

# Poll code puts new property tax system in cold storage

**WOONG VOTERS** Proposal will have to wait for the next batch of elected corporators to give it their nod

Kunal Purohit

kunal.purohit@hindustantimes.com

**MUMBAI** Those living in old south Mumbai buildings can heave a sigh of relief as the controversial capital value-based property tax system proposed by the civic administration will not be imposed for the next few months.

With the model code of conduct for the February 16 civic polls coming into effect, the proposal will now have to wait for the next batch of elected corporators to give it their nod. The civic body will also have to approach the state for another extension needed to implement the system, after the initial deadline set for its implementation ends on March 31.

Under the existing system, the civic body levies tax according to the rent a property would fetch and the age of construction, but in the new one, the tax would have been computed based on its 'capital value', derived from a complex formula that includes the base value of the flat and its user category, among other things.

The delay is a result of vehement opposition from all political parties, who believed that introducing any new taxation on the eve of the elections was most likely to backfire. Members of the standing committee, who were to take a decision on its imposition, had been thus continually delaying the nod.

VK Agbarwal, the civic assessor and collector, said: "We will have to wait till the new standing committee is constituted, and then approach them for their approval afresh."

Although the system was supposed to be in place by April last year, the state had set a deadline for the civic body to implement the new system by March-end. However, with the possibility of the implementation looking unlikely, the civic body will also have to approach the state for another extension. "If we don't avail of this extension, we won't be able to send property tax bills after the deadline ends. Hence, we will soon be approaching the state for the extension," said a civic official.

The civic standing committee had last year rejected the

## WHY THE NEW PROPERTY TAX SYSTEM WAS OPPOSED

Corporators from all political parties had been opposing the new system of taxation as they feared that any increase in taxes would lead to a backlash from the voters on the eve of the crucial civic elections

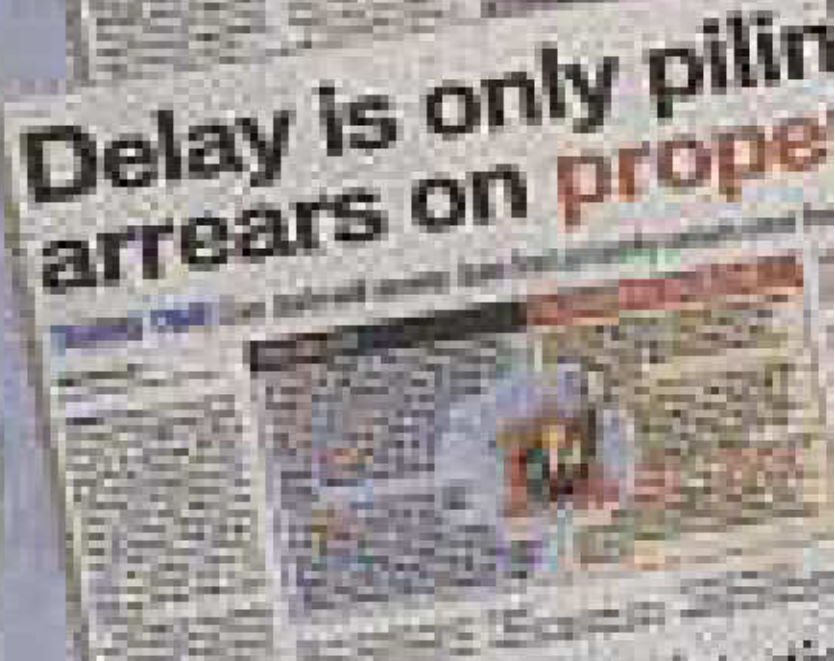
Calculating the base value of a property by taking into account the built-up area of the flat and not carpet area will result in the property tax shooting up by at least 40%

Activists have said that by applying ready reckoner rates in calculating property tax, the civic



body has attempted to tax citizens on a notional profit.

This means that even if you have stay in a smaller house in a posh locality, you will be charged more than a bigger house in a less prime location.



HT published several reports on how the BMC deferred the implementation of value-based property tax system to avoid alienating voters.

initial proposal unanimously, after which the administration in November introduced a fresh one with lower rates of taxation.

The delay also means the civic coffers will take a hit. The

civic body had estimated a collection of around Rs4,200 crore this year after the imposition of the new system.

A civic official from the property tax cell said: "The collec-

tions will take a beating because we had estimated that with new system we would have been able to tax many properties which are currently unassessed."