pleadings of the petitioner, clear findings of the competent authority on the issue and should appear as a reasoned order.

**The speaking order, among others, may be passed in the following manner:**

- i. Details of the building on which property tax is levied
- ii. Grounds stated by the petitioner in the complaint petition for reduction of property tax
- iii. Submissions made by the petitioner at the time of hearing as recorded in the statement of the petitioner
- iv. Detailed reasons for confirmation or reduction property tax
- v. Direction to the petitioner to pay the property tax fixed on the complaint petition within 15 days from the date of receipt of orders from the Commissioner
- vi. After disposal of the complaint petition, necessary entries shall be made in the Register of Complaint Petitions
- vii. While detailed orders are recorded in the docket sheet of CP, brief orders may be recorded in the Register of CP and in the Property Tax Assessment List
- viii. The tax after disposal of compliant petition has to be entered in the Demand Register

### **11.32.3. Model speaking order**

A model speaking order on disposal of Revision Petition for conformation / reduction of property tax in Municipalities is attached in Annexure – IV for guidance. It may be adopted with suitable modifications in Municipal Corporations.



### **11.33. Appeals against valuation**

As per Section 282 of GHMC Act, 1955 Appeals against annual rental value or tax fixed by the Commissioner shall be filed in the court of the Judge. No appeals shall be heard or disposed unless the following is fulfilled.

- i. Appeal shall be filed within fifteen days from the date of receipt of orders from the Commission on the complaint petition
- ii. Property tax claimed from the appellant has been deposited by him with the Commissioner

### **11.34. Levy of Property Tax on Lands in Municipal Corporations**

**11.34 .1.** As per Section 199 (3) of GHMC Act, 1955 as amended by Act. No. 15 of 2013 w.e.f. 5-8-2013 “the Corporation shall in the case of lands which are not used exclusively for agricultural purposes and are not occupied by, or adjacent and appurtenant to building, levy the taxes specified in sub-section (1), at half percent (0.50 percent) of the estimated capital value of the lands, which shall be determined in such manner as may be prescribed”. Thus, property tax can be levied on vacant lands in Municipal Corporations.

**11.34.2.** Further, Section 212(2) of the GHMC Act, 1955 stipulates that any vacant land not exceeding three times the plinth area of a building including its site or a vacant land to the extent of 1000 sq. mts. whichever is less shall be deemed as adjacent premises to the building and assessed to tax as per Section 212 of the Act and the area, in excess of the said limit shall be deemed to be land not appurtenant to such building and tax shall be levied thereon at 0.50 percent of the estimated capital value of the land.

### **11.34.3. Basis for levy of Vacant Land Tax**

Rule 8 of HMC Assessment of Property Tax Rules, 1990 stipulates that for the purpose of assessing the vacant land, the estimated capital value of the land shall be the market value fixed by the Registration Department for the purpose of the Registration.

### **11.34.4. Rate of Vacant Land Tax**

Vacant land tax shall be levied at the rate of 0.50 percent of the estimated capital value of the land.

### **11.34.5. Method of assessment of property tax on lands**

The property tax assessment list of lands shall be prepared in Form-C. The procedure prescribed for preparation of assessment list of buildings in Form-B, preparation and service of special notices, receipt and disposal of complaint petitions as in the case of levy of property tax on buildings shall be followed in the case of lands also.

### **11.35. Monthly revision lists:**

**11.35.1.** As per Section 225 of GHMC Act, 1955 the Commissioner may amend the assessment books at any time in the following cases:

- i. By increasing or reducing the amount of any annual rental value and of the assessment based thereupon.
- ii. By altering the assessment of any building which has been erroneously assessed through fraud or mistake.
- iii. By inserting or altering any entry in respect of any building erected, re-erected, altered, added to or reconstructed after preparation of the assessment book.

**11.35.2.** Whenever any amendment is made to impose the property tax for the first time or such amendment has the effect of increasing the property tax, a special notice shall be served on the owner or occupier of the property. Every such amendment shall come into force from the earliest day in the current financial year when the circumstances justifying the amendment existed. Further, intimation has to be given in the special notice informing that complaint petition will be received in the Municipal Corporation office within fifteen days from the service of the special notice.

**11.35.3.** Bill Collectors, Revenue Inspectors or other outdoor officers, specially identified for the purpose have to submit for their respective wards monthly revision list which shall contain particulars of all buildings namely:

- i. the construction, reconstruction, or enlargement of which is completed during the month
- ii. newly occupied during the month together with the names of the owners of such buildings and the dates of such completion or the new occupation as the case may be
- iii. whenever there is a change in the occupation of the building, i.e. from owner occupied to rented and vice versa, and
- iv. whenever there is a change in the usage of the building

Monthly list shall be submitted by 10<sup>th</sup> of every month in respect of all buildings liable for levy or revision of property tax during the preceding month.

### **11.36. Assessment of property tax in respect of buildings included in the monthly revision lists**

- i. Annual rental value in respect of the buildings included in the monthly revision lists shall be arrived at based on the monthly rent fixed for sq. mt. or sq. ft. of plinth area as stated in the notification in Form A which was

issued earlier and in force. Later on, the property tax payable shall be arrived at as per the new method of assessment of property tax.

- ii. Further, the procedure detailed for new method of assessment of property tax in respect of service of special notice, receipt and disposal of complaint petitions and filing of appeal shall be followed in respect of these buildings also.

## **Chapter 12 - Levy of Property Tax on unauthorized constructions with penalty in GHMC and other Municipal Corporations**

**12.1.** Section 220 of Hyderabad Municipal Corporations Act, 1955 was amended by Act 3 of 1994 w.e.f. 1-3-1994 adding clause -3 and stipulating that where a building is constructed or reconstructed, or structures are raised unauthorizedly, it shall be competent to the assessing authority to levy property tax on such building or structure with a penalty of ten percent on the amount of the tax levied till such unauthorized construction is demolished or regularized.

**12.2.** Later on, sub-section (3) of Section 220 of HMC Act, 1955 was amended by Act No. 9 of 2008 w.e.f. 15-12-2007 enhancing penalty on unauthorized construction from ten percent to twenty five percent of property tax.

**12.3.** Further, GHMC Act was amended by Act No.15 of 2013 w.e.f. 5-8-2013 omitting sub-section (3) of Section 220 of the Act and adding new Section 220-A. Section 220-A of GHMC Act, 1955 as inserted by Act No.15 of 2013 stipulates that where a building is constructed or reconstructed, or some structures are raised unauthorizedly, it shall be competent to the assessing authority to levy property tax on such building or structure with a penalty as specified hereunder till such unauthorized construction is demolished or regularized:

- |  |   |  |
|--|---|--|
| (a) Upto ten percent violation of permissible setbacks only in respect of floors permitted in a sanctioned plan      | : | Twenty five percent of property tax as penalty |
| (b) More than ten percent violation of permissible setbacks only in respect of floors permitted in a sanctioned plan | : | Fifty percent of property tax as penalty       |
| (c) Unauthorized floors over the permitted floors in a sanctioned plan   | : | Hundred percent of property tax as penalty     |
| (d) Total unauthorized construction  | : | Hundred percent of property tax as penalty     |

**12.4.** It is further provided in Section 220-A of GHMC Act, 1955 that such levy and collection of penalty shall not be construed as regularization of such unauthorized construction or reconstruction.

## **Chapter 13 - Levy of Property Tax on Lands in GHMC and other Municipal Corporations**

**13.1.** As per Section 199 (3) of GHMC Act, 1955 as amended by Act. No.15 of 2013 w.e.f. 5-8-2013 “the Corporation shall in the case of lands which are not used exclusively for agricultural purposes and are not occupied by, or adjacent and appurtenant to building, levy the taxes specified in sub-section (1), at half percent (0.50 percent) of the estimated capital value of the lands, which shall be determined in such manner as may be prescribed”. Thus, property tax can be levied on vacant lands in GHMC and other Municipal Corporations.

**13.2.** Further, Section 212(2) of the GHMC Act, 1955 stipulates that any vacant land not exceeding three times the plinth area of a building or a vacant land to the extent of 1000 sq. mts. whichever is less shall be deemed as adjacent premises to the building and assessed to tax as per Section 212 of the Act and the area, if any, in excess of the said limit shall be deemed to be land not appurtenant to such building and the tax shall be levied thereon at 0.50% of the estimated capital value of the land.

### **13.3. Basis for levy of Vacant Land Tax**

Rule 8 of HMC Assessment of Property Tax Rules, 1990 stipulates that for the purpose of assessing the vacant land, the estimated capital value of the land shall be the market value fixed by the Registration Department for the purpose of the Registration.

### **13.4. Rate of Vacant Land Tax**

Vacant land tax shall be levied at the rate of 0.50% of the estimated capital value of the land.

### **13.5. Date of coming into force of the tax**

As per Section 220 (2) of GHMC Act, 1955, whenever property tax is levied for the first time or whenever the property tax is increased, a special notice shall be served on the owner or occupier of the property. As per Section 225 (2) and (3), the property tax shall come into effect from the first day of the financial year in which the special notice is served on the owner or occupier of the property.

### **13.6. Correction of assessment records with retrospective effect**

As per Section 225 (3) of GHMC Act, 1955 as amended by Act. No.15 of 2013 w.e.f. 5-8-2013, if at any time, it appears to the Commissioner that any person or property has been inadvertently omitted from the assessment records or inadequately or improperly assessed relating to any tax, or a clerical or arithmetical error is committed in the records maintained in relation to such assessment, he may assess or reassess or correct such errors with retrospective effect upto five half-years immediately preceding the current half-year. Thus, the

Commissioner is competent to levy property tax on vacant lands with retrospective effect upto five half-years preceding the current half-year.

## Chapter 14 - Exemption from Payment of Property Tax in GHMC and other Municipal Corporations

### 14.1. Components of property tax in GHMC

Property tax shall be levied on all of buildings and lands in the city subject to exceptions, limitations and conditions provided in the Act as per section 199 of GHMC Act, 1955. Property tax consists of the following components:

- i. a general tax
- ii. a water tax
- iii. a drainage tax
- iv. a lighting tax
- v. a conservancy tax

**14.2.** The property tax shall be levied at such percentage of the annual rental value of the buildings and lands as may be fixed by the Corporation subject to a minimum of 15% and maximum of 30% of the annual rental value.

**14.3.** GHMC has fixed the rate of property tax at a graded basis ranging from 17% to 30% of annual rental value of buildings and lands. In respect of buildings whose annual rental value is above Rs.3,600/- the rates of various components of property tax on annual rental value of buildings in GHMC are as follows:

i. General tax	-	15%
ii. Conservancy tax	-	9%
iii. Lighting tax	-	3%
iv. Drainage tax	-	3%
		-----
Total	-	30%
		-----

### 14.4. Exemption from payment of General Tax

As per Section 202 of GHMC Act, 1955 General tax shall be levied in respect of all buildings and lands in the city except –

- a) buildings and lands solely used for purposes connected with the disposal of the dead;
- b) buildings and lands or portions thereof solely occupied and used for public worship or charitable purpose;
  - bb) educational institutions upto 10<sup>th</sup> class the buildings, of which are donated by charitable institutions or philanthropists, or which are depending on the grant-in-aid by the Government for the maintenance and such other educational institutions which are not running purely on commercial lines, but serving the cause of

primary education which the Government may consider from time to time.

#### **14.5. Exemption of General tax for educational institutions in GHMC**

The full bench of Andhra Pradesh High Court in its judgment dt. 28-12-2006 in W.P. No. 13382 of 2006 & batch in respect of exemption of general tax for Educational Institutions has held that

“Those educational institutions which are imparting education upto 10<sup>th</sup> class and satisfy atleast one condition out of the three conditions mentioned hereafter would qualify for exemption:

- i. that the buildings, of which are donated by charitable institutions or philanthropists
- ii. that educational institutions which are depending on the grant-in-aid by the Government for the maintenance and
- iii. that other educational institutions which are not running purely on commercial lines, but serving the cause of primary education”.

**14.6.** As per section 202 of GHMC Act, 1955 certain categories of premises are eligible for exemption from levy of general tax only i.e. a component of property tax. There is no provision in the Act for exemption of any premises from payment of total property tax except residential buildings occupied by the owner where annual rental value of the same does not exceed Rs.600/-.

#### **14.7. Exemption of property tax**

As per Section 202-A of GHMC Act, 1955 the following categories of buildings are eligible for exemption from payment of property tax.

- i. Residential building occupied by the owner where the annual rental value of the same does not exceed Rs.600/-.
- ii. In respect of every house constructed for the urban poor, the Corporation shall collect an amount of rupees two for every half-year towards the property tax. This concession applies for the houses constructed by Housing Corporations of the Government.

**14.8.** As per section 214 of GHMC Act, 1955 Commissioner is the competent authority to fix property tax on all buildings and lands in the city. Accordingly, Commissioner is the competent authority to grant exemption from levy of general tax as per the provisions of the Act.



## Chapter 15 - Implementation of the New System of Property Tax in GHMC

**15.1.** As per the orders issued in G.O. Ms. No. 635, MA & UD Department (TC) dated 27-8-2007 Greater Hyderabad Municipal Corporation (GHMC) has initiated the process of revision of property tax on non-residential buildings w.e.f. 1-10-2007.

**15.2.** A draft notification was published in Hyderabad District Gazette vide No. 154 dated 26-12-2007 by GHMC dividing the Corporation into taxation zones and proposing monthly rent per sq. ft. of plinth area in respect of non-residential buildings duly calling for objections and suggestions from the public in this matter.

The gist of Draft Notification vide Roc. No. 1479/CT1/CTS/GHMC/2007-08 dated 5-1-2008 was published on 10-1-2008 in the News Papers and objections and suggestions were received from the public. After thorough consideration of objections and suggestions received from the tax payers and various associations, final notification showing the division of GHMC into tax zones and monthly rent per sq. ft. of plinth area for various types of constructions and usages of buildings in respect of non-residential buildings is published in Hyderabad District Gazette vide no. 21 dated 29-1-2008.

### 15.3. Division of Municipal Corporation into Zones

As per the final notification dated 1-2-2008 issued by GHMC showing monthly rent fixed per sq. ft. of plinth area in respect of non-residential buildings, GHMC was divided into the following taxation zones for the assessment of property tax.

Administrative zones	Circle No. (old no.) / Name	No. of Taxation Main zones	No. of Taxation Sub-zones
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
South	I	9	27
	II	7	21
	Rajendranagar	6	18
Central	III	6	18
	IV	6	18
	V	11	33
	VI	3	9
East	Kapra	5	14
	L.B. Nagar & Gaddinannaram	14	42
	Uppal Kalan	3	9
West	Kukatpally	15	45
	Patancheru & Ramachandrapuram	2	6

Administrative zones	Circle No. (old no.) / Name	No. of Taxation Main zones	No. of Taxation Sub-zones
	Serilingampally-I	3	9
	Serilingampally-II	3	9
North	Alwal	4	12
	Malkajgiri	6	18
	Quthbullapur	5	15
	VII	7	21
Total		115	344

**15.4. Maximum monthly rental value fixed per Sq. ft. of plinth area for various non-residential usages in Hyderabad city from 1.10.2007**

- |                             |   |          |
|-----------------------------|---|----------|
| 1. Shops                    | : | Rs.16.00 |
| 2. Shopping Complexes       | : | Rs.20.00 |
| 3. Offices                  | : | Rs.14.40 |
| 4. Banks                    | : | Rs.20.00 |
| 5. ATM                      | : | Rs.70.00 |
| 6. Corporate Hospitals      | : | Rs.12.00 |
| 7. Other Hospitals          | : | Rs.9.50  |
| 8. Educational Institutions | : | Rs.8.00  |
| 9. Gyms                     | : | Rs.13.00 |
| 10. Star Hotels             | : | Rs.20.00 |
| 11. Other Hotels            | : | Rs.11.00 |
| 12. Bars                    | : | Rs.18.00 |
| 13. Godowns                 | : | Rs.10.00 |
| 14. Petrol Bunks            | : | Rs.16.00 |
| 15. Cellular Towers         | : | Rs.50.00 |
| 16. Factories               | : | Rs.10.00 |
| 17. Multiplexes             | : | Rs.20.00 |
| 18. Other Theaters          | : | Rs.10.00 |
| 19. A.C. Marriage Halls     | : | Rs.9.00  |
| 20. Other Marriage Halls    | : | Rs.7.50  |

**15.5.** Thus, new system of property tax was implemented in GHMC in respect of non-residential buildings w.e.f. 1-10-2007 as per the monthly rent per sq. ft. of plinth area notified in Hyderabad District Gazette dated 29-1-2008.

## **Chapter 16 - Impact of the Implementation of New Method of Assessment of Property Tax**

### **16.1. Impact in the year 1993**

The impact due to restructuring of property tax assessment in the year 1993 is more pronounced in five areas as detailed hereunder:

1. Tax Payers Acceptability
2. Transparency
3. Simplicity in Assessment of Tax
4. Buoyancy in Revenue
5. Reduction in Corruption

### **16.2. Tax Payers Acceptability**

The main advantage is the tax payers' acceptability to the area based taxation. In spite of protests from the rate payer's associations, the method, by and large, has become acceptable to the tax payers. Interestingly, the restructured model was upheld by the judiciary as well. The Supreme Court while upholding the New System of Property Tax, concluded that the Act and Rules provide a complete code for assessment of Property Tax to be levied for buildings and lands. At the same time, the Court held that the individual tax payers be given opportunity to plead for their cases if discrimination or lapses occur. The idea appears to be maintaining flexibility while following certain standards.

### **16.3. Transparency**

Citizens are involved in the finalization of monthly rent per sq. mt. of plinth area by calling for objections and suggestions and by holding meetings with stakeholders. The publication of rental values for various categories of properties based on use and location has brought more transparency into the tax assessment. The tax payers are aware of the monthly rent fixed per sq.mt. of plinth area for their buildings. The Municipal authorities are not having any discretion now in the fixation of Annual Rental Value (ARV) and property tax thereupon.

### **16.4. Simplicity in Assessment of Tax**

Prior to the introduction of New System of Property Tax in the year 1993, the tax payers were not aware of the method of levying property tax and they were at loss to understand how the quantum of property tax has been arrived . It completely remained a domain of assessing authorities. After publication of monthly rents fixed for various categories of buildings, the tax payers are now in a position to calculate ARV for their buildings and property tax thereupon. The

entire system has been made very simple on account of detailed guidelines for assessment of property tax.

