

BMC raises Property Tax Multifold

Not only ARBITRARY but a retrograde step towards the economy.

In the middle of 2008 the BMC requested building societies in the H Ward to furnish details of apartment owners, self occupied and leased saying that they were updating the data base for administration purposes.

The societies furnished the desired information to the office in the H Ward in good faith.

Promptly, the Hon. Municipal Commissioner was then quoted in the press as saying that this was an exercise done to collect information and nothing more than that.

A large number of Co-operative Societies are reportedly yet to furnish information to the BMC.

Surprisingly instead of waiting for receipt of the requisite information from most of the societies and then taking a very practical view of the matter, the BMC has penalized selected societies in the H Ward area, arbitrarily and in a haste and imposed a unjustified steep rise in the taxes and sent demand notices raising the taxes upto 83.5% of the rateable value with retrospective effect from 1st April, 2008. Also, there are nearly half the number of societies in the H Ward having Leave/Licence properties have not been taxed and skipped for reasons best known by the authorities.

This rise in leased property taxes has caused undue financial hardship on the members of the society, most of whom are retired senior citizens and have very meager sources of income and have leased their properties for a suitable sum so that they can remain alive and also take care of their medical expenses which are stupendous due to age related maladies whilst paying other debts which they have accumulated during their lifetime. Oftentimes their provident fund, gratuity and other investments are not enough to take care of their day to day expenses for every given month.

Also the GOM and the BMC are aware that there is a steep fall in the prices of properties all over hence there is no justification for increasing the taxes at this juncture and the rateable value of the property in question and that too with such a steep rise. Also the increase is regressive in nature as much as it will discourage the flat owners to let out their flats on leave and license/lease resulting in artificial shortage of availability of flats.

If BMC would have given some indication of the increase then most of the Lessors would not have given their premises on lease.

It is therefore requested to have the increase in taxes either rolled back because of no transparency in its presentation and prior information to Lessors or brought down significantly and that the final net amount of taxes for the year 2008-2009 may be allowed to be paid in six installments. As per Press Reports from the office of the BMC Commissioner contemplating Property Taxation Reforms so as to

switch over from Rental Value based taxation to capital value system the State Legislature has passed I.A. Bill No. LXXII of 2006, MMC Third Amendment Bill 2006.

Hence the entire issue of increase in taxes for Lessors to 83.5% may be kept in abeyance pending introduction of the Capital Value based Property Taxation.