



ABSTRACT

Property Tax - General Revision of property tax in all Municipalities and Town Panchayats- Orders - Issued

Municipal Administration and Water Supply (MA.IV) Department

G.O (Ms) No.52

Dated 30.03.2022

பிலவ பங்குனி - 16

திருவள்ளூர் ஆண்டு - 2053

Read:

1. G.O (Ms) No.150, Municipal Administration and Water Supply Department, Dated 12.11.2007.
2. G.O (Ms) No.73, Municipal Administration and Water Supply Department, Dated 19.07.2018.
3. G.O (Ms) No.76, Municipal Administration and Water Supply Department, Dated 26.07.2018.
4. G.O (Ms) No.150, Municipal Administration and Water Supply Department, Dated 19.11.2019.
5. From the Director of Municipal Administration, Letter Roc No.40032/2012/R1, Dated 24.03.2022.
6. Government letter No.6754/MA.IV (1)/2020-8, Dated 25.03.2022.

ORDER:

The Government after careful examination of the report of the Committee constituted in the Government Order fourth read above for examining the issues relating to general revision of property tax have decided to accept its recommendations to effect revision of property tax in all Municipalities and Town Panchayats and orders accordingly.

2. It is also ordered that necessary guidelines for the general revision of property tax will be issued separately by the Director of Municipal Administration and Commissioner of Town Panchayats, applicable to the respective Urban Local Bodies under their administrative purview.

3. The Commissioners of all Municipalities and Executive Officers of all Town Panchayats are instructed that the taxation rules and relevant guidelines should be strictly followed while taking up the general revision of property tax in all the Urban Local Bodies with effect from the 1st April 2022.

SHIV DAS MEENA
ADDITIONAL CHIEF SECRETARY TO GOVERNMENT

All Sections in Municipal Administration and Water Supply Department,
Chennai -600 009.

// Forwarded by Order //

Section Officer

30/03/2022

APPENDIX.
NOTIFICATION.

WHEREAS the 15th Central Finance Commission in its report has recommended that to qualify for any grants for urban local bodies from 2022-23 onwards, States will have to appropriately notify floor rates in the year 2021-22 and thereafter show consistent improvement in collection in tandem with the growth rate of the State's own GSDP;

AND WHEREAS the Government of India has mandated notifying the floor rates of property tax by the urban local bodies as one of the entry level conditions for receiving Central assistance under the Centrally sponsored schemes, viz. Swachh Bharat Mission 2.0 and Atal Mission for Rejuvenation and Urban Transformation 2.0;

AND WHEREAS in G.O. (Ms) No.150, Municipal Administration and Water Supply Department, dated 12.11.2007, orders were earlier issued to the effect that the general revision of property tax in all the Municipal Corporations, Municipalities and Town Panchayats shall be taken up with effect from 01.04.2008, as per the existing statutory provisions in the relevant Urban Local Bodies' Acts and accordingly the revision of property tax was carried out in all Municipalities, Town Panchayats and Municipal Corporations except the Chennai City Municipal Corporation;

AND WHEREAS subsequently in G.O.(Ms) No.73, Municipal Administration and Water Supply Department, dated 19.07.2018 and G.O. (Ms) No.76, Municipal Administration and Water Supply Department, dated 26.07.2018, orders were issued for general revision of property tax in all Municipal Corporations, Municipalities and Town Panchayats, with effect from 01.04.2018, as per the existing statutory provisions in the relevant Urban Local Bodies' Acts;

AND WHEREAS in G.O.(Ms) No.150, Municipal Administration and Water Supply Department, dated 19.11.2019, orders were issued constituting a Committee to examine the issues related to general revision of property tax in all the Urban Local Bodies and also for withholding of the general revision of property tax ordered in the said G.O.(Ms) No.73 and G.O.(Ms) No.76, till the receipt of the report of the Committee and the decision of the Government thereon;

AND WHEREAS the Committee in its report has stated that it considered the last revision of property tax carried out in 1998 and 2008 respectively, for Chennai core city and the rest of the Tamil Nadu and studied the market indices mentioned below that provide a good proxy for property valuation increase over time in order to ascertain the quantum of increase in the property tax that can be effected now:-

(a) Wholesale Price Index Method - The Wholesale Price index (WPI) is an indicator of inflation in the country. The WPI for 1998-99 is 48.1; for 2008-09 is 80 and for January 2022 is 142.9. The WPI has increased by 2.97 times from 1998-99 to January 2022 and it has increased by 1.79 times from 2008-09 to January 2022. Thus, it is inferred that the inflation linked increase for Chennai city (except added areas) can be 2.97 times and 1.79 times for rest of the State.

(b) Cost Inflation Index of income Tax Department - The change in notional value of capital assets due to inflation over a period of time is prescribed by Income Tax department. The increase in the index from 1998-99 to 2021-22 is 3.8 times and from 2008-09 to 2021-22 it is 2.31 times.

(c) GDP growth method - The GSDP of the State at current prices for 2008-09 was Rs.4,17,272 crore. The GSDP for 2021-22 is estimated to be around Rs.21,79,655 crore. This shows a growth by a factor of around 5.2 times;

AND WHEREAS the above factors indicate the steady increase over a time in the economic indicators, and during this period, the property tax has remained the same and the share of own source revenue of urban local bodies have declined drastically during the period, whereas the revenue expenditure has increased manifold putting the municipal finances under severe strain;

AND WHEREAS considering the financial needs of the Urban Local Bodies to provide civic infrastructure and basic amenities/services to the citizens, the mandatory conditions specified by the 15th Central Finance Commission for availing grants and the entry level conditions for receiving funds under various Central schemes and also the report of the aforesaid Committee, the Government have decided that the general revision of property tax in all Municipalities and Town Panchayats may be taken up immediately;

NOW, THEREFORE, in exercise of the powers conferred by section 81-A of the Tamil Nadu District Municipalities Act, 1920 (Tamil Nadu Act V of 1920), the Governor of Tamil Nadu hereby directs all the councils of the Municipalities and Town Panchayats in the State to levy the property tax at the rates as indicated below, with effect from the 1st April 2022:-

(A) Residential Properties-

Sl. No.	Area (sq.ft.)	Increase Factor
1	<= 600	1.25
2	601-1200	1.5
3	1201-1800	1.75
4	>= 1801	2

(B) Non-Residential Properties-

Sl. No.	Category	Increase Factor
1	Industry	1.75
2	Commercial	2
3	Private Schools and colleges including self-financing courses/departments in Aided Institutions	1.75

(C) Vacant Land Tax-

Vacant Land Tax to be increased by 100% in all urban local bodies.

(D) Floor Rates-

The Annual value of the property is calculated based on the Zonal Basic Values in the Municipalities and Town Panchayats. The Property Tax Rate as a percentage is applied on this Annual Value. The existing rates of Property Tax (i.e. % of Annual Value, which is levied as Tax) in each Municipalities and Town Panchayats may be notified as the Floor Rates of Property Tax.

**SHIV DAS MEENA,
ADDITIONAL CHIEF SECRETARY TO GOVERNMENT.**

// True Copy //

Mr. Vignesh
Section Officer
2013/22

O/o the DMA,
Chennai-28.

End.ROC.NO. 40032/2012/R1

dt: 01.04.2022

Copy Communicated.

sd/- P. Ponnuiah
Director of Municipal Administration

To

1. All RDMA's
2. All Municipal Commissioners.

// Forwarded by Order //

[Signature]
Joint Director (Admin)
11.4.2022
85.2650
27/04/2022