

MUNICIPAL ADMINISTRATION DEPARTMENT

***Office of the Commissioner & Director of
Municipal Administration, Telangana State, Hyderabad***

CIRCULAR

Roc.No.226/2014-M1,

Dated:23.09.2014

Sub:- Property tax – Levy and Fixation of rate of property tax in newly constituted Municipalities and Nagar Panchayats – Instructions issued – Reg.

Ref:- 1.This office Lr. Roc. No.226/2014, Dated:28.06.2014.
2.Govt. Memo.No.21775/TC.1/2012-5 MA, Dated:20.09.2014.

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Commissioners of newly constituted Municipalities and Nagar Panchayats are informed that the Government in the reference 2nd cited, permitted Commissioner & Director of Municipal Administration, Telangana State to prepare draft notification for revision of property tax in newly constituted Municipalities and Nagar Panchayats to levy property tax under the provisions of A.P. Municipalities Act, 1965 and implement w.e.f. 01.04.2015. The list of Municipalities and Nagar Panchayats where the property tax not levied under the provisions of A.P. Municipalities Act, 1965 and rate of property tax has not been fixed is given in Annexure – I. It is therefore proposed to issue instructions to the concerned Commissioners on the levy of property tax.

2. The Commissioners of the **3** newly constituted Municipalities and **22** newly constituted Nagar Panchayats are informed that detailed procedure has been prescribed in the Act and Rules issued thereunder for levy and fixation of rate of property tax in Municipalities. However, for the sake of immediate convenience, the following instructions are issued:-

3. As per Section 81 (1) of A.P. Municipalities Act, 1965 (hereinafter referred to as the Act) every Municipal Council shall by resolution, levy, among others, a property tax. As per Section 81 (2) of the Act, the resolution shall specify the rate of tax and the date from which tax shall be levied. Property tax shall be levied to come into force w.e.f.01.04.2015.

4. Levy of Property Tax – Components of Property Tax: As per Section 85 (1) of the Act, where the Council by resolution determines that a property tax shall be levied, such tax shall be levied on all buildings and lands within Municipal limits at a percentage of their Annual Rental Value (ARV). The components of property Tax are:-

- (a) a tax for general purpose;
- (b) a water tax;
- (c) a drainage tax;
- (c) a lighting tax; and
- (d) a scavenging tax.

5. Rates of Property Tax in Municipalities: As per second proviso to Section 85 (2) of the Act, the incidence of property tax together with the Education tax and library cess levied in the Municipalities under the relevant laws shall not exceed as shown hereunder:-

- (a) Residential buildings : 25 percentum of Annual Rental Value
- (b) Non-Residential Buildings : 33 percentum of Annual Rental Value

6. Levy of property tax on lands in Municipalities (Sections 85 & 87):-

- i. Section 85 (3) (a) of the Act, 1965 stipulates that the Council shall levy property tax in the case of lands which are not used exclusively for agricultural purposes and or not occupied by, or adjacent and appurtenant to building at such percentages of the capital value of the lands as may be fixed by the Council. Further, that such percentage shall not exceed the maximum if any fixed by the Government.
- ii. Further, Explanation to second proviso to sub-section (4) of Section 87 of the Act stipulates that an area not exceeding three times the plinth area of the building including its site or a vacant land to the extent of 1000 sq.mts. whichever is less shall be deemed to be adjacent premises occupied as an appurtenant to the building, and assessed to tax in accordance with the provisions of Section 87 and the area if any, in excess of the said limit shall be deemed to be land not occupied by or adjacent to such building and tax levied on such property as per Section 85 (3) of the APM Act.

7. Basis for levy of Property Tax on lands: As per Rule 8 of A.P. Municipalities (Assessment of Taxes) Rules, 1990 the capital value of lands fixed by the Registration Department for the purpose of registration shall be adopted as capital value for the lands for levy of property tax.