### **16.5. Buoyancy in Revenue**

There has been a net increase of about Rs.35 crores per annum in the revenues of municipalities on account of restructured taxation of properties in the state w.e.f. from 1-10-1993. This is also reflected in the per capita income from property tax which increased from Rs.45.46 in 1992-93 to Rs.56.60 in the subsequent year. In fact, there has been a 61% increase in demand on all residential assessments and more than 90% increase on all non-residential assessments after restructuring. In about 9% cases, property tax was reduced.

### **16.6. Reduction in Corruption**

A noteworthy feature of the implementation of new system of property tax is significant reduction in corruption in the assessment of property tax. As monthly rent per sq.mt. of plinth area was notified in District Gazette and local newspapers in advance, the owners of buildings are aware of the monthly rent fixed per sq.mt. of plinth area for their buildings in their localities and the property tax payable thereon and this has resulted in near total elimination of corruption in the assessment of property tax. The assessing authorities have no discretion in the matter of assessment of property tax as monthly rents per sq.mt. of plinth area were already notified. The tax payers are saved from lot of harassment from assessing authorities as property tax can be revised once in five years only and that too after issue of public notifications.

## Chapter 17 - Method of Calculation of Property Tax

**17.1.** The method of calculation of property tax in Municipalities is indicated below. As already stated the property tax is levied on Annual Rental Value (ARV) of a building and land.

- i. First Step: Plinth Area of a building has to be arrived at by multiplying the length of the building with the breadth of the building floor-wise.  
Ex: Plinth Area: 100 sq.mt.
- ii. Second Step: Identify the Zone no. and monthly rent fixed per sq.mt. of plinth area in the notification in form 'A'.  
Ex: Monthly rent per sq. m. of plinth area: Rs.10/-
- iii. Third Step: Monthly rent of the building is arrived at by multiplying the plinth area with monthly rent notified as per notification.  
Ex: 100 sq. m. x Rs.10.00 = Rs.1,000/-
- iv. Fourth Step: Apportion ARV between building and land in 2:1 ratio.  
Ex: ARV : Rs.1,000 x 12 : Rs.12,000/-  
ARV of Building 2/3 of Rs.12,000/- :Rs.8,000/-  
ARV of Land 1/3 of Rs.12,000/- :Rs.4,000/-
- v. Nature of usage :Residential
- vi. Nature of occupation : Rented
- vii. Fifth Step:
  - a) Age of the Building :10 years
  - b) Rebate permissible :10%ARV attributable to building
  - c) Rebate allowed :10% of Rs.8,000 = Rs.800/-
- viii. Sixth Step: Net ARV of building (Rs.8,000 – Rs.800) :Rs.7,200/-
- ix. Seventh Step: ARV of land :Rs.4,000/-
- x. Eighth Step: Total ARV of building and land (Rs.7,200 + Rs.4,000) :Rs.11,200/-
- xi. Rate of Property Tax on Residential Buildings per annum :25% of ARV
- xii. Property Tax per annum  
25% of ARV: 25% of Rs.11,200/- :Rs.2,800/- per annum
- xiii. Property Tax per half-year :Rs.1,400/-  
Add Library cess at 8% of property tax

**17.2.** Few examples for calculation of Property Tax are given in Annexure-VII.

## **Chapter 18 - Removal of Restrictions on Revision of Property Tax**

### **18.1. Restrictions on Revision of Property Tax**

There are no restrictions on levy of Property Tax on buildings and lands in Municipal Laws or the Statutory Rules issued thereunder. However, certain restrictions have been imposed on revision of Property Tax in Municipalities and Municipal Corporations from 2002.

### **18.2. General revision of Property Tax in Municipal Corporations from 1-4-2002**

General revision of Property Tax was undertaken in all Municipalities and Municipal Corporations except GHMC with effect from 1-4-2002. Property Tax Assessment Rules relating to Municipal Corporations were amended in the year 2002 by adding Rules 9 and 10 as per orders issued in G.O. Ms. No.155 MA dated 8-4-2002 and G.O. Ms. No.168 MA dated 18-4-2002 placing restrictions on the increase of Property Tax due to revision as follows:

- i. Residential Buildings:** Increase in Property Tax restricted to 75% of the existing tax as on 31-3-2002.
- ii. Non-Residential Buildings:**
  - a. More than 25 years old: Increase in Property Tax restricted upto 100% of the existing tax as on 31-3-2002.
  - b. Less than 25 years old: Increase in Property Tax restricted upto 150% of the existing tax as on 31-3-2002.

**18.3.** Again amendments were made to the said Rules in the year 2006 in G.O.Ms. No. 596 MA dated 20-11-2006 omitting Rules 9 and 10 of the said Rules duly lifting the restrictions on increase of Property Tax due to general revision from 1-4-2002.

**18.4.** Subsequently, amendments were again made to the Hyderabad Municipal Corporations (Assessment of Property Tax) Rules, 1990 in G.O. MS. No.708 MA dated 21-9-2007 adding Rules 9 and 10 which have placed restrictions again on revision of Property Tax due to general revision from 1-4-2002 as shown hereunder:

- i. Residential Buildings:** Increase in Property Tax restricted to 75% of the existing tax as on 31-3-2002.
- ii. Non-Residential Buildings:**
  - a. More than 25 years old: Increase in Property Tax restricted upto 100% of the existing tax as on 31-3-2002.

- b. Less than 25 years old: Increase in Property Tax restricted upto 150% of the existing tax as on 31-3-2002.

#### **18.5. General revision of Property Tax in Municipalities from 1-4-2002**

General Revision of Property tax was undertaken in all Municipalities with effect from 1-4-2002. Property Tax Assessment Rules relating to Municipalities were amended in the year 2002 by adding Rules 16 and 17 as per orders issued in G.O.Ms. No. 154 MA dated 8-4-2002 and G.O. Ms. No.167 MA dated 18-4-2002 placing restrictions on the increase of Property Tax due to revision as follows:

- i. **Residential Buildings:** Increase in Property Tax restricted to 75% of the existing tax as on 31-3-2002.
- ii. **Non-Residential Buildings:**
  - a. More than 25 years old: Increase in Property Tax restricted upto 100% of the existing tax as on 31-3-2002.
  - b. Less than 25 years old: Increase in Property Tax restricted upto 150% of the existing tax as on 31-3-2002.

**18.6.** Again amendments were made to the said Rules in the year 2006 in G.O.Ms. No. 650 MA dated 15-12-2006 omitting Rules 16 and 17 of the said Rules duly lifting the restrictions on increase of Property Tax due to general revision from 1-4-2002.

**18.7.** Subsequently amendments were again made to A.P. Municipalities (Assessment of Taxes) Rules, 1990 in G.O. Ms. No. 707 MA dated 21-9-2007 adding Rules 16 and 17 which have placed restrictions on revision of Property Tax due to general revision from 1-4-2002 as shown hereunder:

- i. **Residential Buildings:** Increase in Property Tax restricted to 75% of the existing tax as on 31-3-2002.
- ii. **Non-Residential Buildings:**
  - a. More than 25 years old: Increase in Property Tax restricted upto 100% of the existing tax as on 31-3-2002.
  - b. Less than 25 years old: Increase in Property Tax restricted upto 150% of the existing tax as on 31-3-2002.

#### **18.8. General Revision of Property Tax in respect of non-residential properties from 1-10-2007**

General Revision of Property Tax in respect of non-residential properties was undertaken in all Municipalities and Municipal Corporations with effect from 1-10-2007. As per the orders issued in G.O.Ms.No.863 MA dated 26-11-2007

adding Rule 18 in A.P. Municipalities (Assessment of Taxes) Rules, 1990, the increase in Property Tax in respect of non-residential properties due to general revision given effect to from 1-10-2007 shall be restricted to 50% of the existing tax as on 30-9-2007. Similarly as per orders issued in G.O.Ms. No. 864 MA dated 26-11-2007 adding Rule 11 in the Hyderabad Municipal Corporations (Assessment of Property Tax) Rules, 1990 the increase in Property Tax in respect of non-residential properties due to general revision given effect to from 1-10-2007 shall be restricted to 50% of the existing tax as on 30-9-2007.

**18.9.** Thus the following restrictions were in force on increase of Property Tax due general revision in all Municipalities and Municipal Corporations.

**18.10. General Revision of Property Tax from 1-4-2002**

- i. Residential Buildings:** Increase in Property Tax restricted to 75% of the existing tax as on 31-3-2002.
- ii. Non-Residential Buildings:**
  - a. More than 25 years old: Increase in Property Tax restricted upto 100% of the existing tax as on 31-3-2002.
  - b. Less than 25 years old Increase in Property Tax restricted upto 150% of the existing tax as on 31-3-2002.

**18.11. General Revision of Property Tax from 1-10-2007 in respect of non-residential properties in Municipalities and Municipal Corporations**

Increase in Property Tax restricted to 50% of the existing tax as on 30-9-2007.

**18.12. Conditions stipulated by XIII Finance Commission for drawl of Performance Grant**

Para 10.161 of the report of XIII Finance Commission stipulates that a State Government will be eligible to draw its share of the performance grant for the years 2011-12 to 2014-15 in respect of Local Bodies if it complies with nine conditions by the end of financial year (31<sup>st</sup>, March) for the succeeding financial year. Andhra Pradesh State is eligible for performance grant of Rs.664.23 crores approximately in respect of ULBs for the next four years starting from 2011-12. Condition VI of the XIII FC states that “All local bodies should be fully enabled to levy Property Tax (including tax for all types of residential and commercial properties) and any hindrances in this regard must be removed. Self-certification by the State Government will demonstrate compliance with this condition”.



### **18.13. Removal of restrictions**

To fulfill condition – vi stipulated by XIII FC, the restrictions placed on revision of Property Tax from 1-4-2002 and 1-10-2007 in all Municipalities and Municipal Corporations were removed by amending the Property Tax Assessment Rules both in Municipalities and Municipal Corporations in G.O. Ms. No. 88, MA & UD (TC.1) Department dated 5-3-2011 and G.O. Ms. No. 89, MA & UD (TC.1) Department dated 5-3-2011. The restrictions on revision of property tax were removed to enable the Urban Local Bodies to become eligible for performance grant of Rs.664.23 crores from Government of India under XIII FC grants in next 4 years.

### **18.14. Removal of provision relating to advancement or postponement of revision of property tax**

**18.14.1.** As per Rule 8 (1) of Schedule II of A.P. Municipalities Act, 1965, the assessment books shall be completely revised by the Commissioner once in five years and also at any time between one complete revision and another if the Government, so directs. As per proviso under this Rule, the Government is competent to advance or postpone the date from which or fix intervals at which, such complete revision of assessment books shall be effected in the case of any specified Municipality. This proviso is acting as an hindrance in the complete revision of assessment books by Municipal Commissioners once in five years.

**18.14.2.** As per Section 328 (1) of A.P. Municipalities Act, 1965, as amended by Act 3 of 1994 the Government may by notification, alter, add to or cancel schedules-I to VII of A.P. Municipalities Act, 1965. Further as per sub-section (2) where a notification has been issued in this regard, a Bill shall be introduced on behalf of the Government in the next session of the Legislative Assembly following the date of issue of notification to give effect to the alternation, addition or cancellation as the case may be, of the schedules specified in the notification.

**18.14.3.** A notification was issued omitting the proviso to sub-rule (1) of Rule-8 in Schedule – II of A.P. Municipalities Act, 1965 in G.O. Ms. No. 201, MA & UD (TC.1) Department dated 10-5-2012. Thus, all restrictions placed on revision of property tax were removed.

## Chapter 19- A.P. State Property Tax Board (APSPTB)

**19.1.** Para 10.161 of the report of XIII Finance Commission stipulates that a State Government will be eligible to draw its share of the performance grant for the years 2011-12 to 2014-15 in respect of Local Bodies if it complies with nine conditions by the end of financial year (31<sup>st</sup>, March) for the succeeding financial year. Andhra Pradesh State is eligible for performance grant of Rs.664.23 crores approximately in respect of ULBs for the next four years starting from 2011-12.

**19.2.** Condition VII of the XIII FC states that “State Governments must put in place a State Level Property Tax Board, which will assist all Municipalities and Municipal Corporations in the state to put in place an independent and transparent procedure for assessing Property Tax”. It is further stipulated by XIII FC that “passage of relevant legislation or issue of necessary executive instructions by the State Government for creation of the Property Tax Board as well as publication of the work plan by the Board in the State Government Gazette will demonstrate compliance with this condition”.

**19.3.** In G.O. Ms. No. 107 dated 26-3-2011 of MA & UD Department, Government have issued orders constituting A.P. State Property Tax Board (hereinafter called the Board) with immediate effect to provide assistance and technical guidance to all Municipalities and Municipal Corporations in the state for proper assessment and revision of Property Tax. It is further stated in the said G.O. that orders will be issued separately in respect of the following matters:

- i. Appointment of the Chairperson / other Members of the Board
- ii. Appointment of other staff to the Board
- iii. Functions of the Board
- iv. All other matters relevant to the functioning of the Board.

**19.4.** Further, in Memo No. 23510/TC.1/2010-1 dated 26-3-2011 Government have issued orders stating that Commissioner & Director of Municipal Administration (C&DMA) is appointed to discharge the functions of the Chairman, Andhra Pradesh State Property Tax Board till a regular Chairman is appointed.

**19.5.** Andhra Pradesh Municipal Laws (Amendment) Act, 2012 was enacted through Act No. 6 of 2012 providing for constitution of A.P. State Property Tax Board and various other matters related to the Board. The Act has received the assent of the Governor on 17-4-2012. The Act has come into force from 12-10-2012 as per the notification issued in G.O. Ms. No. 387 dated 10-10-2012 of MA & UD Department.

**19.6.** Section 85-A and 85-B of A.P. Municipalities Act, 1965 as amended by Act No. 6 of 2012 provides for constitution of State Property Tax Board within

three months from the date of commencement of the Act with the following composition:

- i.** Chairperson
- ii.** Commissioner and Director of Municipal Administration - Ex-officio, Vice Chairperson
- iii.** Secretary to Govt. Information Technology and Communications Department, Govt. of A.P or an Expert in Information Technology - Member
- iv.** An expert in valuation of buildings and lands for assessment of property tax - Member
- v.** President, Chamber of Municipal Chairmen Andhra Pradesh - Ex-officio member
- vi.** One person in the category of Additional Director of Municipal Administration - Member Secretary

**19.7.** As per Section 85-G of A.P. Municipalities Act, 1965 as amended, the Board shall be provided with such number of officers and staff as may be determined by the State Government.

**19.8.** As per Section 85-H of A.P. Municipalities Act, 1965 as amended, the Board shall discharge the following functions, namely:

- i.** To make arrangements for preparation of data base of property tax in all Municipalities and Municipal Corporations for proper maintenance of all records and registers relating to assessment of property tax.
- ii.** To make arrangements for assessment of property tax on all buildings and lands situated in the Municipalities and Municipal Corporations as per the provisions of the Act and the Rules issued there under.
- iii.** To monitor that the assessment books shall be completely revised by the Commissioner once in five years as per the provisions of the Act and the Rules issued there under.
- iv.** To make arrangements that all new constructions or additions / improvements to the existing buildings in the Municipalities and Municipal Corporations are assessed to Property Tax within thirty days from the date of completion of the building or occupation of the building whichever is earlier.
- v.** To conduct study on prevailing rental value of buildings from time to time in Municipalities and Municipal Corporations.

- vi. To make arrangements for the calculation of payment of service charges in respect of Central Government properties as per the instructions of State Government and Government of India.
- vii. To review the present Property Tax assessment system in Municipalities and Municipal Corporations and make suggestions to the Government in this regard.
- viii. To make arrangements for assessment or revision of property tax relating to atleast 25% of the aggregate number of estimated properties across all Municipal Corporations and Municipalities in the state by 31<sup>st</sup> March, 2015
- ix. To prepare a work plan to achieve the above coverage and publish the work plan in the Andhra Pradesh Gazette.
- x. To make arrangements for disposal of revision petitions and appeals filed for revision of Property Tax by the concerned officers within three months from the date of filing such revisions petitions or appeals.
- xi. To make arrangements for maintenance of register of properties exempted from the payment of Property Tax by all the Municipalities and Municipal Corporations.
- xii. To undertake training of Officers and Staff of Municipalities and Municipal Corporations in the assessment and revision of Property Tax directly or through any institution.
- xiii. Discharge such other functions in the field of assessment of Property Tax including development of expertise in valuation of lands and buildings.

#### **19.9. Powers of the Board**

As per Section 85-I of the A.P. Municipalities Act, 1965, the Board shall exercise the following powers, namely;-

- i. To issue instructions to the municipalities for assessment and revision of property tax as per the provisions of the Act and Rules issued there under which shall be complied with by all the Municipal Commissioners.
- ii. The Municipal Commissioner shall consult the Board before issue of draft notification fixing monthly rent proposed per sq. mt. of plinth area for assessment of property tax. The Board shall make a comparative study of the monthly rental values proposed by other municipalities in the district in this regard and offer its views in the matter. The Municipal Commissioner shall give due consideration to the views offered by the Board before adopting the final notification.
- iii. To make a test check of the assessments made by the Commissioner

- iv. To inspect any building in the Municipality for verification of property tax assessment.
- v. To call for particulars relating to the building or land from any owner or occupier by serving a notice for the purpose of verification of assessment of property tax.
- vi. To inspect records and registers relating to assessment and revision of property tax in the Municipalities.
- vii. To call for information from Municipal Commissioners on assessment and revision of property tax.
- viii. To conduct review meetings with Municipal Commissioners and Regional Directors of Municipal Administration on assessment and revision of property tax and to issue suitable instructions in the matter.

**19.10.** As per Section 85-H (viii) of A.P. Municipalities Act, 1965 as amended, the Board shall make arrangements for revision of property tax relating to atleast 25% of the total number of assessments across all Municipalities in the State by March, 2015. This means that the Board has to make arrangements for revision of property tax in respect of 12,08,500 assessments by March, 2015. This may be considered as a stupendous task to be performed by the Board. In view of the onerous statutory functions to be performed by the Board and in view of overseeing the revision of Property Tax in respect of 12.00 lakhs assessments adequate number of officers and staff are essentially required to the Board.

