

**GOVERNMENT OF TELANGANA
MUNICIPAL ADMINISTRATION DEPARTMENT**

O/o Commissioner & Director of
Municipal Administration, 640, A.C.
Guards, Hyderabad-500004.

CIRCULAR

Roc.No. 4078/2015/M1-2,

dt. 15.10.2015

Sub:- Principal Accountant General (General & Social Sector Audit) – Draft thematic Audit Report on “Levy and Collection of taxes by the ULBs in Telangana State” proposed for inclusion in the Comptroller & Auditor General’s Audit Report for the year ended March, 2015 – Certain instructions – Issued.

Ref:- D.O.No. PrI.AG(G&SSA)/AP&TS/LB-Reports/2015-16/68, dt.
28.08.2015 of the Principal Accountant General (General & Social
Sector Audit), Hyderabad

The attention of the Commissioners of all Urban Local Bodies in the State is invited to the reference cited wherein the Principal Accountant General (General & Social Sector Audit), Hyderabad has enclosed a draft Thematic Audit Report on “Levy and Collection of Taxes by Urban Local Bodies in Telangana” proposed for inclusion in the Comptroller and Auditor General’s Audit Report on Local Bodies for the year ended March, 2015.

2. Among others, two audit Para Nos. 1.4.2 and 1.4.4 regarding ‘Lack of coordination between Town Planning and Revenue wings’ and ‘Issuance of Occupancy Certificate’ reads as follows:

1.4.2. Lack of coordination between Town Planning & Revenue wing:

As per para 3.65 on Handbook on Municipal Accounts Manual, a copy of the building permission has to be marked to the Revenue Section for taxation. However Audit noticed that the copy is not being marked to Revenue Wing in any of the test checked ULBs. Due to non-availability of the copies of building permission, the Revenue Section is not in a position to cross verify the deviations/unauthorized constructions to levy the tax and penalty as per Act Provisions. As a result, the ULBs are deprived of not only building permission fee but also tax and penalty to that extent.

Though 26 out of 42 Building permission with the approved plans for the selected sampled Assessments were furnished in four ULBs, Building Permission for 75 selected samples in six ULBs were not furnished. In the absence of Building permissions audit could not verify (i) whether the construction was completed within the stipulated period (ii) deviations in construction with reference to approved plan and levy of penalty (iii) correctness buildings permission fee and assessment of tax.

1.4.4 Issue of Occupancy Certificate:

As per Rules 26 of GO Ms No.168, dated 7th April, 2012 Occupancy Certificate (Occupancy Certificate is optional for plots up to 100 Sq.m with height upto 7m) (OC) is mandatory for all buildings. No persons can occupy a building unless it has been granted an OC by the sanctioning authority. However, none of the test checked ULBs have a system of issuing OC in the absence of which there is every possibility of tax evasion due to not bringing the properties to tax net immediately after completing of construction.

2. In view of the above, the Commissioners of all Urban Local Bodies in the State are directed that –

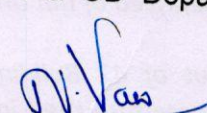
- (i) Whenever building permissions are granted by the Town Planning wing of the ULBs, copies of the same shall be marked to the Revenue wing without fail so as to enable them to assess and levy the Property Tax on the properties and to verify the deviations/ unauthorized constructions and
- (ii) Rule 26 of Building Rules issued vide G.O.Ms.No.168 MA, dt. 07.04.2012 shall be followed scrupulously which states that Occupancy Certificate (OC) is mandatory for all buildings and no person can occupy a building unless it has been granted an OC by the sanctioning authority, so as to prevent tax evasion due to not bringing the properties to tax net.

3. Failure to comply the above instructions will be viewed seriously and stringent action will be taken against the Municipal Commissioners and all the officials concerned as per rules in vogue.

Sd/- B. Janardhan Reddy
Commissioner & Director

To

- (1) The Commissioners of all Urban Local Bodies in the State (except GHMC)
- (2) The Regional Director-cum-Appellate Commissioners of Municipal Administration, Warangal and Hyderabad
- (3) Copy to the Director of Town & Country Planning, Telangana State, Hyderabad with a request to issue necessary instructions to the Town Planning officials of the Department
- (4) Copy submitted to the Principal Accountant General (General & Social Sector Audit), Hyderabad
- (5) Copy submitted to the Principal Secretary to Government, MA & UD Department, Hyderabad


for Commissioner & Director