8. Rate of property tax on lands: As per Rule 9 of the said Rules, the property tax on lands shall be levied at 0.20% of the capital value of the land (i.e. the market value as fixed by the Stamps and Registration Department for purpose of registration)

9. The Municipal Commissioners of the Municipalities and Nagar Panchayats concerned are instructed to place a proposal before the Municipal Council on or before **06.10.2014** to express its intention to levy property tax on all buildings and lands within the municipal limits and to specify the rate of property tax and the date from which property tax shall be levied subject to provisions of Section 85 (1) and 85 (2) of the Act. Thereupon, the Municipal Council shall pass a resolution by **10.10.2014** expressing its intention to levy property tax on all buildings and lands and to specify the rate of property tax and the date from which property tax shall be levied. Model resolution proposing to levy and fix rate of property tax by the Municipal Council is attached as Annexure – II.

10. After passing a resolution as aforesaid, the following procedure for levy and fixation of rate of property tax has been laid down by Section 81(2) of the Act:-

- i. A notice of resolution expressing the intention of Municipal Council to levy tax shall be published by **15.10.2014**:
 - (a) in atleast one newspaper published in the main language of the district having circulation in the Municipality;
 - (b) on the notice board of the Municipal office;
 - (c) in such other places within municipal limits as specified by the Council;
 - (d) and by beat of drum.
 - (e) and fix a period of not less one month i.e. on or before **20.11.2014** for submission of objections to the notice.

Model notice relating to expression of intention of Municipal Council to levy and fixation of rate of property tax and calling for objections in this regard is attached as Annexure – III.

(Contd...3)

- ii. The Commissioner shall tabulate the objections received on the resolution of the Municipal Council expressing its intention to levy property tax and place the entire matter before the Council for consideration and to take a decision in this matter. The Council shall consider the objections received within the stipulated time by **25-11-2014** on the proposed levy of property tax. After consideration of the objections, the Council shall pass a resolution **on or before 30-11-2014** to levy property tax on buildings and lands within municipal limits and specify the rate of tax and the date from which such tax is levied. When a Municipal Council determines to levy property tax, the Commissioner shall forthwith publish a notification as stipulated in Section 83 of the Act in the form prescribed in the Rules relating to the manner of publication of notification levying new taxes and enhancement of existing taxes by the Municipal Councils issued in G.O.Ms.No.1012 MA Dated:26.11.1966. Every such notification shall be published **on or before 10-12-2014** –

- (a) in the District Gazette
- (b) in atleast one newspaper published in the main language of the district having circulation in the Municipality
- (c) on the notice board of the Municipal office;
- (d) in such other places within municipal limits as specified by the Council;
- (e) and by beat of drum; and
- (f) by announcing through microphone wherever it is possible to do so.

Copy of the form of notification for levy of taxes as prescribed in the Rules is attached as Annexure – IV.

11. Levy of property tax: After publication of the notification to levy property tax on buildings and lands as per the rates specified in the notification, the next step is levy of property tax. The Commissioners of the concerned Municipalities and Nagar Panchayats as indicated in Annexure – I shall take action to levy property tax on all buildings and lands from the date specified in the notification as per the provisions of the Act, Rules issued thereunder and circular instructions issued by Commissioner & Director of Municipal Administration from time to time

Sd/-B.JANARDHAN REDDY
COMMISSIONER & DIRECTOR

Encl:-

- 1) Annexure – I : List of Municipalities and Nagar Panchayats where property tax is not levied under the provisions of the Act and rate of property tax has not been fixed.
- 2) Annexure – II : Model resolution proposing to levy and fix rate of property tax by the Municipal Council.
- 3) Annexure – III : Model notice relating to expression of intention of Municipal Council to levy and fixation of rate of property tax and calling for objections.
- 4) Annexure-IV : Copy of the form of notification for levy of taxes as prescribed in the Rules.

To

Commissioners of newly constituted Municipalities and Nagar Panchayats as listed in Annexure - I
Copy to the all the Regional Director-cum-Appellate Commissioners of Municipal Administration in the State for necessary action

Copy submitted to Principal Secretary to Government, MA & UD Department, Government of Telangana, Hyderabad.


for Commissioner & Director


ANNEXURE – I

List of Municipalities and Nagar Panchayats where property tax is not levied under the provisions of the Act and rate of property tax has not been fixed