**19.11.** In G.O. Ms. No. 269 dated 3-10-2013 of Finance (SMPC-1) Department Government accorded sanction for 28 posts including Chairman, Members and other staff to A.P. State Property Tax Board. The posts are yet to be filled . Draft Rules relating to terms and conditions of chairperson, members, officers and staff of APSPTB have been submitted to the Government by C&DMA on 15-12-2012 and approval of the Government is awaited.

**19.12.** As per Section 197-A of GHMC Act, 1955 as amended by Act No. 6 of 2012 the provisions relating to State Property Tax Board constituted under sub-section (1) of Section 85 of A.P. Municipalities Act, 1965 shall *mutatis mutandis* applicable to GHMC.

## Chapter 20 - Recent Reforms on Property Tax

**20.1.** Andhra Pradesh Municipal Laws were amended by Act No.15 of 2013 w.e.f. 5-8-2013. The amendments made to Municipal Laws contain several provisions, among others, relating to reforms in respect of property tax. The amendments made to Greater Hyderabad Municipal Corporation Act, 1955 through Act No.15 of 2013 in respect of reforms on property tax are detailed hereunder:

- i. The Corporation shall in the case of lands which are not used exclusively for agricultural purposes and are not occupied by, or adjacent and appurtenant to building levy property tax at half percent (0.50 percent) of the estimated capital value of the lands. **[Section 199 (3)]**
- ii. The annual rental value of lands and buildings shall be fixed notwithstanding anything contained in the Andhra Pradesh Buildings (Lease, Rent and Eviction) Control Act, 1960. **[Section 212 (1) (a)]**
- iii. Where a building is constructed or reconstructed or some structures are raised unauthorisedly, it shall be competent to the assessing authority to levy property tax on such building or structure with a penalty as specified hereunder till such unauthorised construction is demolished or regularized without prejudice to any proceedings which may be instituted in respect of such unauthorised construction. A separate receipt for the penalty levied and collected shall be issued.

a)	Upto ten percent violation of permissible setbacks only in respect of floors permitted in a sanctioned plan	Twenty five percent of property tax as penalty
b)	More than ten percent violation of permissible setbacks only in respect of floors permitted in a sanctioned plan	Fifty percent of property tax as penalty
c)	Unauthorized floors over the permitted floors in a sanctioned plan	Hundred percent of property tax as penalty
d)	Total unauthorized construction	Hundred percent of property tax as penalty

**[Section 220-A (1)]**

- iv. Levy and collection of penalty on unauthorized construction shall not be construed as regularization of such unauthorized construction or reconstruction.

**[Proviso under Section 220-A (1)]**

- v. Penalty leviable under Section 220-A (1) shall be determined and collected by such authority and in such manner as may be prescribed. The penalty so payable shall be deemed to be the Property tax due. **[Section 220-A (2)]**
- vi. A person primarily liable for payment of property tax in respect of a building or structure shall be liable for payment of penalty levied under sub-section (1) of Section 220-A. **[Section 220-A (3)]**
- vii. Where any property has been inadvertently omitted from the assessment records or inadequately or improperly assessed relating to any tax or a clerical or arithmetical error is committed in the records maintained in relation to such assessment, Commissioner may assess or reassess or correct such errors, as the case may be. Where the aforesaid action involves increase in assessment, an opportunity shall be given to the affected person before taking any action to show cause against such assessment.**[Section 225 (4) (i)]**
- viii. Such assessment or reassessment or correction of records can be taken up with retrospective affect upto five half years immediately preceding the current half year. **[Section 225 (4) (ii)]**
- ix. The provision stipulating that the Corporation shall take into consideration the rent component of cost of living index prevailing at the time of preparation of new assessment books **is omitted**. **[Section 226 (4)]**
- x. The proviso under sub-section (4) of Section 226 stipulating that where the value of the land on which buildings constructed for purposes of choultry, hotels, lodges and cinema theatres increases and the income on the property does not increase the average rental value shall be fixed with reference to the income on the property **is omitted**. **[Section 226 (4)]**
- xi. A new assessment book shall be prepared at least once in five years. **[Section 226-A (1)]**
- xii. The detailed procedure for preparation of new assessment book is stipulated in sub-sections (2) and (3) of Section 226-A. **[Section 226-A (2) and (3)]**
- xiii. All the taxes and dues to the Corporation including the property tax shall be liable to be recovered by way of attachment and sale of immovable property as may be prescribed. **(Proviso under Section 238)**
- xiv. A rebate of five percent of property tax shall be given in respect of assessments where property tax for the entire current financial year is paid

before 30<sup>th</sup> April of the year notwithstanding the service of bill or demand notice.

**[Section 264 (3)]**

- xv.** Service of notice of demand as contemplated in Section 268 is dispensed with by omitting Section 268.

**(Section 268)**

- xvi.** Service of bill is sufficient for distraint of movable properties as per the procedure prescribed in Section 269.

**[Section 269 (1)]**

- xvii.** A simple interest at the rate of two percent per month shall be charged in case of failure to pay property tax by the end of the month of June for the first half year and by the end of the month of December for the second half year.

**[First proviso to Section 269 (2)]**

- xviii.** The Commissioner may prosecute the defaulter for non-payment of property tax before the competent court if the distraint of the defaulter's property is impracticable.

**[Section 269 (3)]**

- xix.** The following limitations are provided for recovery of property tax or any sum due to the Corporation:

**[New Section 278-A (1)]**

Distraint - upto a period of three years

Prosecution - upto a period of six years

Suit - upto a period of nine years

- xx.** It shall be the duty and responsibility of the Commissioner to place before the Standing Committee a list of arrears due to the Corporation which if no action is taken within the period specified in sub-section (1) of Section 278-A are likely to be time-barred, at least one year before the expiry of the said period stating the reasons for the delay in the recovery of such amount and requesting instructions of the Standing Committee in this matter.

**[New Section 278-A (2)]**

- xxi.** The power entrusted to Director of Municipal Administration to reassess the property tax where it is noticed that the property tax is under-valued is deleted by omitting Section 282-A.

**(Section 282-A)**

## **20.2. Application of the Amendments to other Corporations**

The above amendments made to the Greater Hyderabad Municipal Corporation Act, 1955 by Act No. 15 of 2013 shall extend to and apply also, to the Visakhapatnam and Vijayawada Municipal Corporations and to any other



Municipal Corporation constituted under the provisions of the Andhra Pradesh Municipal Corporations Act, 1994.

### 20.3. Amendments to the Andhra Pradesh Municipalities Act, 1965

The following amendments are made to A.P. Municipalities Act, 1955 by Act No. 15 of 2013 in respect of reforms on property tax.

- i. Where a building is constructed or reconstructed or some structures are raised unauthorisedly, it shall be competent to the assessing authority to levy property tax on such building or structure with a penalty as specified hereunder till such unauthorised construction is demolished or regularized without prejudice to any proceedings which may be instituted in respect of such unauthorised construction.

**[Section 85 (5)]**

a)	Upto ten percent violation of permissible setbacks only in respect of floors permitted in a sanctioned plan	Twenty five percent of property tax as penalty
b)	More than ten percent violation of permissible setbacks only in respect of floors permitted in a sanctioned plan	Fifty percent of property tax as penalty
c)	Unauthorized floors over the permitted floors in a sanctioned plan	Hundred percent of property tax as penalty
d)	Total unauthorized construction	Hundred percent of property tax as penalty

- ii. Levy and collection of penalty on unauthorized construction shall not be construed as regularization of such unauthorized construction or reconstruction.

**[Proviso under Section 85 (5)]**

- iii. Penalty leviable under Section 85 (5) shall be determined and collected by such authority and in such manner as may be prescribed. The penalty so payable shall be deemed to be the Property tax due.

**[Section 85 (5 - a)]**

- iv. A person primarily liable for payment of property tax in respect of a building or structure shall be liable for payment of penalty levied under sub-section (5) of Section 85.

**[Section 85 (5-b)]**

- v. A rebate of five percent of property tax shall be given in respect of assessments where property tax for the entire current financial year is paid

before 30<sup>th</sup> April of the year notwithstanding the service of bill or demand notice.

**(First proviso to Section 91)**

- vi.** A simple interest at the rate of two percent per month shall be charged in case of failure to pay property tax by the end of the month of June for the first half year and by the end of the month of December for the second half year.

**(Second proviso to Section 91)**

- vii.** All the taxes and dues to the Municipalities including the property tax payable to the Municipality shall be liable to be recovered as if they were arrears of the land revenue.

**(Proviso 4 Section 91)**

**Copy of**

***“The Andhra Pradesh Municipalities (Assessment of Taxes) Rules, 1990” issued in G.O. Ms. No. 438 dated 29-10-1990 of MA & UD Department with amendments (See Chapter – 5 & Para - 5.4)***

1. Short title : These Rules may be called the Andhra Pradesh Municipalities (Assessment of Taxes) Rules, 1990
2. Definitions : In these rules:
  - i. ‘Act’ means the Andhra Pradesh Municipalities Act, 1965
  - ii. ‘Form’ means the Form appended to the rules;
  - iii. ‘Schedule II’ means Schedule II to the Act;
  - iv. ‘Zone’ means the area as notified in Form ‘A’;
  - v. ‘Plinth area of a building’ means the area arrived at by multiplying the length of the building with the breadth as measured outside of the basement level;
  - vi. ‘Total plinth area of a building’ includes the plinth area of all cellars, ground floor and all the floors above the ground floor of a building;
  - vii. ‘Houses constructed for Urban Poor’ means houses constructed through agencies of State Government under Weaker Section Housing Scheme; and
  - viii. ‘Multi Storied Building’ means a building with more than ground and three floors.
3. **Annual Rental Value:**
  - (1) The Annual Rental Value of lands and buildings shall be fixed with reference, to the monthly or yearly as the case may be fixed by Commissioner as indicated in Form ‘A’, with reference to its location, type of construction, plinth area, age of the buildings, nature of use to which it is put and such other criteria as may be specified from time to time, less a deduction at the rate of ten percent for buildings upto the age of twenty five years and twenty percent for the buildings above the age of twenty five years <sup>1</sup>[and upto the age of 40 years and 30 percent for the buildings above the age of 40 years] of that portion of such gross Annual Rent

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<sup>1</sup> Inserted by G.O. Ms. No. 650 dated 15-12-2006 of MA & UD (TC.1) Department

which is attributable to the building and the said deduction shall be lieu of all allowances for the repairs or on any other account whatsoever.

<sup>2</sup> [(2) Residential quarters of the State Government, Central Government, Public Sector undertakings, Institutions, Industries, Companies shall be treated as owner occupied; and a rebate of 40% of Annual Rental Value which is attributable to the buildings shall be allowed as in the case of owner occupied residential buildings].

#### **4. Division of the Municipality into Zones :**

The entire Municipal Area shall be divided into convenient territorial zones for the purposes of assessment of Taxes based on the following factors, namely ;

- (a) Civil amenities like water supply, street lighting, Roads and Drains,
- (b) Markets and Shopping Centres,
- (c) Educational Institutions,
- (d) Banks, Postal Services, Public Offices,
- (e) Medical Institutions,
- (f) Factories and Industries, and
- (g) Such other relevant factors.

As far as possible, the number of Zones should be kept at the minimum.

#### **5. Classification of Buildings :**

After division of Municipality into territorial zones, the buildings situated in each zone shall be classified as follows based on its nature of construction;

- (a) **RCC posh buildings:** RCC buildings with superior quality of wood, better type of flooring and Sanitary fittings, <sup>3</sup>[Pre-ponderance of marble flooring, teak wood for doors, windows and cup-boards] and attached bathrooms, which <sup>4</sup>[lead to] higher cost of construction.
- (b) **RCC Ordinary buildings:** RCC buildings with ordinary type of wood, ordinary flooring and Sanitary fittings.
- (c) Madras Terraced or Jack Arch roofed or stone slabs or slates roofed buildings”;
- (d) Mangalore tiled roofed or asbestos roofed or G.I. roofed buildings”.
- (e) Country titled buildings.
- (f) Huts.
- (g) Any other building not covered above.

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<sup>2</sup> Sub-Rule (2) added by G.O. Ms. No. 663 dated 28-11-1992 of MA & UD Department

<sup>3</sup> Inserted by G.O. Ms. No. 650 dated 15-12-2006 of MA & UD (TC.1) Department

<sup>4</sup> Substituted by G.O. Ms. No. 650 dated 15-12-2006 of MA & UD (TC.1) Department

## 6. Nature of use of the building :

After classification of the buildings based on their type of construction, they shall be further classified into the following categories taking into consideration the nature of use of the buildings;

- (a) Residential.
- (b) Shops, Shopping Complexes.
- <sup>5</sup>[(c) Public use, i.e., Office Complexes, Public and Private Offices, Hospitals and Nursing Homes, Banks Educational Institutions. In respect of buildings intended for public use, they shall be further categorized as follows:
  - i. Officer Complexes, Public and Private Offices and Banks;
  - ii. Hospitals and Nursing Homes; and
  - iii. Educational Institutions].
- <sup>6</sup>[(d) Commercial purposes i.e., Hotels, Lodges, Restaurants, Godowns and other business establishments. In respect of buildings used for Commercial purposes, they shall be further sub-categorized as follows
  - i. Hotels, Lodges, Restaurants; and
  - ii. Godowns and other business establishments.
- (e) Industrial purposes i.e., Factories, Mills, Workshops and other Industries.
- (f) Cinema Theatres or places of public entertainment.
- (g) Any other use not covered above”.

<sup>7</sup> [Note : The Commissioner may add any other use not specified above depending upon local circumstances and situation as found necessary and incorporate the same in Form ‘A’ also suitably]

## 7. Fixation of monthly or yearly rent:

(1) All buildings located in a Zone shall be classified based on type of construction and nature of use. <sup>8</sup>[ ]. The Commissioner shall gather the information relating to the prevailing rental value of <sup>9</sup> [20 percent of the rented] buildings of various categories in a Zone <sup>10</sup>“[in Form L] and arrive at average monthly rent or yearly rent fixable for each category of building per square meter

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<sup>5</sup> Clause (c) substituted by G.O. Ms. No. 663 dated 28-11-1992 of MA & UD Department

<sup>6</sup> Clause (d) substituted by G.O. Ms. No. 663 dated 28-11-1992 of MA & UD Department

<sup>7</sup> Added by G.O. Ms. No. 650 dated 15-12-2006 of MA & UD (TC.1) Department

<sup>8</sup> Omitted by G.O. Ms. No. 650 dated 15-12-2006 of MA & UD (TC.1) Department

<sup>9</sup> Inserted by G.O. Ms. No. 650 dated 15-12-2006 of MA & UD (TC.1) Department

<sup>10</sup> Inserted by G.O. Ms. No. 650 dated 15-12-2006 of MA & UD (TC.1) Department

of plinth area. In respect of all multistoried buildings rent shall be fixed separately for the following categories;

- (a) Cellar
- (b) Ground and First floor.
- (c) Other floors.

<sup>11</sup> **[1(A)]** The Commissioner may provide sub-categorization of localities in a Zone for fixing separate rent for such building

- (a) Buildings abutting main roads;
- (b) Buildings abutting internal roads;
- (c) Buildings abutting lanes and by-lanes]

**(2)** <sup>11 (a)</sup> [The Commissioner shall then provisionally fix monthly or yearly rent for each category in a zone per square meter of plinth area and notify the rate of monthly or yearly rental so fixed in Form – A for adopting the said rates for fixation of monthly or yearly rental of the buildings in a zone and publish the same in the District Gazette and in a local newspaper having circulation in the district calling for objections or suggestions from the public for such adoption regarding the division of Municipality into zones. The notification shall contain the monthly or yearly rental value of the buildings in a zone together with the localities, areas with particulars of door numbers included in the zone. The objections or suggestions, if any, on the said notification shall have to be sent to the Commissioner within 15 days from the date of its publication. The Commissioner shall consider the objections and suggestions, if any, received in response to the said notification and revise the zones and the monthly or yearly rental values wherever necessary. Thereupon the Commissioner shall publish a final notification in Form – A in the District Gazette and Local Newspaper having circulation in the District for information of the public].

<sup>12</sup> **[(2A)]** Since the restructuring of property tax is introduced for the first time, to avoid anomalies and aberrations in the monthly rental value per square meter of plinth area already notified by the Municipal Commissioner, it is open to the Regional Director-cum-Appellate Commissioner to issue such directions to Municipal Commissioner of concerned Municipalities as deemed fit in the matter].

**(3)** The Commissioner shall obtain information of all buildings in respect of plinth area, type of construction, age of the building, nature of use and fix monthly or yearly rental value as per the rate of monthly rents notified for each category of a building in a zone. The property tax assessment list of buildings shall be prepared in Form 'B'.

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<sup>11</sup> Substituted by G.O. Ms. No. 650 dated 15-12-2006 of MA & UD (TC.1) Department

<sup>11 (a)</sup> Substituted by G.O. Ms. No. 374 dated 7-7-1992 of MA & UD (TC.1) Department

<sup>12</sup> Added by G.O. Ms. No. 663 dated 28-11-1992 of MA & UD Department

- (4)** The rates of monthly or yearly rents for each category of buildings in a zone shall be revised once in five years taking into consideration the prevailing rental values.
- (5)** (a) In the case of any Government or Railway Building or any building or a class to buildings not ordinarily let the gross annual rent of which cannot in the opinion of Commissioner be estimated, the annual rental value of the premises shall be deemed to be nine per cent of the estimated value of the land and the present cost of erecting the building after deducting a reasonable amount towards depreciation which shall in no case be less than ten per cent of such cost.
- (b)** For the purpose of estimating the cost of erection of Government or railway building or any class of building not ordinarily let out, they shall be classified into various categories with reference to the location, type of construction, plinth area, and nature of use. The cost of erection of such building shall be worked out on plinth area basis in consultation with the concerned Local Engineer belonging to Roads and Buildings Department from time to time.
- (c)** In the case of Government and Railway Buildings which are used for office as well as residential purposes, the portions that are used for office purposes shall be assessed on the basis of the capital value and the portions that are let out shall be assessed on the basis of the annual rental value.
- (d)** In the case of items wherein varying rates are provided, the Municipal Councils shall adopt the rates found suitable for the particular Municipal Area after taking the local conditions into account. The Commissioner may also increase the rates so adopted by the Municipal Councils by not exceeding 10% over the rates aforesaid for superior quality of wood, better type of flooring and fine plastering depending upon the workmanship and cost involved. Where the entire roof is not of the same description, appropriate rates shall be adopted for the different types of roofs for arriving at the total cost of erection. The rate of cost per square meter of plinth area shall be determined in consultation with the concerned Local Engineer belonging to Roads and Buildings Department in consonance with the price levels prevailing at the time of such revision.
- (e)** In the case of buildings which are partly occupied by the owner and partly let out on rent, property tax shall be levied as per Rules 5 and 3 on owner occupied portions and rented portions respectively.
- (f)** The capital value of the building referred to in sub-rule 7(5)(a) shall be the total of estimated value of erection of the building arrived at under Sub-rule 7(5)(b) above after allowing for depreciation in view of all allowances for repairs or any other account whatsoever as shown in the table below

and the cost of land occupied by the building including the cost of land appurtenant to the building as laid down in Section 87 of the Andhra Pradesh Municipalities Act, 1965 (Act 6 of 1965)

**The Table**

<b>List of building</b>	<b>Maximum depreciation allowed</b>
(1)	(2)
25 years and below	10%
above 25 years	20%

(g) For the purpose of determining the value of land the Commissioner shall obtain the market value of lands fixed by Registration Department for the purpose of Registration and adopt the said rates for arriving at the value of the land.

