

METHOD OF ASSESSMENT:

The method of assessment of lands and buildings for municipal taxes is laid down in chapter-VIII of the HPMC Act, 1994. As per provisions of the said chapter, the lands and buildings are assessed on the basis of annual rent or where the annual rent is not determinable, the assessment is arrived at 10% of the cost of erection and cost of land. 10% statutory rebate is allowed for annual repairs and maintenance charges. Where furniture is also let out with a building, rebate not exceeding 10% of the rent is also allowed.

In case the assessee deposits the property taxes bill within 15 days from the date of its receipt, 10% rebate is allowed on the current year's property taxes demand or on the property taxes demand raised for the first time. Where the tax bill is issued by post, the payment is required to be made within 18 days from the date of sending the bill by post to avail the said 10% rebate. However, in case of delayed payments i.e. the payments received after one month of the close of the financial year, interest @1% per month is charged upto the date of payment. The terms and conditions of the tax bill are already printed on the reverse of the tax bill for information and guidance of the property tax payers.

WORKING PROCEDURE:

To determine the rateable value of the lands and buildings, the owners or occupiers of such lands & buildings are served the requisition u/s 101 of the HPMC Act, 1994 to furnish on Form-C the information with regard to the name of the occupier(s) of their buildings, rate of annual rent payable by each occupier, measurement of each floor of the building, year of construction and its cost of erection. The Tax Inspectors also visit their respective areas personally at least once a year to find out the said information from the owners and occupiers.. The owner and occupier is also supposed to furnish such information at their own. The information so gathered/received is consolidated on Form No.23 which is called as 'Inspection Report'. Thereafter, on the basis of the said information, the Tax Inspector proposes the assessment/amendment of assessment, as the case may be, on Form No.10. After the proposal is scrutinised and okayed by the AST/Secretary(Tax), Tax Assessment Notice is served upon the assessee requiring him to file the objection, if any within one month. The objections received against the proposed assessment are entered in the Register of objections and placed for investigation before the Committee constituted u/s 94(5) of the HPMC Act, 1994. After the objections are investigated by the said Committee, the assessment is got finalised by the Commissioner or by the officer duly

authorized by him in this behalf. The account is thereafter opened simultaneously in the Assessment Register and the Demand & Collection Register and computerized tax bill is thereafter issued to the assessee(s). In case tax demand falls in arrear, action for recovery is initiated u/s 124 of the HPMC Act, 1994.

GENERAL

1. Where the building or part thereof is in self occupation of the owner as his residence, the covered area under self occupation up to 100 sq. meters is fully exempted from tax assessment and on the area beyond 100 square meters, assessment is made only on 50% area as per proviso No.2 to Section 88(c) of the HPMC Act, 1994.
2. Religious institutions like Temples, Mosques, Gurudwaras and Churches etc. and its properties situated within M.C. Limits are exempted from the payment of house tax (now general tax) vide Govt. notification dated 04.11.1992 provided that income from such religious institutions and their properties are used exclusively for the maintenance of these institutions/properties and other religious purposes. Sainik Rest Houses/Sainik Chhatralayas are also exempt from payment of house tax (now general tax) vide Govt. Notification dated 26.09.1980. The other taxes such as sewerage tax are, however, chargeable.
3. The properties belonging to the Union of India earned and acquired/ereected after 25.01.1950 are also exempted from the payment of municipal taxes u/s 89 of the HPMC Act, 1994.
4. In case a rented out building or part thereof is vacated by the occupier(s) and it remains un-productive of rent for more than 60 consecutive days, the owner is supposed to intimate the fact in writing to the MC Shimla within 15 days from the date of vacation and 2/3rd remission in general tax of the vacated premises is granted till the premises is re-rented.
5. Whenever the title of any person primarily liable for payment of taxes on any land and building is transferred, the person whose title is transferred and the person to whom the same is transferred are required to give notice of such transfer in writing to the Municipal Corporation within three months after execution of the instrument of transfer or after its registration or after the transfer is effected. In the event of the death of any person primarily liable as aforesaid, the person on whom the title of the deceased devolves shall give notice of such devolution to the Corporation within six months from the date of the death of the deceased. Every person who makes a

transfer as aforesaid without giving such notice to the Municipal Corporation shall in addition to any penalty to which he may be subjected shall be continued to be liable for the payment of all taxes in respect of the land or building transferred until he gives such notice but at the same time the liability of the transferee for the payment of the taxes shall also not be affected.