Sl. No.	Name of the New ULB	Municipality / Nagar Panchayat
1	Parakal	NP
2	Narsampet	NP
3	Bhupalpally	NP
4	Madhira	NP
5	Vemulavada	NP
6	Peddapalle	NP
7	Jammikunta	NP
8	Huzurabad	NP
9	Husnabad	NP
10	Huzurnagar	NP
11	Devarakonda	NP
12	Medchal	NP
13	Pedda Amberpet	NP
14	Badangpet	NP
15	Ibrahimpattanam	NP
16	Gajwel	NP
17	Andole-Jogipet	NP
18	Nagar Kurnool	NP
19	Khollapur	NP
20	Ileeja	NP
21	Kalwakurthy	NP
22	Achampet	NP
23	Mahaboobabad	Mpty
24	Kodad	Mpty
25	Shadnagar	Mpty

ANNEXURE – II

Model resolution proposing to levy and fix rate of property tax by the Municipal Council

_____ Municipal Council / Nagar Panchayat was
(Name of the ULB)
constituted w.e.f. _____ as per the orders issued in G.O. Ms. No. _____ Dated: _____.
It is proposed to levy property tax on all buildings and lands within municipal limits at a percentage of their annual rental value as per the rates specified hereunder w.e.f. 01.04.2015.

Nature of Property Tax	Rate of Property tax assessed at a percentage of annual rental value	
	Residential Buildings	Non-residential buildings
(1)	(2)	(3)
Tax for general purpose		
Water tax		
Drainage Tax		
Scavenging Tax		
Lighting Tax		
Total		

It is proposed to levy property tax on all lands which are not used exclusively for agricultural purposes and or not occupied by, or adjacent and appurtenant to building at a percentages of the capital value of the lands as shown hereunder w.e.f. 01.04.2015.

Nature of Property Tax	Rate of Property tax assessed at a percentage of capital value
(1)	(2)
Tax for general purpose	0.10 %
Water tax	0.04 %
Drainage Tax	0.02 %
Scavenging Tax	0.02 %
Lighting Tax	0.02 %
Total	0.20 %

(Note: Library cess will be levied at 0.08% of property tax i.e. 8 paise per one rupee of property tax).

Resolved to call for objections from the members of the public regarding the proposal to levy property tax at the rates specified above w.e.f. 01.04.2015 within one month from the date of publication of a notice in this regard in a newspaper for consideration of the Council. Objections may be sent to Commissioner, _____ Municipality / Nagar Panchayat

ANNEXURE – III

_____ Municipality / Nagar Panchayat

Notice relating to expression of intention of Municipal Council to levy and fixation of rate of property tax and calling for objections

It is hereby notified for the information of the public that under Section 81 (1) and 81 (2) read with Section 85 (1), 85 (3) and Section 87 (4) of the Andhra Pradesh Municipalities Act, 1965 the _____ Municipal Council/Nagar Panchayat in its Resolution No. _____ Dated: _____ proposed to levy property tax on buildings and lands within municipal limits at a percentage of their annual rental value as per the rates specified hereunder w.e.f.01.04.2015.

Nature of Property Tax	Rate of Property tax assessed at a percentage of annual rental value	
	Residential Buildings	Non-residential buildings
(1)	(2)	(3)
Tax for general purpose		
Water tax		
Drainage Tax		
Scavenging Tax		
Lighting Tax		
Total		

It is further proposed by the Municipal Council to levy property tax on all lands which are not used exclusively for agricultural purposes and or not occupied by, or adjacent and appurtenant to building at a percentages of the capital value of the lands as shown hereunder w.e.f. 01.04.2015.

Nature of Property Tax	Rate of Property tax assessed at a percentage of capital value
(1)	(2)
Tax for general purpose	0.10 %
Water tax	0.04 %
Drainage Tax	0.02 %
Scavenging Tax	0.02 %
Lighting Tax	0.02 %
Total	0.20 %

(Note : : Library cess will be levied at 0.08% of property tax i.e. 8 paise per one rupee of property tax).

Objections if any, are called from members of the public regarding the proposal of the Municipal Council/Nagar Panchayat to levy property tax at the rates specified above w.e.f 1-4-2015 within one month from the date of publication of a notice in this regard in a newspaper for consideration of the Council. Objections may be sent to Commissioner, _____ Municipality / Nagar Panchayat.

