

ITEM NO. 18 (F-3)

1. Name of the Subject/Project

Determination of rates of various Municipal Taxes, rates & cesses for the financial year 2009-10.

2. Name of the Department.

Tax Department.

3. Brief history of the subject.

The Municipal Government of New Delhi vests in the Council. To run the Government and to perform various obligatory & discretionary functions, the NDMC Act empowers the Council to levy certain obligatory and discretionary taxes. To deal with the municipal offences, the NDMC Act also provides for levy of fines and penalties. Sub section 1 of Section-60 of the Act provides for the levy of obligatory taxes and sub-section(2) provides for the discretionary taxes which the Council may levy with the approval of the Central Government as per provisions of section-96 of the Act. Section-60 of the Act is re-produced in **Annexure I (See page 97)**.

Section-55(2) of NDMC Act, 1994 provides that on or before the 15th day of February each year, the Council shall determine the rates at which various municipal taxes, rates and cesses shall be levied in each of the following year and save as otherwise provided in the Act, the rates so fixed shall not be subsequently altered for the year for which they have been fixed. Accordingly, the Rate Schedule for the year 2009-10 has to be finalized by the Council on or before 15th of February, 2009.

The existing Rate Schedule for the year 2008-09 as determined by the Council is placed as **Annexure-II (See pages 98 – 109)**

4. Detailed proposal on the subject.

The Council had approved the Rateable value byelaws 2008 under the head "A-Bye laws relating to taxation" in sub-section(1) of section 388, read with clause(42) of section 2 of the New Delhi Municipal Council Act, 1994 (44 of 1994), vide Council's Resolution No. 28(C-10) dated the 21st May 2008. The case stands referred to the Govt. of NCT of Delhi for obtaining prior approval u/s 391 of the New Delhi Municipal Council Act, 1994 of the LG for publication of the notification for introduction of Unit Area Method in the NDMC area. In this scenario, the rate schedule for the year 2008-09 is

proposed to be adopted for the year 2009-10 (with minor changes as detailed below). In case the Rateable Value Bye Laws are notified for the year 2009-10, and the council feels that there is a need for modification in amount of tax or rebates, the same can be made done under the provisions of section 124 of the Act

Accordingly the rate schedule for year 2009-10 is proposed as under:

A. Property Tax

	Lands and buildings or part thereof	Rate of Tax
i.	Where the rateable value does not exceed Rs. 10 lacs.	20% of the rateable value.
ii.	Where the rateable value exceeds Rs. 10 lacs but does not exceed 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 2009-2010, provided that there are no arrears of property tax upto the year ending 31st March, 2009.

Rebate:-

- (i) rebate of 25% on the tax for the year 2009-2010 shall be allowed at the time of payment of property taxes for the year 2009-2010 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 31-3-2009 or the arrears are also paid before or alongwith 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 31-3-2009 or the same are also paid before or along with the demand for the year 2009-2010.

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 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 Consolidated Fund of India or Consolidated Fund of NCT of Delhi.
- (c) 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.
- (d) In respect of lands & buildings owned & occupied by a Society, substantially¹ supported through grants from municipal fund of Council, the rebate shall be 100%.

¹ In place of word "wholly" used in rate schedule for the year 2008-09. this will in effect exempt the aided schools of NDMC.

- (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.

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.

Vacancy Remission: as per section 110, if a property which is kept for letting remains vacant and unproductive of rent for a period exceeding sixty days, vacancy remission is admissible. The Council has been permitting grant of VR on year to year basis at the end of the year wherever the premises are lying vacant more than 60 consecutive days in a financial year. It is proposed to continue this practice for the year 2009-10 also.

(B) Tax on vehicles and animals:

As per Schedule-II of the Act at NIL rate.

(C) Theatre tax :

As per Schedule-III of the Act at NIL rate.

(D) Tax on advertisements other than advertisements published in the Newspapers:

As per Schedule-IV of the Act at maximum rate.

(E) Duty on transfer of property:

Duty on transfer of property on the instruments specified in Sec. 93(2)(b) and on instruments presented for mutation under Sec. 74, at the following rate:

- (a) 2% in case the transferee is a woman to the extent of her share in the property,
- (b) 2.5% in case the transferees are persons other than women.

(F) Tax on building payable along with the application for sanction of the building plan:

As per Schedule-V of the Act.

(G) Tax on sale or supply of Electricity:

Electricity tax is a discretionary tax under section 60(2)(c). It is proposed to levy this tax @ 5% of tariff fixed by DERC for consumption, sale or supply of electricity.

5. Financial implication of the proposed subject.

Since the rate of taxes and rebates are the same as in 2008-09, it has no financial implications.