6. Whenever any person primarily liable for the payment of any taxes specified in Chapter-VIII of the HPMC Act, 1994 is required to furnish the information u/s 101 of the Act ibid with regard to the measurement, rent and actual cost etc. of his land or building but he fails to comply with such requisition or fails to give true information to the best of his/her knowledge, he/she can be precluded from objecting to any assessment made by the Corporation in respect of such land or building of which he/she is the owner or occupier. Procedure to enter the property in tax records:-

When a property is transferred from one hand to another hand either by inheritance or by sale, gift or otherwise, the person in whose favor the property is transferred will apply to the Secretary (Tax), M.C.Shimla requesting to enter the property in his favor. Attested photo copy of regd. sale deed/gift deed, as the case may be, and or the original or attested copy of the jamabandi is required to be enclosed with such request. All the pages of the attested photo copy of regd. sale deed/gift deed should be attested so that there may be no chance of any tampering. In case the taxes are due against the property for the period prior to the date of present transfer that are also required to be paid first, only then the request for transfer of the ownership is considered. Thereafter, on receipt of such request, the case is put up to the Asstt. Secretary(Tax)/Secretary (Tax) by the concerned tax inspector seeking necessary orders to change the ownership of the property accordingly in the tax records. After approval of such proposal by the Asstt. Secretary(Tax)/Secretary(Tax), the case is again put up by the concerned tax inspector to the Asstt. Secretary(Tax)/Secretary(Tax) proposing the assessment of the property and on approval of such proposal the tax assessment notice is issued to the concerned person by the tax inspector. In case no objection in writing is received from the concerned person within one month from the date of such objection, the proposed assessment is got confirmed from the Commissioner or from the officer authorised by him in this behalf. Where the objection in writing is received within one month against the proposed assessment, the matter is placed before the Committee constituted in this behalf. This Committee consists two elected Councillors and the Commissioner or any

officer of the Corporation authorised by him in this behalf. The Committee investigates the objection, hears the assessee as well as the concerned tax staff and thereafter gives its decision. This decision is got confirmed from the Commissioner or the officer authorised by him in this behalf and thereafter tax bill is issued to the assessee. On receipt of full payment of the tax bill no dues certificate of taxes can be issued to the assessee if he applies for the same for which nominal charges of Rs.50/- are required to be paid. Where the assessee is not satisfied with the decision of the said Committee, appeal can be filed before the Divisional Commissioner, Shimla after fulfilling the conditions as contained in Section 132 of the HPMC Act, 1994. If any party is aggrieved from the order in appeal, revision against it can be filed before the State Govt. u/s 134 of the H.P.M.C. Act, 1994.

7. Where there is no increase or decrease in the annual rental value/annual rateable value of a property existing assessment thereof is adopted as such with such alterations as may in particular cases be deemed necessary as the valuation and assessment for the next year. A Public Notice in the newspapers is issued in this behalf at the end of a year for information of the tax payers requiring them to file in writing objection(s) if any within one month from the date of publication of the notice. The objections which are received are investigated by the Committee constituted u/s 94(5) of the HPMC Act, 1994 by giving opportunity of personal hearing to the concerned objector(s).

8. Issue of taxes no dues certificate:

In case taxes no dues certificate is required by the assessee, he should first make upto date payment of the taxes due along with interest if any due against him. Thereafter he should apply on plain paper to the Secretary (Tax)/Asstt. Secretary (Tax) for issue of no dues certificate. The no dues certificate is thereafter issued for which Rs.50/- as mentioned above are charged.

9. The Municipal Corporation Shimla(Taxation) Bye-Laws, 2004 are under approval with the State Govt.

10. New property taxation method i.e. Unit Area Method on Delhi pattern is proposed to be adopted in Municipal Corporation Shimla as required under the reforms of JNNURM. Necessary process is already going on in this behalf. This method will be more easier,

effective and transparent as compared to the present system. Besides, it is hoped that after this system is adopted, the income on account of property taxes will also increase. The tax payers will file their property taxes return every year themselves simultaneously tendering the payment thereof.