<sup>13</sup> [(h) The difference in monthly rental value per sq. mt. of plinth area between RCC posh building and RCC ordinary building shall be limited to 20% of monthly rental value per sq. m of plinth area]

8. **Vacant Land Tax :** In the case of lands which are not used exclusively for agricultural purposes and are not occupied by or adjacent or appurtenant to building, the capital value of lands fixed by Registration Department for the purpose of Registration shall be adopted. In case, the vacant land is purchased at a higher price than the market value fixed by the Registration Department, the value mentioned in the registered document shall be adopted for fixation of the capital value of the vacant land.

9. **Property tax Assessment Lists :**

(1) <sup>14</sup> [The property tax on land which is not exclusively used for agricultural purposes and is not occupied or adjacent and appurtenant to buildings shall be levied at 0.20% of the capital value of the land (i.e. the market value as fixed by the Stamps and Registration Department for purpose of registration)].

(2) The property tax assessment list of lands shall be prepared in Form 'C'.

(3) Before the commencement of assessment of buildings and lands, the Commissioner, shall prepare either personally or under his personal supervision assessment lists for each ward in Form 'B' or Form 'C' as the case may be, containing the following particulars, namely :

(a) The particulars of the existing assessment, for the different properties compiled from the current demand register, and

<sup>13</sup> Added by G.O. Ms. 650 dated 15-12-2006 of MA & UD (TC.1) Department

<sup>14</sup> Substituted by G.O. Ms. No. 23 dated 17-1-2007 of MA & UD Department



- (b) The particulars of the revised assessment, the total amount of the revised assessment in each case being written in words.

<sup>15</sup> **[10. Approved Assessment Lists :**

- (1) As soon as the assessment lists of all the wards are completed, the Commissioner shall cause the notice referred to in sub-rule (1) of Rule 10 of Schedule – II of the Andhra Pradesh Municipalities Act, 1965 published in the half-year preceding that in which the revised assessments intended to take effect].

- (2) The special notice required under Rules, 4, 10 or 11 of Taxation and Finance Rules contained in Schedule II of the Act shall be in Form ‘D’”

11. **Revision :** Revision petitions shall on receipt be entered in a register in Form ‘E’ appended to these rules. A serial number shall be given to each petition and the orders of the Commissioner shall be recorded on the petition as well as in the said register.

12. **Monthly Revision Lists :**

- (1) Bill Collectors, Revenue Inspectors or other outdoor officers, specially selected for the purpose shall submit for their respective wards monthly revision lists in Form ‘F’, ‘G’ which shall contain particulars of all buildings, namely :-

- (a) the construction, reconstruction, or enlargement of which is completed during the month;
- (b) newly occupied during the month together with the names of the owners of such buildings and the dates of such completion or the new occupation, as the case may be;
- (c) whenever there is change in the occupation of the building i.e., from owner occupied to rented and vice versa, and;
- (d) whenever there is a change in the usage of the building;

- (2) Where between one general revision and another, any property is brought under assessment for the first time or the assessment of any property is altered, particulars thereof shall be entered in the mutation register and the necessary addition or correction shall be made in the demand register.

- (3) Where a remission of property tax is granted under sub-section (2) of Section 94 of the Act or otherwise particulars thereof shall also be noted in the mutation register and the necessary correction shall be made in the demand register.

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<sup>15</sup> Substituted by G.O. Ms. No. No. 663 dated 28-11-1992 of MA & UD Department and again substituted by G.O. Ms. No. 526 dated 25-8-1993 of MA & UD Department

**13. Tax on Carriages and Carts and Tax on Animals :**

- (1) the notice referred to in sub-section (3) of Section 109 read with Section 113 of the Act shall be in Form 'H'.
- (2) As soon as possible after the commencement of a year, a yearly list of all persons liable to tax on carriages and carts or on animals shall be submitted by the Bill Collectors, the Revenue Inspectors or other outdoor officer specially selected for the purpose for their respective wards. Monthly revision lists in respect of persons liable to either of the taxes shall also be submitted by the said officers. The yearly and monthly lists shall be in Form 'I' or 'J' as the case may be.

Appeal

14. All appeals under Rule 22 of Taxation and Finance Rules embodied in Schedule – II shall on receipt be entered in a register which shall be in Form 'K'. A serial number shall be given to each appeal and the orders of the Appellate Commissioner shall be recorded by him on the appeal and also got entered in the said register.

<sup>16</sup> [15. Any tax lawfully levied by or on behalf of the council at the commencement of these rules shall, notwithstanding any changes in the method or manner of assessment under these rules be continued till assessment under these rules is made].

<sup>17</sup> [16. **Enhancement on revision not to exceed seventy five percent in respect of Residential Buildings:**

Notwithstanding anything contained in these Rules, where the increase on account of revision of property tax assessments exceeds 75% over the existing tax as on the 31<sup>st</sup> March, 2002 in respect of residential buildings in the general revision of property tax assessments which has been given effect to from the 1<sup>st</sup> April, 2002, the increase shall be restricted to 75% of the existing tax in respect of residential buildings.]

<sup>18</sup> [17. **Enhancement on revision not to exceed one hundred and one hundred and fifty percent in respect of non-residential buildings which are more than twenty five years old and less than twenty five years old respectively:**

Notwithstanding anything contained in these rules, where the increase on account of revision of property tax assessment exceeds 100% and 150% over the existing tax as on 31<sup>st</sup> March, 2002 in respect of non-residential buildings which are more than twenty five years old and less than twenty

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<sup>16</sup> Added by G.O. Ms. No. 539 dated 6-11-1991 of MA & UD Department

<sup>17</sup> Added by G.O. Ms. No. 154 MA dated 8-4-2002 of MA & UD (TC.1) Department

<sup>18</sup> Added by G.O. Ms. No. 167 MA dated 1 8-4-2002 of MA & UD (TC.1) Department

five years old respectively in the general revision of property tax assessments which has been given effect to from the 1<sup>st</sup> April, 2002, and the increase shall be restricted to 100% and 150% of the existing tax in respect of non-residential buildings which are more than twenty five years old and less than twenty five years old respectively].

<sup>19</sup> [Rule -16. Omitted]

<sup>20</sup> [Rule -17. Omitted]

<sup>21</sup> [Rule 16 : Enhancement on revision in respect of Residential Buildings : Notwithstanding anything contained in these Rules, where the increase on account of revision of property tax assessments exceeds 75% over the existing tax as on the 31<sup>st</sup> March, 2002 in respect of residential buildings in the general revision of property tax assessment which has been given effect to from 1<sup>st</sup> April, 2002, the increase shall be restricted to 75% of the existing tax in respect of residential buildings.

**Rule 17: Enhancement on revision in respect of non-residential Buildings :** Notwithstanding anything contained in these Rules, where the increase on account of revision of property tax assessment exceeds 100% and 150% over the existing tax as on 31<sup>st</sup> March, 2002 in respect of non-residential buildings which are more than twenty five years old and less than twenty five years respectively in the general revision of property tax assessments which has been given effect to from the 1<sup>st</sup> April, 2002 and the increase shall be restricted to 100% and 150% of the existing tax in respect of non-residential buildings which are more than twenty five years old and less than twenty five years old respectively.]

<sup>22</sup> [Rule 18: Enhancement on revision in respect of non-residential buildings : “Notwithstanding anything contained in these Rules, where the increase on account of revision of property tax assessment exceeds 50% over the existing tax as on 30-9-2007 in respect of non-residential buildings, in the general revision of property tax assessments, which has been given effect to from 1<sup>st</sup> October, 2007, the increase shall be restricted to 50% of the existing tax in respect of non-residential buildings”].

<sup>23</sup> [Rules 16, 17 and 18 are omitted.]

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<sup>19</sup> Rule 16 omitted by G.O. Ms. No. 650 dated 15-12-2006 of MA & UD Department

<sup>20</sup> Rule 17 omitted by G.O. Ms. No. 650 dated 15-12-2006 of MA & UD Department

<sup>21</sup> Rule 16 and 17 are added again by G.O. Ms. No. 707 MA dated 21-9-2007

<sup>22</sup> Rule 18 which is added by G.O. Ms. No. 731 MA dated 29-9-2007 is substituted by G.O. Ms. 863 dated 26-11-2007 of MA & UD Department

<sup>23</sup> Rules 16, 17 and 18 are omitted by G.O. Ms. No. 89 MA dated 5-3-2011

**FORM – A**

**Notification showing the monthly or yearly rent fixed per Sq. Mt. of plinth Area [ See Rules 2 (v) ]**

Rental Data for the year:	
	Municipality:
Zone No. :	

Localities/ Areas and Areas included in the zone

Name of the Locality	Door Nos.					
	From:			To:		
Category of buildings.	Nature of usage					
	Residential use.	Shops	Public Use	Commercial use	industrial use	Cinema theatres
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.
a) RCC Posh Buildings						
b) RCC ordinary Buildings:						
c) Madras Terraced or Jack arc roofed or stone slabs or slates roofed Buildings.						
d) Mangalore tiled buildings or or asbestos roofed or G.I. roofed Buildings.						
e) Country tiled Buildings						
f) Huts.						
Commissioner _____ Municipality						

**FORM – B****Property Tax Assessment List of Buildings .....Municipality**

<b>Existing Assessment</b>						
Door No.	Name and address of the owner	No. in the Assessment Register	ARV of the Building	ARV of the site	Total Property Tax Rs. Ps.	Library Cess Rs. Ps.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Zone No.	Name of the Locality	Year of completion and age of the Building	<b>Description of each storey of the Building</b>			
			Nature and type of roofing	Nature and type of flooring	Nature and type of wood	Nature and type of walls
(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>Amenities provided in the Building</b>				Adjacent premises in Sq. Mts.	Area of total appurtenant land allowed under explanation to section 87 of A.P.M Act	
Electricity	Water Tap / Well	Whether connected with Mpl. Drainage	Attached Bathroom			
(15)	(16)	(17)	(18)	(19)	(20)	
Area to be taxed under VLT with Asst.No.	Name and Occupation of the Occupant (owner or Tenant)	Type of Construction	Plinth Area of building per each type of construction in Sq. M.	Nature of use of the building	Monthly rent notified per Sq. M of Plinth Area as per type of construction and usage of the building	
(21)	(22)	(23)	(24)	(25)	(26)	
(contd..)						

Monthly rental value fixed Rs. Ps.	Reasons for increase/decrease/omission	Asst. No. Allotted in the new register	Gross ARV of the building	Age of the building 25 years and below/above 25years	Allowances for repairs or depreciation/owner occupied Residential building Rs.	Annual Rental Value of the building Rs.
(27)	(28)	(29)	(30)	(31)	(32)	(33)
<b>Revised Asst. as fixed by the Commissioner</b>						
Annual Rental Value of the site and premises Rs.	Total Annual Rental Value Rs.	Tax for general purposes Rs. Ps.	Water and Drainage Tax Rs. Ps.	Lighting Tax Rs. Ps.	Scavenging Tax Rs. Ps.	Education Tax Rs. Ps.
(34)	(35)	(36)	(37)	(38)	(39)	(40)
<b>Asst. Fixed on Revision Petition</b>						
Total Property Tax (rounded off to nearest rupee) Rs.	Library Cess (rounded off to nearest rupee) Rs.	Total Property Tax and Library Cess	Initials of Commissioner	No. of Special Notice	Date of Service of Special Notice	Date of receipt of RP
(41)	(42)	(43)	(44)	(45)	(46)	(47)
No. of Revision Petition	Orders of the Commissioner	Tax for general purposes Rs. Ps.	Water and Drainage Tax Rs. Ps.	Lighting Tax Rs. Ps.	Scavenging Tax Rs. Ps.	Education Tax Rs. Ps.
(48)	(49)	(50)	(51)	(52)	(53)	(54)
(contd..)						

Total Property Tax (rounded off to nearest rupee) Rs.	Library Cess ( rounded off to nearest rupee) Rs.	Total Property Tax and Library Cess	Appeal		
			No. of Appeal	Orders of Appl. Comm.	Initials of Commissioner.
(55)	(56)	(57)	(58)	(59)	(60)

**FORM – C****Property Tax Assessment List of Lands \_\_\_\_\_ Municipality**

<b>Existing Assessment</b>								
Sl. No.	Patta No.	Survey and sub-division No.	Name of the owner with full address	No. In the Asst. Register	Area of land in Sq. M.	ARV or capital cost	Total Property tax	Description of land with measurements
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

<b>Annual Rental Value / Capital Cost</b>							
Initials of the R.I.	Name of the occupant	Nature of usage of the land	In case of vacant land let out monthly rent as reported by owner or occupant or as estimated	Area of vacant land in Sq. M.	Capital value of the vacant land	Reasons for increase / decrease / omission	
(10)	(11)	(12)	(13)	(14)	(15)	(16)	

<b>Asst. as fixed by the Commissioner</b>					
Asst. No. Allotted in the new register	Property tax (Rs. Ps.)	Education Tax (Rs. Ps.)	Total property tax (rounded off to nearest rupee) (Rs. Ps.)	Library Cess (rounded off to nearest rupee) (Rs. Ps.)	Total property tax and Library Cess (Rs. Ps.)
(17)	(18)	(19)	(20)	(21)	(22)

(Contd..)



Initials of the Commissioner	No. of Special Notice	No. of Revision Petition	Date of service of special notice	Date of receipt of revision Petition	Orders of the Commissioner	Property tax (Rs. Ps.)	Education Tax (Rs. Ps.)
(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)

Property tax Education tax (rounded off to nearest rupee) (Rs)	Library Cess (rounded off to nearest rupee) (Rs)	Total Property tax and Library Cess (rounded off to nearest rupee) (Rs)	Initials of Commissioner	<b>Appeal</b>		
				No. of Appeal	Orders of the Appl. Commissioner	Initials of Appl. Commissioner
(31)	(32)	(33)	(34)	(35)	(36)	(37)

**SPECIAL NOTICE OF PROPERTY TAX  
NEW ASSESSMENT OR AMENDMENT**

ఆస్తిపన్ను గురించి క్రొత్త అసెస్‌మెంటును (పన్ను విధింపును) గురించి తేక సవరణ గురించి  
స్పెషల్ (విశేషమైన) నోటీసు

**Rule (4)**  
**Rule (10)**  
**Rule (11)**

of Schedule II to the Andhra Pradesh  
Municipalities Act, 1965

(1965 సంవత్సరపు ఆంధ్రప్రదేశ్ మునిసిపాలిటీల ఆక్టు యొక్క  
2వ షెడ్యూలు యొక్క 4, 10, 11వ విధి ననుసరించి

No.: \_\_\_\_\_ Date \_\_\_\_\_ Municipality  
నంబరు: \_\_\_\_\_ తేది: \_\_\_\_\_

To,  
Sri / Smt. \_\_\_\_\_  
Address \_\_\_\_\_

Take notice that by virtue of the power vested with Municipal Commissioner as per direction given by the Council in resolution under No. \_\_\_\_\_ dated \_\_\_\_\_ as per Rule (4) of the Schedule – II to the Andhra Pradesh Municipalities Act, 1965 / as per Rule 10 /11 of Schedule – II to the Act, the assessment in respect of your property (survey) Door No. \_\_\_\_\_ situated in \_\_\_\_\_ Street in this Municipality has until further notice been fixed at \_\_\_\_\_ increased for reasons specified below at Rs. \_\_\_\_\_ with effect from the half year commencing 1<sup>st</sup> April, 19\_\_\_\_\_/ 1<sup>st</sup> October, 19\_\_\_\_\_. In case you are dissatisfied with the assessment now fixed you can present a revision to the Municipal Commissioner within thirty / sixty days from the date of service of this notice. If no complaint against / objections to the assessment is presented within the above mentioned period of thirty / sixty days, the assessment will be final.

శ్రీ / శ్రీమతి \_\_\_\_\_

అడ్రసు \_\_\_\_\_

పురపాలక సంఘము తీర్మానము నెం. \_\_\_\_\_ తారీఖు \_\_\_\_\_  
ననుసరించి 1965 వ సంవత్సరపు ఆంధ్రప్రదేశ్ మునిసిపాలిటీల ఆక్టు యొక్క 2వ షెడ్యూలు యొక్క 4వ  
విధి ననుసరించి లేక విధి 10 / 11 ననుసరించి కమీషనరుకు యివ్వబడిన అధికారము వలన ఈ  
మునిసిపాలిటీలో \_\_\_\_\_, వీధిలో నున్నట్టి \_\_\_\_\_  
సర్వే / ఇంటి నెంబరు గల మీ సొత్తును గురించి అసెస్మెంటు (పన్ను విధింపు) తిరుగు నోటీసు ఇచ్చు  
వరకు 19\_\_\_\_\_ సం.కు ఏప్రిల్ 1వ తేది / అక్టోబరు 1వ తేది 19 \_\_\_\_\_ సం. నుంచి ప్రారంభమగు అర్థ  
సంవత్సరము మొదలుకొని ఈ క్రింద చూపబడిన మొత్తమునకు ఉదహరింపబడిన కారణమును బట్టి  
విధించబడినదని / హెచ్చింపబడినదని మీకు తెలియచేయడమైనది. ఇప్పుడు నిర్ణయించబడిన పన్ను  
విధింపు విషయమై మీరు అసంతృప్తిగానుండిన యెడల ఈ నోటీసు అందచేసిన తేదినండి ముప్పది /  
అరువది దినముల కాలములోగా కమీషనరు గారికి రివిజన్ (పునర్విచారణ కొరకు అర్జీని) దాఖలు  
చేయనగును. పై చెప్పిన ముప్పది / అరువది దినముల కాలములో పన్ను విధింపును గురించి ఎట్టి  
ఫిర్యాదు గాని ఆక్షేపణ గాని చేయబడని యెడల పన్ను విధింపు ఖాయముగా నుండును.