6 Implementation schedule with timeliness for each stage including internal processing.

The rates of Municipal taxes rates and cess as determine by the Council will be applicable for the financial year 2009-10.

7 Comments of the Finance Department on this subject.

N.A

8 Comments of the Department on comments of Finance Department.

N.A

9 Legal implication of the subject/project.

The Council is competent and empowered U/S 55(2) of the NDMC Act, 1994 to levy and determine the rates of various taxes every year. The rates have to be determined before 15th February of each year to be levied in the following financial year.

10 Details of previous Council Resolution, existing law of Parliament and Assembly on the subject.

As aforesaid, U/S 55(2) of the NDMC Act 1994 the Council determines every year the rates of taxes to be levied in the ensuing financial year. For the year 2008-09 the rates were determined by the Council vide Item No.11(F-5) vide Council's ordinary meeting dt. 13-2-2008. Copy of rate scheduled is placed as **Annexure-II (See pages 98 – 109)**.

11. Comments of the Law Department on the subject/project.

N.A

12 Comments of the Department on the comments of Law Department.

Necessary corrections as suggested by the L.A have been incorporated.

13. Recommendations.

It is proposed that the detailed proposals as at Sl. No. 4 and Para 13 of the Preamble may be approved by the Council.

14 Draft Resolution.

Resolved that the rates of municipal taxes etc., exemptions & rebates are determined for the 2009-10 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 2009-2010, provided that there are no arrears of property tax upto the year ending 31st March, 2009.

Rebate:-

- (i) rebate of 25% on the tax for the year 2009-2010 shall be allowed at the time of payment of property taxes for the year 2009-2010 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 31-3-2009 or the arrears are also paid before or alongwith 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 31-3-2009 or the same are also paid before or along with the demand for the year 2009-2010.

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 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 Consolidated Fund of India or Consolidated Fund of NCT of Delhi.

(c) 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.

(d) In respect of lands & buildings owned & 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 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.

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 Laws, rebates if found necessary can be modified.

Vacancy Remission: as per section 110, if a property which is kept letting remains vacant and unproductive of rent for a period exceeding sixty days, vacancy remission is admissible. The Council has been permitting grant of VR on year to year basis at the end of the year wherever the premises are lying vacant more than 60 consecutive days in a financial year. It is proposed to continue this practice for the year 2009-10 also.

(B) Tax on vehicles and animals:

As per Schedule-II of the Act at NIL rate.

(C) Theatre tax :

As per Schedule-III of the Act at NIL rate.

(D) Tax on advertisements other than advertisements published in the Newspapers:

As per Schedule-IV of the Act at maximum rate.

(E) Duty on transfer of property:

Duty on transfer of property on the instruments specified in Sec. 93(2)(b) and on instruments presented for mutation under Sec. 74, at the following rate:

(a) 2% in case the transferee is a woman to the extent of her share in the property,

(b) 2.5% in case the transferees are persons other than women.

(F) Tax on building payable along with the application for sanction of the building plan:

As per Schedule-V of the Act.

(G) Tax on sale or supply of Electricity:

Electricity tax is a discretionary tax under section 60(2)(c). It is proposed to levy this tax @ 5% of tariff fixed by DERC for consumption, sale or supply of electricity.

COUNCIL'S DECISION

Resolved by the Council to determine the rates of municipal taxes etc., exemptions & rebates for the 2009-10 as under:-

A. Property Tax

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(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.

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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.

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(F) Tax on building payable along with the application for sanction of the building plan: As per Schedule-V of the Act.

(G) Tax on sale or supply of Electricity:

Electricity tax is a discretionary tax under section 60(2)(c). It is proposed to levy this tax @ 5% of tariff fixed by DERC for consumption, sale or supply of electricity.

It was also resolved that further action in the matter be taken in anticipation of confirmation of the Minutes by the Council.

Taxes to be imposed by the Council under this Act.

60. (1) The Council shall for the purposes of this Act, levy the following taxes, namely:-
- (a) Property tax;
 - (b) a tax on vehicles and animals ;
 - (c) a theatre tax ;
 - (d) a tax on advertisements other than advertisements published in the newspapers ;
 - (e) a duty on the transfer of property ; and
 - (f) a tax on buildings payable along with the application for sanction of the building plan.
- (2) In addition to the taxes specified in sub-section(1) the Council may, for the purposes of this Act ; levy any of the following taxes, namely :-
- (a) an education cess ;
 - (b) a tax on professions, trades, callings, and employments ;
 - (c) a tax on the consumption, sale or supply of electricity ;
 - (d) a betterment tax on the increase in urban land values caused by the execution of any development or improvement work ;
 - (e) tolls ;
- (3) The taxes specified in sub-section (1) and sub-section (2) shall be levied, assessed and collected in accordance with the provisions of this Act and the bye-laws made there under”