

ITEM NO. 13 (F-01)

Copy of Reso. No. 13(F-01)
of
Councils Ordinary Meeting
Dated 15/07/09.....
22/07/09

1. **Name of the subject/Project**
Modification in rate of rebates from payment of property tax to comply with Council Resolution No.18(F-3) dated 21/01/2009 for the year 2009-2010.

2. **Name of the Department**

Tax Department

3. **Brief History of the subject/project:**

The Committee constituted U/s-9 of the NDMC Act, 1994 advised the framing of the Bye-laws for the determination of the RV of the Property Tax with certain recommendations.

The Council in its meeting 21.05.2008 approved the recommendations of the Committee and suggested that the Bye-laws may be effective from 1.04.2008.

The Govt. of NCT of Delhi notified the Bye-laws on 24.02.2009 and directed that these Bye-laws may be effective from 1.04.2009. Accordingly, the Bye-laws known as "Determination of Annual rent Bye-law 2009" have become effective from 1.04.2009.

The Committee in its meeting of 9.05.2008 had resolved "that at the time of determining the rates of Property Tax, in order to give relief to self occupied properties upto a rateable value of Rs.1 lac and self occupied residential properties occupied by sr. Citizen, women and handicap, a lower rate of tax and or rebate from the payment of property tax may be considered".

However as the bye laws had not been notified and the rate schedule had to be approved by 15th of February, the Council while approving the rates of municipal taxes for the year 2009-10, in its Resolution no. 18(F-3) dated 21.01.2009 resolved in respect of property tax as under :-

A. Property Tax :

| | Lands and Buildings or part thereof | Rate of Tax |
|------|---|---|
| i. | Where the rateable value does not exceeds Rs.10 lacs | 20% of the Rateable value. |
| ii. | Where the rateable value exceeds Rs.10 lacs but does not exceeds Rs.20 lacs | Rs.2,00,000/- plus 25% of the amount by which the rateable value exceeds Rs. 10 lacs. |
| iii. | Where the rateable value exceeds Rs.20 lacs | Rs.4,50,000/- plus 30% of the amount by which the rateable value exceeds Rs.20 lacs. |

Explanation :-

The rateable value computed in accordance with the provisions of the NDMC Act, 1994 shall be in multiples of Rs.100 and the last two digits of the rateable value upto Rs.99 shall be ignored.

Exemption :-

Land and building with rateable value upto Rs.1000 shall be exempt from the payment of property tax, for the year 2009-10, provided that there are no arrears of property tax upto the year ending 31st March, 2009.

B. Rebate :-

- (i) Rebate of 25% on the tax for the year 2009-10 shall be allowed at the time of payment of property taxes for the year 2009-10 to an individual property owner or an HUF who files a declaration that the premises are exclusively kept for the use of the individual's or the HUF's residence.

Provided that -

- (a) Payment of the tax is made within the time allowed in the bill and that there are no arrears of property taxes upto the period ending 31.03.2009 or the arrears are also paid before or along with demand for the year 2009-10.
- (b) The property should be mutated in the name of the individual or the HUF as the case may be.
- (c) The property owned by the Companies, firms and other Institutions and used as residence or guest house for Directors, partners and their employees shall not qualify for this rebate.

- (ii) Rebate of 10% of the tax shall be allowed on the tax payable for the year 2009-10 on the self occupied portion of the lands and buildings owned by a Society and exclusively used and occupied by the Society for education purposes as a recognized school within the meaning of Delhi School Education Act, 1973 or for medical relief as hospital, if the payment is made for the aforesaid portion, within the time allowed in the bill and there are no arrears of property taxes upto the period ending 31.03.2009 or the same are also paid before or along with the demand for the year 2009-10.

Provided that -

- (a) The rebate shall be 50% of the tax in respect of aided schools, aided colleges and aided of lands and buildings owned and occupied by a Society, substantially supported through grants from municipal fund of Council, the rebate shall be 100%.



- (iii) In respect of building in which any expenditure is incurred on providing Roof Top Rain Water Harvesting System, the Chairman may direct grant of rebate at 10% of the property tax for the year 2009-10 or 20% of the actual expenditure on providing Roof Top Rain Water Harvesting System, whichever is lower.

Provided that –

- (a) The feasibility of Roof Top Water Harvesting System has been approved by Engineer-In-Chief of NDMC and the completion certificate has been obtained for the rain water harvesting system.
- (b) The rebate, if granted, shall be available from the year 2009-10 and four subsequent years.