Existing assessment

Amount of Tax Rs.

Reasons for Increase,  
If any

ప్రస్తుతము వున్న విధింపు ఏదైన  
వున్న యెడల

సంవత్సరపు పన్ను మొత్తము  
అద్దె విలువ రూ.

హెచ్చు చేయుటకు  
కారణములు ఏవైన వున్న  
యెడల అవి

Increased or new assessment: Rs.

హెచ్చు చేయబడిన లేక కొత్త పన్ను విధింపు ఏదైన : రూ.

Date or service of Notice :

నోటీసు అందచేసిన తేది :

**Form – D**

**[See Rule 10 (2)]**

**SPECIAL NOTICE OF PROPERTY TAX NEW ASSESSMENT OR AMENDMENT**

ఆస్తిపన్ను గురించి క్రొత్త అసెస్మెంటును (పన్ను విధింపును) గురించి లేక  
సవరణ గురించి స్పెషల్ (విశేషమైన) నోటీసు

Under { **Rule (4)**  
**Rule (10)**  
**Rule (11)** of Schedule II to the Andhra Pradesh  
Municipalities Act, 1965

ఆంధ్రప్రదేశ్ మునిసిపాలిటీల ఆక్టు, 1965 యొక్క 2వ షెడ్యూలు  
యొక్క 4, 10, 11వ విధి ననుసరించి

1. No. \_\_\_\_\_ dated \_\_\_\_\_ 19\_\_\_\_
2. Reference No. (as in list or register) \_\_\_\_\_
3. Name \_\_\_\_\_
4. Door No. \_\_\_\_\_
5. Street \_\_\_\_\_
6. Existing Assessment No. \_\_\_\_\_

ఏదైన వున్న యెడల	Capital / Annual Rental Value	Rs. Ps.
	ప్రస్తుతపు అసెస్మెంటు (పన్ను విధింపు) సం. విలువ / ఆస్తి విలువ	రూ. పై.
	Amount of Tax	Rs. Ps.
	పన్ను మొత్తము	రూ. పై.
7. Increased or new assessment	Capital / Annual Rental Value	Rs. Ps.
హెచ్చింపబడిన లేక క్రొత్త అసెస్మెంటు	సం. విలువ / ఆస్తి విలువ	రూ. పై.
	Amount of Tax	Rs. Ps.
	పన్ను మొత్తము	రూ. పై.

8. Reasons for increased, if any

హెచ్చు చేయుటకు కారణములు  
ఏమైన యున్న యెడల

24

(1)	(2)	(3)	(4)
1.	Zone No.	Plinth area (b)	Nature of usage of (C)
2.	Nature of Construction (a) R.C.C. Posh Buildings (b) R.C.C. Ordinary Buildings (c) Madras Terraced or Jack Arch roofed or stone slabs or slates roofed buildings (d) Mangalore tiled roofed or Asbestos roofed or G.I. Roofed buildings (e) Country tiled buildings (f) Huts		
3.	Monthly rental value fixed Rs.		
			Commissioner Municipality

1. జోను సంఖ్య

2.	నిర్మాణ స్వభావము :	ప్లీంత్ ఏరియా (బి)	వాడుక స్వభావం (సి)
	(ఎ) ఆర్.సి.సి. పోష్ భవనము (బి) ఆర్.సి.సి సాధారణ భవనము (సి) మద్రాస్ టెర్రస్ లేక జాక్ ఆర్చ్ కప్పు లేక రాతి స్లాబు కప్పులు లేక స్లీటు కప్పు గల భవనములు (డి) మంగుళూరు వెంకు లేక అస్ బెస్టాస్ లేక జి.ఐ. షీటు రూఫ్ భవనములు (ఇ) దేశీయ వెంకుటి భవనము (యఫ్) పూరిల్లు		
3.	నిర్ణయించిన నెలసరి అద్దె విలువ : రూ.		
			కమీషనరు పురపాలక సంఘము

9. Date of Service of Notice

నోటిసు అందజేసిన తేది

Bill Collector

బిల్లు కలెక్టరు

Commissioner

కమీషనరు

**Form – E**

**(See Rule 11)**

**Register of Revision Petitions**

Date of		Amount of tax objected to							Amount of tax reduced by Commissioner if any:-							Net Amount of tax								
Serial No.	Name of the party	Assessment No.	Service of Notice	Receipt of Revision Petition	Property Tax	Education Tax	Library Cess	Surcharge	Total	Initials of the Commissioner	Orders of the Commissioner	Property Tax	Education Tax	Library Cess	Surcharge	Total	Property Tax	Education Tax	Library Cess	Surcharge	Total	Initials of the Commissioner	Token of note in Demand Register	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	

**Form – F**

**(See Rule 12)**

**Monthly List of Buildings Requiring Levy of Property Tax or Revision of Property Tax**

<b>Existing Assessment</b>						
Ward No.	Door No.	Name and Address of the owner	No. in the Asst. Register	Annual Rental Value / Capital Value	Total Property Tax Rs. Ps.	Library Cess Rs. Ps.
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Zone No.	Name of the Locality	Cause of Liability of Asst. or increase Asst.	Date of completion of the Building	Date of Occupation of the Building	Date of Demolition of the building
(8)	(9)	(10)	(11)	(12)	(13)

<b>Description of each storey of the Building</b>				<b>Amenities provided in the Building</b>			
Nature & Type of roofing	Nature & Type of flooring	Nature & Type of wood	Nature & Type of Walls	Electricity	Water Tap / Well	Whether connected with Municipal Drainage	Attached Bathroom
(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)

Contd..



Total adjacent premises in Sq. M.	Area of appurtenant land allowed under explanation to Section 87 of APM Act	Area to be taxed under VLT with Asst. No.	Name and occupation of the occupant (Owner / Tenant)	Type of Construction	Plinth area of building per each type of construction in Sq. M.	Nature of Use of the Building
(22)	(23)	(24)	(25)	(26)	(27)	(28)

Monthly rent notified per Sq. M. Of plinth area as per type of construction and nature of usage of the Building	Monthly rental value fixed Rs. Ps.	Reasons for increase / Decrease / omission	Asst. No. Allotted in the New Register	Gross ARV of the Building Rs. Ps.	Age of the Building 25 years and below / above 25 years	Allowances for repairs or depreciation / owner occupied residential building Rs. Ps.
(29)	(30)	(31)	(32)	(33)	(34)	(35)

ARV of the Building Rs.	Annual Rental value of the site and premises Rs.	Total Annual Rental Value Rs.	Revised Assessment as fixed by the Commissioner				
			Tax for general purposes Rs.	Water and Drainage Tax Rs.	Lighting Tax Rs.	Scavenging Tax Rs.	Education Tax Rs.
(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)

Contd..

Total Property Tax (Rounded off to nearest rupee) Rs.	Library Cess (Rounded off to nearest rupee) Rs.	Total Property tax and Library Cess Rs.	Whether enter in the Asst. Book (Demand Register)	Initials of the Commissioner	No. of Special notice	No. of Revision Petition
(44)	(45)	(46)	(47)	(48)	(49)	(50)

Date of service of Special Notice	Date of receipt of Revision Petition	Orders of the Commissioner	Asst. Fixed on Revision Petition				
			Tax for general purposes Rs.	Water and Drainage Tax Rs.	Lighting Tax Rs.	Scavenging Tax Rs.	Education Tax Rs.
(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)

Total Property Tax Rs.	Library Cess Rs.	Total Property tax and Library Cess Rs.	Appeal		
			No. of Appeal	Orders of the Appellate Commissioner	Initials of the Appellate Commissioner
(59)	(60)	(61)	(62)	(63)	(64)

**Form – G**  
**(See Rule 12)**

**Monthly List of Vacant Lands Requiring Levy of Property Tax or Revision of Property Tax**

<b>Existing Assessment</b>									
Sl. No.	Patta No.	Survey and sub-division No.	Name of the owner with full address	No. in the Asst. Register	Area of land in Sq. M.	ARV or capital cost	Total Property tax	Description of land with measurements	Initials of the R.I.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

<b>Annual Rental Value / Capital Cost</b>					
Name of the occupant	Nature of usage of the land	In case of vacant land let out monthly rent as reported by owner or occupant or as estimated	Area of vacant land in Sq. M.	Capital value of the vacant land	Reasons for increase / decrease or omission
(11)	(12)	(13)	(14)	(15)	(16)

<b>Asst. as fixed by the Commissioner</b>						
Asst. No. Allotted in the new register	Property tax (Rs. Ps.)	Education Tax (Rs. Ps.)	Total property tax (rounded off to nearest rupee) (Rs.)	Library Cess (rounded off to nearest rupee) (Rs.)	Total property tax and Library Cess (Rs.)	Whether entered in the Asst. Book (Demand Register)
(17)	(18)	(19)	(20)	(21)	(22)	(23)

(Contd..)

Initials of the Commissioner	No. of Special Notice	No. of Revision Petition	Date of service of special notice	Date of receipt of revision Petition	Orders of the Commissioner	Property tax (Rs.)	Education Tax (Rs.)
(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)

Property tax Education tax (rounded off to nearest rupee) (Rs)	Library Cess (rounded off to nearest rupee) (Rs)	Total Property tax and Library Cess (Rs)	Initials of Commissioner	Appeal		
				No. of Appeal	Orders of the Appl. Commissioner	Initials of Appl. Commissioner
(32)	(33)	(34)	(35)	(36)	(37)	(38)

**Form – H**

**[See Rule 13 (1)]**

**Notice of Demand for Carriage, Cart and Animal Tax**

Assessment No. \_\_\_\_\_ Municipality

To,

\_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

The Tax due by you for the carriage, carts and animals believed to be in your possession as specified on reverse for the year ending 31<sup>st</sup> March, 19\_\_\_\_\_ is Rs.\_\_\_\_\_.

This amount is payable at the Municipal Office within 15 days from the date of service of this notice. If it is not paid within that period and you do not show sufficient cause why the same should not be paid, a warrant will be issued for the distraint of your property, and for each such warrant a fee of 12 paise will be leviable. If the tax and fee still remain unpaid, your property will be liable to be distrained, vide Rules 30 to 34 of Schedule II to Andhra Pradesh Municipalities Act, 1965.

In case you are dissatisfied with the above assessment you can prefer an appeal to the Appellate Commissioner within 15 days, subject to the conditions, etc., laid down in Rules 22 to 25 of Schedule II to the Act.

Date of Service of Notice \_\_\_\_\_ 19\_\_\_\_\_

Manner of Service of Notice.

Bill Collector.

Commissioner.

Serial Number in yearly list.

Name

Date of Notice of Demand

Date of Service of Notice of Demand

Manner of Service of Notice of Demand

Signature of the Officer serving the Notice of Demand

Manger.

Signature of Commissioner.

\_\_\_\_\_

This is no receipt. A printed receipt should be demanded on paying the amount.

Persons paying by cheques should add commission at Bank Rates to the amount of cheque drawn.

**Form – H (Contd..)**

**[See Rule 13 (1)]**

<b>Carriages and Carts</b>				<b>Animals</b>				<b>Remarks</b>
<b>Description</b>	<b>No.</b>	<b>Rate Rs. P.</b>	<b>Amount Rs. P.</b>	<b>Description</b>	<b>No.</b>	<b>Rate Rs. P.</b>	<b>Amount Rs. P.</b>	
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>		<b>(6)</b>	<b>(7)</b>	<b>(8)</b>	<b>(9)</b>

**Form – I**

[See Rule 13 (2)]

**List of Carriages, Carts and Animals subject to tax for the year ending 31<sup>st</sup> March 19**

No. of licenses taken out in the previous year	Demand		Service of Notice	No. of Licences											
	Carriages and Carts	Animals		Carriages and Carts	Animals										
Serial No.	Carriages and Carts	Animals	Name of Party	Address	Description	Number	Amount	Description	Number	Amount	Date of transmission of printed table	Date	Number	No. of Warrant	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)

(Contd..)

Amount Paid						Remission and Writes off		
April Rs. Ps.	May Rs. Ps.	June Rs. Ps.	July Rs. Ps.	August Rs. Ps.	September Rs. Ps.	October Rs. Ps.	November Rs. Ps.	December Rs. Ps.
(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)

Remission and Writes off			Carriage Tax Rs. Ps.	Animal Tax Rs. Ps.	Balance	Carriage Tax Rs. Ps.	Animal Tax Rs. Ps.	No. of Licenses of next year for Carriage and Animals Rs. Ps.
January Rs. Ps.	February Rs. Ps.	March Rs. Ps.			No. and Date of Council Resolution Rs. Ps.			
(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)



**Form – J**

**[See Rule 13 (2)]**

**List of Carriages, Carts and Animals which have newly become subject to tax**

Sl. No.	No. of licenses if any, in the previous year		Name of Part	Address	Carriages and Carts		
	Carriage or Cart	Animal			Date from which used	Description	Number
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Animals			Entered in the yearly List		
Amount Rs.Ps.	Description	Number	Amount Rs. Ps.	Number	Initials
(9)	(10)	(11)	(12)	(13)	(14)

Station :

Date :

Bill Collector or other Officers

**Form – K**

**(See Rule 14)**

**Register of Appeals to the Year 19 \_\_\_\_\_**

**Note : In the case of property tax, the details of the tax should be noted in column 7, 9 and 13 as shown below:**

Sl. No.	Name of the party	Date of	Service of Notice	Receipt of Appeal	No. and date of disposal of Revision Petition by Commissioner	Amount of yearly tax appealed against
		Assessment No.				
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Ground of Appeal and Name of Profession in the Case of Profession Tax	Amount of Tax paid under protest	Date of credit of Tax paid under protest	Initials of Manager	Final orders of Appellate Commissioner	Amount of Tax remitted if any Rs. Ps.
(8)	(9)	(10)	(11)	(12)	(13)

Contd..

Rs. Ps.

Property tax :

Education tax :

Library Tax :

Surcharge on Property Tax :

Total:

-----  
-----

Amount of Tax increased, if any Rs. Ps.	Date of Appellate Commissioner Orders	No. and Date of Voucher or adjustment Bill	Amounts Rs. Ps.	Amounts transferred to Deposits	No. of Item in the Deposit Register	Initials
(14)	(15)	(16)	(17)	(18)	(19)	(20)

Survey of data relating to prevailing rental values of all categories of rented buildings

in \_\_\_\_\_ Municipality

Zone No:

Sub-Zone No:

Nature of Construction:

Type of usage:

<u>S. N o</u>	<u>Doo r No.</u>	<u>Existing</u>		<u>Name of the tenan t</u>	<u>Cellar / G.Floo r, 1 Floor / other Floors</u>	<u>Plinth Area (Sq.m)</u>	<u>Prevailin g MRV (Rs)</u>	<u>Remark s</u>
		<u>Propert y Tax per annum (Rs.)</u>	<u>Gros s MRV (Rs.)</u>					
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>

<sup>25</sup> Inserted by G.O. Ms. No. 650 dated 15-12-2006 of MA & UD Department

**MUNICIPALITY**

**Appeal to Tenants of Rented Buildings**

**General Revision of Property Tax - Survey to gather information  
relating to prevailing rental values of rented buildings  
(See Chapter – 5 & Para – 5.10.3)**

- 1) \_\_\_\_\_ Municipality has initiated the process of general revision of Property Tax to come into force from \_\_\_\_\_. General Revision of Property Tax envisages fixation of Annual Rental Value of lands and buildings and Property Tax thereon with reference to the following factors:
- 1) Location of the Building
  - 2) Type of Construction
  - 3) Plinth Area
  - 4) Age of the Building
  - 5) Nature of Usage.

**2) Various Steps in General Revision of Property tax :**

- First step:** The Municipality is divided in to territorial zones for fixation of monthly rental value and assessment of Property Tax thereon based on availability of civic amenities and various other facilities.
- Second step:** The buildings situated in each zone will be classified into 6 categories based on the type of construction.
- Third step:** The buildings will be further classified into 10 or more categories taking into consideration the nature of use of the buildings.
- Fourth step:** Monthly rental value per sq.mt of plinth area for various categories of buildings in each zone will be fixed based on nature of construction and nature of usage. To arrive it monthly rental value per sq.mt of plinth area, it is now proposed to conduct survey information relating to prevailing rental values of 20 percent of the rented buildings of various categories in a

Zone and arrive at average monthly rental value fixable per sq.mt of plinth area for each category of building.

**Fifth step:** Draft notification will be published in Form-'A' in a daily News paper and District Gazette providing for monthly rental value per sq. mt. of plinth area for various categories of buildings for all zones and calling for objections and suggestions from the public regarding the division of Municipality into zones and monthly rental value fixable for each sq.mt of plinth area in each zone.

**Sixth step:** A final notification will be issued fixing monthly rent per sq.mt of plinth area for all categories of buildings after considering the objections and suggestions received from the public and publish it in a daily news paper and District Gazette.

**3.** Municipal staff is being deputed now to gather information relating to plinth area and prevailing rental values of various categories of rented buildings in a zone for issue of a draft notification in this regard. The occupants of rented buildings are requested to extend their co-operation in this matter.

Date:

Commissioner,

\_\_\_\_\_  
Municipality

మనవి

ఆస్తిపన్ను సవరణ -

అద్దె భవనాలకు ప్రస్తుతము ఉన్న అద్దె విలువకి సంబంధించిన సమాచార సేకరణకు  
సర్వే

1) ఆస్తిపన్ను సవరణ తేది ----- నుండి అమలులోకి వచ్చే విధంగా మున్సిపాలిటీ చేపట్టింది. ఆస్తిపన్ను సవరణలో భూముల మరియు భవనాల వార్షిక అద్దె విలువ స్థిరీకరణ మరియు వాటి అస్తిపన్ను ఈ క్రింది అంశాల ప్రాతిపదికగా ఉంటాయి.

1. భవనం ఉన్న ప్రాంతం
2. నిర్మాణ విధానం
3. ప్లింత్ ఏరియా (నిర్మాణ విస్తీర్ణం)
4. భవనము ఎప్పుడు నిర్మించారు ?
5. దేనికై ఉపయోగిస్తున్నారు ?

2) ఆస్తిపన్ను సవరణలో వివిధ చర్యలు:

ముదటి చర్య : నెలవారి అద్దె స్థిరీకరణ మరియు అస్తిపన్ను నిర్ధారణ కొరకు లభించే పౌర వసతులు మరియు వివిధ సదుపాయాల ఆధారముగా మున్సిపాలిటీని ----- ప్రాదేశిక జోన్లుగా విభజించడం జరుగుతుంది.

రెండవ చర్య : ప్రతి జోన్లో ఉన్న కట్టడాలను, వాటి నిర్మాణ స్వభావాన్ని బట్టి - ఆరు తరగతులుగా వర్గీకరించబడును.

మూడవ చర్య : ఆ కట్టడాలను ఉపయోగించే స్వభావాన్ని బట్టి వాటిని ----- తరగతులుగా విభజించబడును.

నాల్గవ చర్య : ప్రతి జోన్లో ఉన్న వివిధ క్యాటగిరీల భవనములకు ప్రతి చదరపు మీటరు ప్లింత్ ఏరియా నెలవారి అద్దె, ఆ కట్టడం (బిల్డింగ్) నిర్మాణ స్వభావము మరియు దాన్ని ఉపయోగించే స్వభావం ఆధారముగా స్థిరపరచడం జరుగుతుంది. ప్లింత్ ఏరియా చదరపు మీటరు నెలవారి అద్దె నిర్ధారించుటకు, అయా జోన్లలోని

వివిధ క్యాటగిరీల అద్దె భవనాలకు అయా ప్రాంతాల్లో అమలులో ఉన్న అద్దెలకు సంబంధించిన సమాచారము సేకరించాలని మరియు ప్లింత్ ఏరియాలో ప్రతి చదరపు మీటరుకు సగటు నెలసరి అద్దె నిర్ధారించాలని ప్రతిపాదించడమయినది.

**ఐదవ చర్య :** అన్ని జోన్లకు వివిధ క్యాటగిరీల భవనాల ప్లింత్ ఏరియా ప్రతి చదరపు మీటరుకు నెలసరి అద్దె తెలుపుతూ దినపత్రికలోను, జిల్లా గెజిట్లోను ముసాయిదా ఫారం 'ఎ' జారీ చేస్తూ, మున్సిపాలిటిని జోన్లుగా విభజించే విషయంలోను, ప్రతి జోనులోను ప్లింత్ ఏరియాకి సంబంధించి ప్రతి చదరపు మీటరుకు నెలవారీ అద్దె నిర్ధారించే విషయంలోను, ప్రజల అభ్యంతరాలు, సలహాలు కోరడం జరుగుతుంది.

**అరవ చర్య :** ప్రజల నుండి అభ్యంతరాలు, సలహాలు పరిశీలించిన పిమ్మట భవనాల అన్ని క్యాటగిరీల ప్లింత్ ఏరియా ప్రతి చదరపు మీటరుకు నెలసరి అద్దె నిర్ధారిస్తూ తుది నోటిఫికేషన్ జారీ చేయబడుతుంది.

ప్రతి జోనులోను, వివిధ క్యాటగిరీల అద్దె భవనాలకు సంబంధించి, ప్రస్తుతం అమలులో ఉన్న అద్దెలు మరియు అ భవనాల ప్లింత్ ఏరియా సమాచారం సేకరించే నిమిత్తం మునిసిపల్ సిబ్బందిని పంపడం జరుగుతుంది. అయా అద్దె భవనాల్లో నివసించే వారంతా ఈ సర్వే విషయంలో మునిసిపల్ సిబ్బందికి, తమ పూర్తి సహకారం అందించగలరని మనవి చేయడమైనది.

**తీది:**

**కమీషనరు**

-----మున్సిపాలిటి



**MUNICIPALITY**

**PROPERTY TAX ASSESSMENT RETURN**

**(See Chapter – 5 & Para – 5.17)**

**Sl. No.**

<b>1.</b>	Name of the Owner	<input type="text"/>	
<b>2.</b>	Name of the Father/Husband	<input type="text"/>	
<b>3.</b>	House No. (if already assessed)	<input type="text"/>	
<b>4.</b>	Ward No.	<input type="text"/>	
<b>5.</b>	Name of the Locality	<input type="text"/>	
<b>6.</b>	Assessment No. (if already assessed to property tax)	<input type="text"/>	
<b>7.</b>	Existing Tax per annum	<input type="text"/>	
<b>8.</b>	Area of the site (sq. mts.)	<input type="text"/>	
<b>9.</b>	Own site / Government Site	<input type="text"/>	
<b>10.</b>	Order No. & Date sanctioning Building permission	<input type="text"/>	
<b>11.</b>	Month and Year in which the Construction of the building is completed / brought to usage	<input type="text" value="Month"/> <input type="text" value="Year"/>	
<b>12.</b>	Nature of construction of building		
	RCC Posh <input type="text"/>	A.C. /Zinc sheet <input type="text"/>	Mangalore Tiles <input type="text"/>
	RCC Ordinary <input type="text"/>	Madras Terrace <input type="text"/>	Country Tiles <input type="text"/>
	Flooring <input type="text"/>		
	Wood used: Teak Wood <input type="text"/>	Country Wood <input type="text"/>	
	Walls <input type="text"/>		

**13. Amenities provided in the building**

- (i) Electricity  (ii) Drinking Water Tap
- (iii) Attached Bathrooms  (iv) Toilets
- (v) Whether Rain Water Harvesting structure is arranged  Yes  No

**14. Details about usage of Building**

Name of the Occupier	Nature of Construction	Plinth area in Sq. Mtrs. Floor-wise	Usage of building	Age of the buildings in years
(1)	(2)	(3)	(4)	(5)
(a) Owner				
(b) Tenant				

- Note:** 1. If the building is partly owner occupied and partly let-out the above details are to be given separately
2. The above details are to be given in square meters separately in regard to nature of construction, usage, age of the building and plinth area.

**15. Documents to be enclosed:**

- (i) orders sanctioning the building permission along with a copy of plan Yes  No
- (ii) Documents showing the ownership title of the site or building / copy of documents Yes  No
- (iii) The property tax assessment return can be filed even if for some reason or other the above documents are not available.

## DECLARATION

Sri / Smt. \_\_\_\_\_ Son / Wife \_\_\_\_\_  
herewith declare that the information furnished above with reference to the provisions of Andhra Pradesh Municipalities Act, 1965 are true to the best of my knowledge and I hereby confirm the same.

Date:

SIGNATURE

Name (in Block Letters)

## RECEIPT

Property Tax assessment return filed by Sri / Smt. \_\_\_\_\_  
from locality \_\_\_\_\_ is received on \_\_\_\_\_.  
Connected Property Tax Special notice can be obtained from service centre of Municipal office between 2.00 PM and 5.00 PM on (date) \_\_\_\_\_ duly producing this receipt.

SIGNATURE

Assistant, Service Centre

- Note:
1. The applicant can contact the Municipal Commissioner immediately if the special notice is not given as indicated above on the date fixed.
  2. Compensation will be paid @ Rs.50/- per day for the delay caused and towards the valuable time lost by the applicant, if the special notice is not given as indicated above on the date fixed.

**Copy of circular Roc. No. 5227 /2012/F1 Dated 16.3.2012 of  
Director of Municipal Administration, A.P., Hyderabad  
(See Chapter – 5 & Para – 5.27.3)**

**Sub:-** Property Tax – Revision petitions and Appeals – Disposal of  
Revision petitions and Appeals – Certain instructions issued - Reg.

**Ref.:** This office letter Roc. No. 17471/2010/F1 dated 17-4-2011  
addressed to all Municipal Commissioners in the State.

\*\*\*\*\*

During the training programmes conducted from time to time on assessment and general revision of property tax, detailed instructions have been issued to all Municipal Commissioners on assessment of property tax and general revision of property tax including the procedure to be followed for disposal of revision petitions and appeals. However, it is noticed that several Municipal Commissioners and Regional Directors-cum-Appellate Commissioners are not passing speaking orders while disposing off the revision petitions and appeals. Hence the following instructions are issued for proper disposal of revision petitions and appeals filed against the property tax assessments fixed by the Municipal Commissioners.

**2. Filling of Revision Petitions:**

**2-1.** The owners of properties are entitled to file revision petitions within 30 days from the date of service of special notice showing the property tax fixed in respect of the following cases under Rules 10 and 11 of Schedule II of A.P. Municipalities Act, 1965.

- iv. When property tax assessment books have been prepared for the first time in the Municipality
- v. Whenever a general revision of property tax assessment books has been completed.
- vi. Whenever property tax is revised through monthly lists

**2-2.** In addition, any person may, at any time not being less than 30 days before the end of a half-year move the Commissioner by revision petition to reduce the tax to which he is liable under Rule 12 of Schedule II of A.P. Municipalities Act, 1965.

**3. Register of Revision Petitions:**

**3-1.** As soon as a revision petition is received in municipal office from a tax payer against the property tax assessment fixed by the Commissioner, the revision petition shall be entered in a Register of revision petitions in “Form – E” appended to Andhra Pradesh Municipalities (Assessment of taxes) Rules, 1990.

A serial number shall be given to each revision petition and all columns in the register shall be filled up.

**3-2.** A docket sheet shall be prepared for every revision petition with the following information.

- |     |   |   |
|-----|---|---|
| 1.  | Serial Number   | - |
| 2.  | Name of the owner   | - |
| 3.  | Door No.  | - |
| 4.  | Locality  | - |
| 5.  | Zone Number   | - |
| 6.  | Type of construction  | - |
| 7.  | Nature of usage   | - |
| 8.  | Plinth area in Sq. Mts.   | - |
| 9.  | Monthly rental value fixed per Sq. Mts. of plinth area as per the gazette notification  | - |
| 10. | Monthly rental value fixed on the property  | - |
| 11. | Half-yearly property tax  | - |
| 12. | Date of service of special notice   | - |
| 13. | Date of receipt of revision petition  | - |
| 14. | Whether the revision petition has been received within 30 days from the date of service of special notice   | - |
| 15. | Whether the revision petition has been received under Rule 12 of Schedule II (Taxation and Finance) Rules of A.P. Municipalities Act, 1965 and if so whether the petition has been received within the time | - |
| 16. | Date of hearing   | - |
| 17. | Orders of the Commissioner in brief   | - |
| 18. | Property tax fixed after disposal of revision petition  | - |
| 19. | Initials of the Commissioner  | - |

**4. Hearing of the Revision Petition:**

The Commissioner shall give an opportunity to the petitioner to appear either in person or by an authorized agent to represent his case in respect of revision petition at the municipal office. For this purpose, hearing notice shall be served on the petitioner informing the date and time of hearing. A reasonable time of one week to ten days shall be given to the petitioner in the hearing notice to appear in the municipal office. At the time of hearing, the Commissioner shall record the statement of the petitioner regarding the submissions made by him for reduction of property tax. After recording the statement of the petitioner by the Commissioner, signature of the petitioner shall be obtained on the statement.

## **5. Orders of the Commissioner on the Revision Petition:**

After completing the hearing of the revision petition, the Commissioner shall pass a speaking order. In simple terms, a speaking order is an order that speaks for itself. The order should contain all the details of the issue, pleadings of the petitioner, clear findings of the competent authority on the issue and should appear as a reasoned order.

The speaking order, among others, may be passed in the following manner:

- x. Details of the building on which property tax is levied
- xi. Grounds stated by the petitioner in the revision petition for reduction of property tax
- xii. Submissions made by the petitioner at the time of hearing of revision petition as recorded in the statement of the petitioner.
- xiii. Detailed reasons for confirmation of the property tax or reduction property tax
- xiv. Direction to the petitioner to pay the property tax fixed on the revision petition within 15 days from the date of receipt of orders from the Commissioner
- xv. Intimation to the petitioner that an appeal can be preferred to the Appellate Commissioner-cum-Regional Director within 15 days of the receipt of the orders from the Commissioner on the revision petition duly paying the property tax as specified in the order.

After disposal of the revision, necessary entries shall be made in the Register of revision petitions.

**6.** A model speaking order on disposal of revision petition for reduction of property tax is herewith enclosed.

## **7. Appeals:**

**7-1.** An appeal shall lie to the Appellate Commissioner-cum-Regional Director in respect of orders passed by the Commissioner on the disposal of revision petitions filed by the owners of the buildings for reduction of property tax. As soon as an appeal is received in municipal office, it shall be entered the Register of Appeals in Form-K appended to Andhra Pradesh Municipalities (Assessment of taxes) Rules, 1990.

### **7-2. Consultation with Municipal Chairperson:**

As per Rule 22 (2) of Schedule – II of A.P. Municipalities Act, 1965, the Appellate Commissioner-cum-Regional Director shall dispose of the appeals in consultation with Chairperson of Municipality concerned.

As seen from the Case Law on this subject “For purpose of the disposal of the appeal, the requirement of consultation would be satisfied if the Appellate Commissioner communicates his comment on the appeal to the Chairman and

invites his remarks to the same and proceeds to dispose of the appeal by affording an opportunity to the Chairman of the Council to attend on the date of hearing. If he intends to add to the comments already made by him or to suggest alternative comments by person, he can do so. In the event of the Chairman of the Council not availing of the opportunity of personal deliberation, it can be concluded that nothing further is to be consulted and on the basis of consultation by correspondence, the Appellate Commissioner can dispose of the appeal”.

**7-3.** In addition to the above, the Appellate Commissioners may follow the procedure suggested for disposal of revision petitions while disposing of the appeals and also follow the model order for disposal of revision petitions duly making necessary modifications at their level at the time of issuing orders on the disposal of appeals.

**8.** Commissioners of Municipal Corporations are instructed to follow the instructions issued in the circular for disposal of complaints petitions filed against property tax assessments duly following the provisions of GHMC Act, 1955 and Rules issued thereunder.

**Sd/- Dr. B. Janardhana**

**Reddy**

**Director of Municipal Administration**

**Encl.:** Model proceedings on disposal of revision petitions.

To,

Commissioners of all Municipalities in the State

Commissioners of all Municipal Corporations except GHMC

All Regional Directors-sum-Appellate Commissioners in the state

Copy submitted to Secretary to Government, MA & UD Department, Secretariat

(MODEL) Proceedings of the Commissioner, \_\_\_\_\_ Municipality

Present :

**Proceedings No.** \_\_\_\_\_ **dated** \_\_\_\_\_

**Sub.:** Property Tax – House No. \_\_\_\_\_ Locality \_\_\_\_\_  
- Revision Petition filed for reduction of property tax  
– Disposal of revision petition under Rules 13 and 14 of Schedule II  
of A.P. Municipalities Act, 1965 – Orders Passed – Reg.

**Read:** Revision petition dated \_\_\_\_\_ from Sri / Smt.  
\_\_\_\_\_

**ORDER:**

Property tax is levied on building bearing door no. \_\_\_\_\_  
located in \_\_\_\_\_ at  
Rs. \_\_\_\_\_ per half-year w.e.f \_\_\_\_\_.

**2. The details of the building as seen from the municipal records are as follows:**

- i. Name of the owner -
- ii. Door No. -
- iii. Locality -
- iv. Zone Number -
- v. Type of construction -
- vi. Nature of usage -
- vii. Plinth area in Sq. Mts.. -
- viii. Monthly rental value fixed per Sq. Mts. of  
plinth area as per the gazette notification -
- ix. Monthly rental value fixed on the property -
- x. Half-yearly property tax -

**3. The details of admissibility of revision petition are as follows:**

- i. Date of service of special notice -
- ii. Date of receipt of revision petition -
- iii. Whether the revision petition has been received  
within 30 days from the date of service of special notice -
- iv. Whether the revision petition has been received  
under Rule 12 of Schedule –II (Taxation and Finance)  
Rules of A.P. Municipalities Act, 1965 and if so whether  
the petition has been received within the time -

Sri / Smt. \_\_\_\_\_ owner of the  
building has filed a revision petition in the reference cited for reduction of  
property tax duly mentioning the following grounds for reduction of property tax.

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_



3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

4. A hearing notice is served on the owner of the building to appear in person or by an authorized agent on \_\_\_\_\_ (date) at municipal office to represent his case in connection with the disposal of revision petition filed. Sri / Smt. \_\_\_\_\_ owner of the building / Sri / Smt. \_\_\_\_\_ agent of the owner attended the hearing in municipal office on \_\_\_\_\_ and made the following submissions for reduction of property tax

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

A statement is recorded from the owner of the building / agent of the owner of the building regarding the submissions made by him / her for reduction of property tax.

5. The information available in municipal records relating to assessment of property tax has been verified with the contents of the revision petition and submissions made by the owner of the building at the time of hearing of the revision petition and the entire matter has been carefully considered. The following contentions made by the petitioner in his revision petition are not in accordance with the information available in municipal records / with the field study conducted again after hearing of the revision petition.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

6. Similarly, the following submissions made by the owner of the building at the time of hearing of revision petition are not in accordance with the information available in municipal records / with the field study conducted again after hearing of the revision petition.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

7. In the circumstances, it is concluded that property tax on building bearing no. \_\_\_\_\_ located at \_\_\_\_\_ is levied as per the gazette notification no. \_\_\_\_\_ dated \_\_\_\_\_ issued by the

municipality showing monthly rent fixed per Sq. m. plinth area. Hence, the property tax already levied at Rs. \_\_\_\_\_ per half-year is confirmed with effect from \_\_\_\_\_.

**Alternatively**

8. The entire matter is considered carefully as per the information available in municipal records. The following contentions made by the petitioner in his revision petition are accepted duly verifying the information available in municipal records / with the field study conducted again after hearing of the revision petition.