Provided that in case of any dispute on the question of a quantum of grant of rebate under Clause(i), (ii) & (iii), the decision of Chairperson shall be final.

Provided further that on notification of Rateable Value Bye-law, rebates, if found necessary can be modified.

The Council had thus resolved that on notification of the rateable value Bye-laws, rebates if found necessary can be modified. Council had not approved variations in the rate of taxes for the year 2009-10, as it is not possible under the NDMC Act to change the rate of taxes, once the same are determined for a particular year. Accordingly, after the notification of the NDMC (Determination of Annual Rent) Bye-laws, 2009 and keeping in view the directions of the committee dt. 9.05.2008 and resolution of council dt. 21.05.2008 & 21/01/2009, the rebates are proposed to be modified as under:-

4. Detailed proposal on the subject/project

As brought out in para 3, it has become necessary to revisit the rebates being allowed to property tax payers in view of the introduction of the new bye laws. In order to keep the system simple as well as to ensure that the rebates reach the targeted section of taxpayers, the following rebates are proposed:

- (i) a rebate of 50% of tax determined on rateable values upto Rs.1,00,000/- under the bye laws of 2009.
- (ii) a rebate of 50% of the tax determined on rateable value under the bye laws of 2009 shall be allowed on the self occupied portion of the lands and buildings owned by a society and exclusively used and occupied by the society for educational purposes as a recognized school within the meaning of Delhi School Education Act, 1973 or for medical relief as hospital

Provided that

- a) The rebate shall be 50% of the tax in respect of aided schools, aided colleges and aided hospitals. Other conditions remaining the same.
 - b) The rebate shall be 100% for schools aided by NDMC.
 - c) The rebate shall be 10% for unaided schools.
 - d) The rebate shall be 50% of the tax for the year 2009-10 in respect of self occupied portion of land & building owned by a society which is substantially supported by grants from the consolidated fund of India or consolidated fund of NCT of Delhi.
 - e) No rebate shall be allowed on the residential portion used by the Society for its employees or for the portion from which any rent is derived or wherein any trade or business is carried on and that such portions of the land and building shall be treated as a separate property for payment of property taxes.
- (iii) In respect of building in which any expenditure is incurred on providing Roof Top Rain Water Harvesting System, the Chairman may direct grant of rebate at 10% of the property tax for the year 2009-10 or 20% of the actual expenditure on providing Roof Top Rain Water Harvesting System, whichever is lower.
- Provided that
- (a) The feasibility of Roof Top Rain Water Harvesting System has been approved by Engineer-In-Chief of NDMC and the completion certificate has been obtained for the rain water harvesting system.
 - (b) The rebate, if granted, shall be available from the year 2009-10 and four subsequent years.
- (iv) On net tax payable after rebates from (i) to (iii) above, a prompt payment rebate of 10% of the tax determined under the new byelaws for the year 2009-10 shall be allowed, if tax is paid for 2009-10 along with self assessment return by 31/12/2009.

Provided further that in case of any dispute on the question of a quantum of grant of rebates under clause (i) to (iv) the decision of Chairperson shall be final.

5. **Financial implications of the proposed project/subject:-**
The exact implication of the rebates is dependent on the number of taxpayers coming forward for self assessment. However, the department expects that the overall impact of the introduction of the new byelaws shall be revenue neutral.
6. **Implementation schedule with timeliness for each stage including internal proceeding:**
Since the Bye-laws have already been notified, these have to be implemented from the current financial year.
7. **Comments of the Finance Deptt. on the subject**
Finance has no objections.
8. **Comments of the deptt. on comments of Finance Deptt.**
No Comments
9. **Legal implications of the subject/project**
As discussed above.
10. **Details of previous Council Resolutions, existing law of Parliament and Assembly on the subject**
Resolution No F-2(21) dated 21/05/2008
11. **Comments of the Law Deptt. on the subject/project**
The rebate proposals have been framed in consultation with the Legal Advisor.
12. **Comments of the deptt. on the comments of Law Deptt.**
No Comments
13. **Recommendations**
The proposals as contained in para 4 is placed before the Council for approval.

COUNCIL'S DECISION

Resolved by the Council that the proposal as contained in para 4 of the preamble is approved.

Sd/-
31/5/09

For Secretary
New Delhi Municipal Council
Palika Kendra, New Delhi