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_
- 4. \_\_\_\_\_
- 5. \_\_\_\_\_

9. Similarly, the following submissions made by the owner of the building at the time of hearing of revision petition are accepted duly verifying the information available in municipal records / with the field study conducted again after hearing of the revision petition.

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_
- 4. \_\_\_\_\_
- 5. \_\_\_\_\_

10. In the circumstances, the monthly rental value fixed on the building bearing no. \_\_\_\_\_ located at \_\_\_\_\_ has been reduced from Rs. \_\_\_\_\_ to Rs. \_\_\_\_\_. Accordingly, half-yearly property tax on the above building has been reduced from Rs. \_\_\_\_\_ to Rs. \_\_\_\_\_.

11. The petitioner is directed to pay the property tax fixed on the disposal of the revision petition within 15 days from the date of receipt of this order.

12. The petitioner is further informed that an appeal can be preferred to the Appellate Commissioner-cum-Regional Director \_\_\_\_\_ within 15 days from date of the receipt of this order duly paying the property tax as specified in the order.

**Commissioner**  
\_\_\_\_\_ **Municipality**

To,  
Sri / Smt. \_\_\_\_\_

\_\_\_\_\_.

Copy to Revenue Officer / Revenue Inspector for necessary action.

**Copy of**

***“The Hyderabad Municipal Corporations (Assessment of Property Tax) Rules, 1990” issued in G.O. Ms. No.439 dated 29-10-1990 of MA & UD (TC.1) Department with amendments***

**(See Chapter – 11 & Para – 11.6)**

1. Short title : These Rules may be called the Hyderabad Municipal Corporations (Assessment of Property Tax) Rules, 1990
2. Definitions : In these rules:
  - ix. ‘Act’ means the HMC Act, 1955
  - x. ‘Form’ means the form appended to the rules;
  - xi. ‘Zone’ means the area as notified in Form ‘A’;
  - xii. ‘Plinth area of a building’ means the area arrived at by multiplying the length of the building with the breadth as measured outside the basement level;
  - xiii. ‘Total plinth area of the building’ includes the plinth area of all cellars, ground floor and all the floors above the ground floor of a building;
  - xiv. ‘Houses constructed for Urban Poor’ means houses constructed through agencies of State Government under Weaker Section Housing Scheme;
  - xv. ‘Multi-Storied Building’ means a building with more than ground and three floors; and
  - xvi. ‘Rent component of Cost of living Index’ means Rent component of cost of living index as notified by the Director of Economics and Statistics from time to time.
3. **Annual Rental Value:**
  - (1) The Annual Rental Value of lands and buildings shall be deemed to be the gross annual rent at which they may reasonably be expected to be let from month to month or from year to year with reference to its location, type of construction, plinth area, age of the building, nature of use to which it is put and such other criteria as may be specified.

<sup>26</sup> [(2) The Commissioner, shall gather the information relating to the prevailing rental value of 20% of rented buildings of all categories in Form “D” . as specified in rules 4 to 6 so as to arrive at the rate of rent per month or per year per square meter of plinth area and then issue a gist of draft notification in a daily news paper having circulation in the District and complete draft notification in the District Gazette calling for objections and suggestions from the public so as to reach the commissioner within 15 days from the date of publication of the draft notification, regarding the division of the Corporation into zones and monthly or year rental values per square meter of plinth area in each zone.

The Commissioner should consider the objections and suggestion if any, received in response to the said notification and revise the zones and the monthly or yearly rent in Form ‘A’ and publish a gist of final notification in a local news paper having circulation the district and full final notification in the district Gazette for information of the public].

<sup>27</sup> [(3) The Commissioner shall make the District Gazette available to the public at the main office of the Municipal Corporation, Circle Offices, e-seva Centres on payment of reasonable cost from the date of publication of the gist of the draft notification / final notification].

#### **4. Division of Municipal Corporation to Zones :**

The entire Municipal Corporation area shall be divided into convenient territorial zones for the purpose of assessment of taxes based on the following factors, namely :

- a) Civic amenities like water supply, street lighting, Roads and drains;
- b) Markets and shopping centers;
- c) Educational Institutions;
- d) Banks, Postal Services, Public Offices;
- e) Medical Institutions;
- f) Factories and Industries; and
- g) Such other relevant factors.

#### **5. Classification of Buildings**

After the division of the Corporation into territorial zones, the buildings situated in each zone shall be classified as follows based on its nature of construction;

- a) RCC posh buildings : RCC buildings with superior quality wood, better type of flooring and sanitary fittings and attached bathrooms;

---

<sup>26</sup> Sub-rule 2 is substituted by G.O. Ms. No. 596 dated 20-11-2006 of MA & UD (TC.1) Department

<sup>27</sup> Sub-rule (3) added by G.O. Ms. No. 596 dated 20-11-2006 of MA & UD (TC.1) Department

- b) RCC ordinary buildings : RCC buildings with ordinary type of wood, ordinary flooring and sanitary fittings;
- c) Madras terraced or Jackarch roofed or stone slabs or slates roofed buildings;
- d) Mangalore tiled roofed or Asbestos roofed or G.I. roofed buildings;
- e) Country titled buildings;
- f) Huts

<sup>28</sup> [ g) A building which satisfies the following criteria shall be classified as RCC posh building.

- a) A building which is having superior sanitary and electrical fittings which lead to higher cost of construction
- b) A building which is having pre-ponderance of marble flooring teak wood for doors, windows and cup-boards

Note : The difference in monthly rental value per Sq. Mt. of plinth area between RCC posh building and RCC ordinary building shall be limited to 20% of the monthly rental value per Sq. M. of plinth area].

#### 6. Nature of use of the Buildings :

After classification of the buildings based on the type of construction, they shall be further classified into the following categories taking into consideration the nature of use of the buildings;

- iv. Residential;
- v. Shops, shopping complexes;
- vi. Public use, i.e., office complexes, Public and Private offices, Hospitals and Nursing Homes, Banks, Educational Institutions;
- vii. Commercial purposes, i.e. Hotels, Lodges, Restaurants, Godowns and other business Establishments;
- viii. Industrial purposes i.e., Factories Mills, Workshops and other Industries;
- ix. Cinema theatres or Places of Public Entertainment;

<sup>29</sup> [The Commissioner may add any other use, not specified above depending upon local circumstances and situation as found necessary and incorporate the same in Form 'A' also suitably].

#### 7. Fixation of monthly or yearly rent :

<sup>30</sup> [(1) All buildings located in a zone shall be classified based on types of construction and nature of use. The Commissioner shall gather the

<sup>28</sup> Clause (g) is added by G.O. Ms. No. 596 dated 20-11-2006 of MA & UD (TC.1) Department

<sup>29</sup> Added by G.O. Ms. No. 596 dated 20-11-2006 of MA & UD (TC.1) Department

information relating to the prevailing rental value of the 20 percent of the rented buildings of various categories in a zone and arrive at average monthly or yearly rent fixable for each category of building per Sq. mt. of plinth area].

**[(I-A)]** The Commissioner may provide for sub-categorization of localities in a zone for fixing separate rents for such buildings.

- (i) Buildings abutting main roads;
- (ii) Buildings abutting internal roads;
- (iii) Buildings abutting lanes and by-lanes].

<sup>31</sup>**[(2)]** The commissioner shall then provisionally fix monthly or yearly rent for each category in a zone for square meter of plinth area and notify the rate of monthly or yearly rental so fixed in Form – A for adopting the said rates for fixation of monthly or yearly rental of the buildings in a zone and publish the same in the District Gazette and gist of draft notification in Form – A in a local newspaper having circulation in the district calling for objections or suggestions from the public for such adoption regarding the division of Municipal Corporation into zones. The notification shall contain the monthly or yearly rental value of the buildings in a zone together with the localities / areas with particulars of door numbers included in the zone. The objections or suggestions, if any, on the said notification shall have to be sent to the Commissioner within 15 days from the date of its publication. The Commissioner shall consider the objections and suggestions, if any, received in response to the said notification and revise the zones and the monthly or yearly rental values wherever necessary. There upon the Commissioner shall publish a final notification in Form – A in the District Gazette and gist of final notification in Form – A in a local newspaper having circulation in the District for information of the public].

**(3)** The Commissioner then shall fix the monthly or yearly rent for each category in a zone per square meter <sup>32</sup> [or sq. ft.] of plinth area and notify the rate of monthly or yearly rent so fixed in Form ‘A’ for adopting the said rates fixation of monthly or yearly rental value of buildings in a zone and for information of the public. The Commissioner shall issue a notification in Form ‘A’ furnishing the localities, areas included in the zone and particulars of door numbers included in the zone. The notification in Form ‘A’ shall be published in local newspapers having circulation in the area for information of the public.

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<sup>30</sup> Substituted by G.O. Ms. No. 596 dated 20-11-2006 of MA & UD (TC.1) Department

<sup>31</sup> Substituted by G.O. Ms. No. 596 dated 20-11-2006 of MA & UD (TC.1) Department

<sup>32</sup> Inserted by G.O. Ms. No. 596 dated 20-11-2006 of MA & UD (TC.1) Department

- <sup>33</sup>[(3-A) The Commissioner shall make the District Gazette available to the public at the main office of the Municipal Corporation, Circle Offices, e-Seva Centres on payment of reasonable cost from the date of publication of the gist of the draft notification / final notification]”.
- (4) The Commissioner shall obtain information of all buildings in respect of plinth area, type of construction, age of building, nature of use and fix monthly or yearly rental value as per the rate of monthly rents notified for each category of a building in a zone. The property tax assessment list of buildings shall be prepared in Form ‘B’ <sup>34</sup> [and the Commissioner may add columns in Form ‘B’ wherever found necessary].
- (5) The rates of monthly or yearly rents for each category of building in a zone shall be revised once in 5 years taking into consideration the rent component of cost of living index prevailing at the time of preparation of new assessment books. In respect of value of the lands on which buildings constructed for the purposes of choultries, hotels, lodges and cinema theatres whose value increases and the income on the property does not increase, the average rental value shall be fixed with reference to the income of the property.
- (6) In the case of items wherein varying rates are provided, the Municipal Corporation shall adopt the rates found suitable for the particular municipal area after taking the local conditions into account. The Commissioner may also increase the rates so adopted by the Municipal Corporation by not exceeding 10% over the rates aforesaid for superior quality of better type of flooring and fine plastering depending upon the workmanship and cost involved. Where the entire roof is not of the same description appropriate rates shall be adopted for the different types of roof for arriving at the total cost of erection. The rate of cost per square metre plinth area shall be determined in consultation with the concerned Local Engineer belonging to Roads and Buildings Department in consonance with the price levels prevailing at the time of such revision.
- (7) In the case of buildings which are partly occupied by the owner and partly let out on rent, property tax shall be levied as per Rules 6 and 3 on owner occupied portions and rented portions respectively.
- (8) For the purpose of assessing the vacant land, the estimated capital value of the land shall be the market value fixed by Registration Department for the purpose of registration.

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<sup>33</sup> Inserted by G.O. Ms. No. 596 dated 20-11-2006 of MA & UD (TC.1) Department

<sup>34</sup> Added by G.O. Ms. No. 596 dated 20-11-2006 of MA & UD (TC.1) Department

<sup>35</sup> [8. Any tax lawfully levied by or on behalf of the Corporation at the commencement of these rules shall notwithstanding any change in the method or manner of assessment under these rules, be continued till assessment under these rules is made].

<sup>36</sup> [9. **Enhancement on revision not to exceed seventy five percent in respect of residential buildings:**

Notwithstanding anything contained in these Rules, where the increase on account of revision of property tax assessments exceeds 75% over the existing tax as on 31<sup>st</sup> March, 2002 in respect of residential buildings in the general revision of property tax assessments which has been given effect to from the 1<sup>st</sup> April, 2002, the increase shall be restricted to 75% of the existing tax in respect of residential buildings.]

<sup>37</sup> [10. **Enhancement on revision not to exceed one hundred and one hundred and fifty percent in respect of non-residential buildings which are more than twenty five years old and less than twenty five years old respectively:**

Notwithstanding anything contained in these rules, where the increase on account of revision of property tax assessment exceeds 100% and 150% over the existing tax as on 31<sup>st</sup> March, 2002 in respect of non-residential buildings which are more than twenty five years old and less than twenty five years old respectively in the general revision of property tax assessments which has been given effect to from the 1<sup>st</sup> April, 2002, and the increase shall be restricted to 100% and 150% of the existing tax in respect of non-residential buildings which are more than twenty five years old and less than twenty five years old respectively.]

<sup>38</sup> [Rule - 9. Omitted]

<sup>39</sup> [Rule - 10. Omitted]

<sup>40</sup> [Rule – 9: **Enhancement on revision in respect of Residential Buildings :** Notwithstanding anything contained in these rules, where the increase on account of revision of property tax assessments exceeds 75% over the existing tax as on the 31<sup>st</sup> March, 2002 in respect of residential buildings in the general revision of property tax assessments which has been given effect to from the 1<sup>st</sup>

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<sup>35</sup> Rule 8 added by G.O. Ms. No. 540 MA dated 8-11-1991 of MA & UD (TC.1) Department

<sup>36</sup> Added by G.O. Ms. No. 155 MA dated 8-4-2002 of MA & UD (TC.1) Department

<sup>37</sup> Added by G.O. Ms. No. 168 MA dated 18-4-2002 of MA & UD (TC.1) Department

<sup>38</sup> Rule 9 omitted by G.O. Ms. No. 596 dated 20-11-2006 of MA & UD (TC.1) Department

<sup>39</sup> Rule 10 omitted by G.O. Ms. No. 596 dated 20-11-2006 of MA & UD (TC.1) Department

<sup>40</sup> Rule 9 is added by G.O. Ms. No. 708 dated 21-9-2007 of MA & UD Department



April, 2002, the increase shall be restricted to 75% of the existing tax in respect of residential buildings].

<sup>41</sup> **[Rule – 10: Enhancement on revision in respect of non-residential buildings:** Notwithstanding anything contained in these rules, where the increase on account of revision of property tax assessment exceeds 100% and 150% over the existing tax as on 31<sup>st</sup> March, 2002 in respect of non-residential buildings which are more than twenty five years old and less than twenty five years old respectively in the general revision of property tax assessments which has been given effect to from the 1<sup>st</sup> April, 2002 and the increase shall be restricted to 100% and 150% of the existing tax in respect of non-residential buildings which are more than twenty five years old and less than twenty five years old respectively].

<sup>42</sup>**[Rule – 11: Enhancement on revision in respect of non-residential buildings:** “Notwithstanding anything contained in these Rules, where the increase on account of revision of property tax assessment exceeds 50% over the existing tax as on 30-9-2007 in respect of non-residential buildings. In the general revision of property tax assessment, which has been given effect to from 1<sup>st</sup> October, 2007, the increase shall be restricted to 50% of the existing tax in respect of non-residential buildings”]

<sup>43</sup> **[Rules 9, 10 and 11 are omitted]**

<sup>44</sup> [In Form – A in the heading, after the words “per sq.m.”, the words “or sq. ft.” shall be added]

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<sup>41</sup> Rule 10 is added by G.O. Ms. No. 708 dated 21-9-2007 of MA & UD Department

<sup>42</sup> Rule 11 is substituted by G.O. Ms. No. 864 MA dated 26-11-2007 of MA & UD Department

<sup>43</sup> Rules 9, 10 and 11 are again omitted by G.O. Ms. No. 88 dated 5-3-2011 of MA & UD (TC.1) Dept.

<sup>44</sup> Added by G.O. Ms. No. 596 dated 20-11-2006 of MA & UD (TC.1) Department

**FORM – A**

**Notification showing the monthly rent fixed per Sq. M. <sup>45</sup>[or Sq. ft.] of plinth Area [ See Rules 2 (v) ]**

Rental Data for the year:	
	Municipal Corporation :
Zone No. :	

Localities/ Areas and Areas included in the zone

Name of the Locality	Door Nos.					
	From:			To:		
Category of buildings.	Nature of usage					
	Residential use	Shops	Public Use	Commercial use	Industrial use	Cinema theatres
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.
b) RCC Posh Buildings						
b) RCC ordinary Buildings:						
g) Madras Terraced or Jack arc roofed or stone slabs or slates roofed Buildings.						
h) Mangalore tiled buildings or asbestos roofed or G.I. roofed Buildings.						
i) Country tiled Buildings						
j) Huts.						
Commissioner						
_____ Municipal Corporation						

<sup>45</sup> Added by G.O. Ms. No. 596 dated 20-11-2006 of MA & UD (TC.1) Department

**FORM – B****Property Tax Assessment List of Buildings and Lands of Municipal Corporation**

<b>Existing Assessment</b>								
Door No.	Name and address of the owner	No. IN the Assessment Register	ARV of the Building	ARV of the site	Total Property Tax Rs. Ps.	Library Cess Rs. Ps.	Zone No.	Name of the Locality
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

Year of completion and age of the Building	<b>Description of each storey of the Building</b>				<b>Amenities provided in the Building</b>			
	Nature and type of roofing	Nature and type of flooring	Nature and type of wood	Nature and type of walls	Electricity	Water Tap / Well	Whether connected with Mpl. Drainage	Attached Bathroom
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)

Total adjacent premises in Sq. Mts	Area of appurtenant land allowed under explanation to Section 87 of A.P.M Act	Area to be taxed under VLT with Asst. No.	Name and occupation of the occupant (owner or Tenant)	Type of Construction	Plinth Area of building per each type of construction in Sq. M.
(19)	(20)	(21)	(22)	(23)	(24)

Contd..

Nature of use of the building	Monthly rent notified per Sq. M of Plinth Area as per type of construction and usage of the building	Monthly rental value fixed Rs. Ps.	Reasons for increase/ decrease/ omission	Asst. No. Allotted in the new register	Gross ARV of the building
(25)	(26)	(27)	(28)	(29)	(30)

Age of the building 25 years and below / above 25years	Allowances for repairs or depreciation/ owner occupied Residential building Rs.	Annual Rental Value of the building Rs.	Annual Rental Value of the site and premises Rs.	Total Annual Rental Value Rs.
(31)	(32)	(33)	(34)	(35)

Revised Asst. As fixed by the Commissioner						Total (40) + (41) Rs. Ps.	Initials of Commissioner	No. of Special Notice	Date of Service of Special Notice
General Tax Rs. Ps.	Conservancy Tax Rs. Ps.	Lighting Tax Rs. Ps.	Drainage Tax Rs. Ps.	Total Property Tax Rs. Ps.	Library Cess Rs. Ps.				
(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)

Contd..

<b>Asst. fixed on Revision Petition</b>					Lighting Tax Rs. Ps.	Drainage Tax Rs. Ps	Total Property Tax Rs. Ps.	Library Cess Rs. Ps.	Total (53) + (54) Rs. Ps.	Initials of Comm.
Date of receipt of Complaint Petitions	No. of Complaint Petitions	Orders of the Commissi oner	General Tax Rs. Ps.	Conserva ncy Tax Rs. Ps.						
(46)	(47)	(48)	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)

**FORM – C**

**Vacant Land Tax Assessment ..... Municipal Corporation**

<b>Existing Assessment</b>								
Sl. No.	Patta No.	Survey and sub-division No.	Name of the owner with full address	No. in the Asst. Register	Area of land in Sq. M.	ARV or capital value	Total Property tax	Description of land with measurements
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

<b>Annual Rental Value / Capital Cost</b>							
Initials of the T.I.	Name of the occupant	Nature of usage of the land	In case of vacant land let out monthly rent as reported by owner or occupant or as estimated	Area of vacant land in Sq. M.	Capital value of the vacant land	Reasons for increase / decrease / omission	
(10)	(11)	(12)	(13)	(14)	(15)	(16)	

<b>Asst. As fixed by the Commissioner</b>					
Asst. No. Allotted in the new register	Property tax (Rs. Ps.)	Total property tax (Rs. Ps.)	Library Cess (Rs. Ps.)	Total property tax and Library Cess (Rs. Ps.)	Initials of the Commissioner
(17)	(18)	(19)	(20)	(21)	(22)

(Contd..)

No. of Special Notice	Date of service of special notice	No. of Complaint Petition	Date of receipt of Complaint Petition	Orders of the Commissioner	Property tax (Rs. Ps.)	Library Cess (Rs. Ps.)	Total Property tax and Library Cess (Rs. Ps.)	Initials of the Commissioner
(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)

<sup>46</sup>[After “Form – C” the following shall be added namely :-

**“Form – D**

Survey of data relating to prevailing rental values of all categories of rented buildings in Municipal Corporation

Sl. No.	PTI No.	Door No.	Existing		Name of the tenant	Nature of construction	Cellar / G. Floor / 1 <sup>st</sup> Floor other Floors	Nature of Usage	Plinth area	Prevailing MRV (Rs.)	Remarks
			Property tax per annum (Rs.)	Gross MRV (Rs.)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)

<sup>46</sup> Form – D added by G.O. Ms. No. 596 dated 20-11-2006 of MA & UD Department



**MUNICIPAL CORPORATION**

**Appeal to Tenants of Rented Buildings**

**General Revision of Property Tax - Survey to gather information  
relating to prevailing rental values of rented buildings  
(See Chapter – 11 & Para – 11.16.4)**

- 1) \_\_\_\_\_ Municipal Corporation has initiated the process of general revision of Property Tax to come into force from \_\_\_\_\_ General Revision of Property Tax envisages fixation of Annual Rental Value of lands and buildings and Property Tax thereon with reference to the following factors:
- 1) Location of the Building
  - 2) Type of Construction
  - 3) Plinth Area
  - 4) Age of the Building
  - 5) Nature of Usage.

**2) Various Steps in General Revision of Property tax :**

- First step:** The Municipal Corporation is divided in to \_\_\_\_\_ territorial zones for fixation of monthly rental value and assessment of Property Tax thereon based on availability of civic amenities and various other facilities.
- Second step:** The buildings situated in each zone will be classified into 6 categories based on the type of construction.
- Third step:** The buildings will be further classified into 10 or more categories taking into consideration the nature of use of the buildings.
- Fourth step:** Monthly rental value per sq.mt of plinth area for various categories of buildings in each zone will be fixed based on nature of construction and nature of usage. To arrive it monthly rental value per sq.mt of plinth area, it is now proposed to conduct survey information relating to prevailing rental values of 20 percent of the rented buildings of various categories in a Zone and arrive at average monthly rental value fixable per sq.mt of plinth area for each category of building.

**Fifth step:** A gist of draft notification will be published in Form-'A' in a daily News paper and complete draft notification in District Gazette providing for monthly rental value per sq. mt. of plinth area for various categories of buildings for all zones and calling for objections and suggestions from the public within 15 days regarding the division of Municipal Corporation into zones and monthly rental value fixable for each sq.mt of plinth area in each zone.

**Sixth step:** A final notification will be issued fixing monthly rent per sq.mt of plinth area for all categories of buildings after considering the objections and suggestions received from the public and publish a gist of notification in a daily news paper and complete final notification in District Gazette.

**3.** Municipal staff is being deputed now to gather information relating to plinth area and prevailing rental values of various categories of rented buildings in a zone for issue of a draft notification in this regard. The occupants of rented buildings are requested to extend their co-operation in this matter.

Date:

\_\_\_\_\_  
Commissioner,  
Municipal Corporation

మనవి

ఆస్తిపన్ను నిర్ధారణ విషయములో నూతన విధానం – అమలులో ఉన్న  
అద్దె భవనాల అద్దె విలువకి సంబంధించిన సమాచార సేకరణకు సర్వే

1) ఆస్తిపన్ను నిర్ధారణ విషయంలో క్రొత్త విధానం (ప్రాంతం ఆధారంగా యూనిట్ రేటు విధానం) ప్రారంభించే పద్ధతిని తేది ----- నుండి అమలులోకి వచ్చే విధంగా హైదరాబాదు మహా నగర పాలక సంస్థ చేపట్టింది. ఆస్తిపన్ను నిర్ధారణ యొక్క నూతన విధానములో భూముల మరియు భవనాల వార్షిక అద్దె విలువ స్థిరీకరణ మరియు వాటి ఆస్తిపన్ను ఈ క్రింది అంశాల ప్రాతిపదికగా ఉంటాయి.

1. భవనం ఉన్న ప్రాంతం
2. నిర్మాణ విధానం
3. ప్లింత్ ఏరియా (నిర్మాణ విస్తీర్ణం)
4. భవనము ఎప్పుడు నిర్మించారు ?
5. దేనికై ఉపయోగిస్తున్నారు ?

2) ఆస్తిపన్ను నిర్ధారణ నూతన విధానంలో వివిధ చర్యలు:

మొదటి చర్య : నెలవారి అద్దె స్థిరీకరణ మరియు ఆస్తిపన్ను నిర్ధారణ కొరకు లభించే పౌర వసతులు మరియు వివిధ సదుపాయాల ఆధారముగా కార్పొరేషన్ ను ----- ప్రాదేశిక జోన్లుగా విభజించడం జరుగుతుంది.

రెండవ చర్య : ప్రతి జోన్ లో ఉన్న కట్టడాలను, వాటి నిర్మాణ స్వభావాన్ని బట్టి – ఆరు తరగతులుగా వర్గీకరించబడును.

మూడవ చర్య : ఆ కట్టడాలను ఉపయోగించే స్వభావాన్ని బట్టి వాటిని ----- తరగతులుగా విభజించబడును.

నాల్గవ చర్య : ప్రతి జోన్ లో ఉన్న వివిధ క్యాటగిరీల భవనములకు ప్రతి చదరపు అడుగు ప్లింత్ ఏరియా నెలవారీ అద్దె, ఆ కట్టడం (బిల్డింగ్) నిర్మాణ స్వభావము మరియు దాన్ని ఉపయోగించే స్వభావం ఆధారముగా స్థిరపరచడం జరుగుతుంది. ప్లింత్ ఏరియా చదరపు అడుగు నెలవారీ అద్దె నిర్ధారించుటకు, అయా జోన్ లోని వివిధ క్యాటగిరీల అద్దె భవనాలకు అయా ప్రాంతాల్లో అమలులో ఉన్న అద్దెలకు సంబంధించిన సమాచారము

సేకరించాలని మరియు ప్లింత్ ఏరియాలో ప్రతి చదరపు అడుగుకు సగటు నెలసరి అద్దె నిర్దారించాలని ప్రతిపాదించడమయినది.

**ఐదవ చర్య** : అన్ని జోన్లకు వివిధ క్యాటగిరీల భవనాల ప్లింత్ ఏరియా ప్రతి చదరపు అడుగుకు నెలసరి అద్దె తెలుపుతూ దినపత్రికలోను, జిల్లా గెజిట్లోను ముసాయిదా ఫారం 'ఎ' జారీ చేస్తూ, కార్పొరేషను జోన్లుగా విభజించే విషయంలోను, ప్రతి జోనులోను ప్లింత్ ఏరియాకి సంబంధించి ప్రతి చదరపు అడుగుకు నెలవారీ అద్దె నిర్దారించే విషయంలోను, ప్రజల అభ్యంతరాలు, సలహాలు కోరడం జరుగుతుంది.

**ఆరవ చర్య** : ప్రజల నుండి అభ్యంతరాలు, సలహాలు పరిశీలించిన పిమ్మట భవనాల అన్ని క్యాటగిరీల ప్లింత్ ఏరియా ప్రతి చదరపు అడుగుకు నెలసరి అద్దె నిర్దారిస్తూ తుది నోటిఫికేషన్ జారీ చేయబడుతుంది.

ప్రతి జోనులోను, వివిధ క్యాటగిరీల అద్దె భవనాలకు సంబంధించి, ప్రస్తుతం అమలులో ఉన్న అద్దెలు మరియు అ భవనాల ప్లింత్ ఏరియా సమాచారం సేకరించే నిమిత్తం మునిసిపల్ కార్పొరేషన్ సిబ్బందిని పంపడం జరుగుతుంది. అయా అద్దె భవనాల్లో నివసించే వారంతా ఈ సర్వే విషయంలో మునిసిపల్ కార్పొరేషన్ సిబ్బందికి, తమ పూర్తి సహకారం అందించగలరని మనవి చేయడమైనది.

**తేది:**

**కమీషనరు**

-----నగర పాలక సంస్థ

**Examples for Calculation of Property Tax in Municipalities**

(See Chapter – 17 & Para – 17.2)

**Annual Rental Value is apportioned between building and site in the ratio of 2:1**

**1. Buildings used by the owner for residential purposes**

1.	Plinth area of the building	100 Sq.Mtrs
2.	Monthly Rental Value per Sq.Mtr. of plinth area as per the Notification	Rs.10/-
3.	Monthly Rental Value	Rs. 1000/-
4.	Annual Rental Value	Rs. 12000/-
5.	Annual Rental Value apportioned to site	Rs. 4000/-
6.	Annual Rental Value apportioned to building	Rs. 8000/-
7.	Depreciation of 40% from the rental value of the Building	Rs. 3200/-
8.	Net Rental Value of the building (Rs. 8000-3200)	Rs. 4800/-
9.	Total Rental Value (Rs. 4000+4800)	Rs. 8800/-
10.	Rate of property tax on ARV	25% of ARV
11.	Property Tax payable per annum	Rs.8800 x 25/100 = 2200/-

**2. Rented Buildings which are aged below 25 years and utilized for residential purpose**

1.	Plinth area of the building	100 Sq. Mt.
2.	Monthly Rental Value per Sq. Mt. of plinth area as per the Notification	Rs.10/-
3.	Monthly Rental Value	Rs. 1000/-
4.	Annual Rental Value	Rs. 12000/-
5.	Annual Rental Value apportioned to site	Rs. 4000/-
6.	Annual Rental Value apportioned to building	Rs. 8000/-
7.	Depreciation of 10% from the Rental Value of the Building	Rs. 800/-
8.	Net Rental value of the Building Rs. (8000-800)	Rs 7200/-
9.	Total Rental Value (Rs. (7200 + 4000)	Rs. 11200/-
10.	Rate of property tax on the annual rental value	25%
11.	Property Tax payable per annum	Rs. 11200 x 25 / 100 = 2800/-

**3. Rented Residential Buildings whose age is beyond 25 years and less than 40 years**

1.	Plinth area of the building	100 Sq. Mt.
2.	Monthly Rental Value per Sq. Mt. of plinth area as per the Notification	Rs.10/-
3.	Monthly Rental Value	Rs. 1000/-
4.	Annual Rental Value	Rs. 12000/-
5.	Annual Rental Value apportioned to site	Rs. 4000/-
6.	Annual Rental Value apportioned to building	Rs. 8000/-
7.	Depreciation of 20% on the annual rental value of the building	Rs. 1600/-
8.	Net Rental value of the Building Rs. (8000-1600)	Rs, 6400/-
9.	Total net Rental Value (Rs. ((6400+4000)	Rs. 10400/-
10.	Rate of property tax on the annual rental value	25%
11.	Property Tax payable per annum	Rs. 10400 x 25/100 = 2600/-

**4. Building with less than 25 years age and utilized for non-residential purposes**

1.	Plinth area of the building	100 Sq. Mt.
2.	Monthly Rental Value per Sq. Mt. of plinth area as per the Notification	Rs. 20/-
3.	Monthly Rental Value	Rs. 2000/-
4.	Annual Rental Value	Rs. 24000/-
5.	Annual Rental Value apportioned to site	Rs. 8000/-
6.	Annual Rental Value apportioned to building	Rs. 16,000/-
7.	Depreciation of 10% on the annual rental value of the building	Rs. 1600/-
8.	Net Rental value of the Building Rs. (16000 – 1600)	Rs. 14,400/-
9.	Total net Rental Value Rs. (14400 + 8000)	Rs. 22400/-
10.	Rate of property tax on the annual rental value	33%
11.	Property Tax payable per annum	Rs. 22400 x 33 / 100 = 7392/-

**5. Building with more than 25 years age but less than 40 years and utilized for Non-residential purposes**

1.	Plinth area of the building	100 Sq. Mt.
2.	Monthly Rental Value per Sq. Mt. of plinth area as per the Notification	Rs. 20/-
3.	Monthly Rental Value	Rs. 2000/-
4.	Annual Rental Value	Rs. 24000/-
5.	Annual Rental Value apportioned to site	Rs. 8000/-
6.	Annual Rental Value apportioned to building	Rs. 16,000/-
7.	Depreciation of 20% on the annual rental value of the building	Rs. 3200/-
8.	Net Rental value of the Building Rs. (16000 – 3200)	Rs. 12800/-
9.	Total net Rental Value Rs. (8000+12800)	Rs. 20800/-
10.	Rate of property tax on the annual rental value	33%
11.	Property Tax payable per annum	Rs.20800x 33 / 100 = Rs. 6,864/-

**6. Building with more than 40 years age and utilized for Non-residential purposes**

1.	Plinth area of the building	100 Sq. Mt.
2.	Monthly Rental Value per Sq. Mt. of plinth area as per the Notification	Rs. 20/-
3.	Monthly Rental Value	Rs. 2000/-
4.	Annual Rental Value	Rs. 24000/-
5.	Annual Rental Value apportioned to site	Rs. 8000/-
6.	Annual Rental Value apportioned to building	Rs. 16,000/-
7.	Depreciation of 30% on the annual rental value of the building	Rs. 4800/-
8.	Net Rental value of the Building Rs. (16000 – 4800)	Rs. 11200/-
9.	Total net Rental Value Rs. (11200+8000)	Rs. 19200/-
10.	Rate of property tax on the annual rental value	33%
11.	Property Tax payable per annum	Rs.19200x 33 / 100 Rs. 6336/-

**Example for calculation of Property Tax – Owner occupied  
Residential Buildings in GHMC**

1.	Type of Construction	RCC Posh Building
2.	Plinth Area	2000 Sq.ft
3.	Monthly Rent notified Per sq.ft. of plinth area	Rs.3.00
4.	Monthly Rental Value (Plinth area x Monthly rent Per sq.ft of plinth area) (2000x3)	Rs.6000
5.	Annual Rental Value (ARV) (6000x12)	Rs.72,000
6.	Apportionment of ARV between building and land at 50% each a. Gross ARV of land b. Gross ARV of Building	Rs.36,000 Rs.36,000
7.	Rebate allowed at 40% of ARV (40% of 36,000)	Rs.14,400
8.	Net ARV of building (36,000-14,400)	Rs.21,600
9.	Total net ARV of building and land (36,000+21,600)	Rs.57,600
10.	Rate of Property Tax	30% of ARV
11.	Property Tax per annum (At 30% of 57,600) (Add library cess at 8% of Property Tax )	Rs.17,280



**Example for calculation of Property Tax –  
Rented Residential Buildings in GHMC**

1.	Type of Construction	RCC Posh Building
2.	Plinth Area	2000 Sq.ft
3.	Monthly Rent notified per sq.ft. of plinth area	Rs.3.00
4.	Monthly Rental Value (Plinth area x Monthly rent per sq.ft of plinth area) (2000x3)	Rs.6000
5.	Annual Rental Value (ARV) (6000x12)	Rs.72,000
6.	Apportionment of ARV between building and land at 50% each a. Gross ARV of land b. Gross ARV of Building	Rs.36,000 Rs.36,000
7.	Age of the Building	15 years
8.	Rebate allowed at 10% of ARV (10% of 36,000)	Rs. 3,600
9.	Net ARV of building (36,000-3,600)	Rs.32,400
10.	Total net ARV of building and land (36,000+32,400)	Rs.68,400
11.	Rate of Property Tax	30% of ARV
12.	Property Tax per annum (At 30% of 68,400) (Add library cess at 8% of Property Tax )	Rs.20,520

## ABBREVIATIONS

A.C.	Appellate Commissioner
Asst. Register	Assessment Register
A.P.M. Act	Andhra Pradesh Municipalities Act
APMDP	Andhra Pradesh Municipal Development Project
ARV	Annual Rental Value
C&DMA	Commissioner & Director of Municipal Administration
CP	Complaint Petition
FC	Finance Commission
GHMC	Greater Hyderabad Municipal Corporation
GHMC Act	Greater Hyderabad Municipal Corporation Act
HMC Act	Hyderabad Municipal Corporations Act
ILCS	Integrated Low Cost Sanitation Scheme
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
MRV	Monthly Rental Value
RAY	Rajiv Awas Yojana
R.I.	Revenue Inspector
RP	Revision Petition
SFC	State Finance Commission
SJSRY	Swarna Jayanti Shahari Rozagar Yojana
Sq. ft.	Square feet
Sq. M.	Square Meter
ULB	Urban Local Body
VLT	Vacant Land Tax

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