Commissioner
_____ Municipality/Nagar Panchayat

ANNEXURE – IV

_____ Municipality / Nagar Panchayat

Form of Notification for the Levy of Taxes

It is hereby notified for the information of the public that under Section 83 of the Andhra Pradesh Municipalities Act, 1965 the _____ Municipal Council/Nagar Panchayat in its Resolution No. _____ Dated: _____ proposed to levy property tax on buildings and lands under Section 81 read with Section 85 of the A.P. Municipalities Act, 1965. The intention of the Council was first published under the first proviso to Section 81(2) of the Act locally and in _____ (name of the paper) dated _____ for submission of objections, if any, within one month from the date of publication for consideration of the Council. No objections having been received / objections received in time having been considered in detail, the Council/Nagar Panchayat in Resolution No. _____ dated _____ resolved to levy the taxes with effect from _____ until further notification at the rates detailed in the Schedule appended.

Municipal Office

Date:

Commissioner
_____ Municipality/ Nagar Panchayat

SCHEDULE

Property Tax: Under Section 85 of the Andhra Pradesh Municipalities Act, 1965 property tax on buildings and lands will be levied at the rates given below within the Municipal Limits with effect from 01.04.2015.

Nature of Property Tax	Property tax assessed at percentage of annual rental value	
	The existing rate	The rate of levy
(1)	(2)	(3)
Tax for general purposes		
Water tax		
Drainage Tax		
Scavenging Tax		
Lighting Tax		
Total		

Vacant Land Tax: Under Section 85(3) (a) of A.P. Municipalities Act, 1965 property tax will be levied at the following rates on all lands which are not used exclusively for agricultural purposes and are not occupied by or adjacent and appurtenant to buildings from 01.04.2015 .

Nature of Property Tax	Property tax assessed at percentage of capital value	
	The existing rate	The rate of levy
(1)	(2)	(3)
Tax for general purposes		
Water tax		
Drainage Tax		
Scavenging Tax		
Lighting Tax		
Total		

Commissioner
_____ Municipality/Nagar Panchayat

MUNICIPAL ADMINISTRATION DEPARTMENT

***Office of the Commissioner & Director of
Municipal Administration, Telangana State, Hyderabad***

CIRCULAR

Roc.No.226/2014-M1,

Dated:24.09.2014

Sub:- Property tax – Levy and Fixation of rate of property tax in newly constituted Municipalities and Nagar Panchayats – Instructions issued – Orientation training programme on **30.09.2014** at C&DMA office - Reg.

Ref:- 1.This office Lr. Roc. No.226/2014, Dated:28.06.2014.
2.Govt. Memo.No.21775/TC.1/2012-5 MA, Dated:20.09.2014.
3.This office Circular Roc. No.226/2014, Dated:23.09.2014.

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Commissioners of newly constituted Municipalities and Nagar Panchayats are informed that instructions were issued to Levy and Fixation of rate of property tax in newly constituted Municipalities and Nagarapanchayats vide reference 3rd cited (kept in C&DMA website).

2. In this regard, it is decided to conduct a orientation training programme on the Levy and Fixation of rate of property tax in newly constituted Municipalities and Nagarapanchayats with the Municipal Commissioners and Revenue staff concerned.

3. Therefore, all the Municipal Commissioners of newly constituted Municipalities and Nagar Panchayats are requested to attend the C&DMA on **30.09.2014 by 2.00PM at Conference hall (3rd floor)** with the Revenue Staff concerned to the orientation training programme on the levy and fixation of rate of property tax.

Sd/-P.ANURADHA
ADDITIONAL DIRECTOR

To

Commissioners of newly constituted Municipalities and Nagar Panchayats (26 ULBs)

Copy to the all the Regional Director-cum-Appellate Commissioners of Municipal Administration in the State for necessary action.

Copy submitted to Principal Secretary to Government, MA & UD Department, Government of Telangana, Hyderabad.


for Commissioner & Director

Sl. No.	Name of the New ULB	Municipality / Nagar Panchayat
1	Parakal	NP
2	Narsampet	NP
3	Bhupalpally	NP
4	Madhira	NP
5	Vemulavada	NP
6	Peddapalle	NP
7	Jammikunta	NP
8	Huzurabad	NP
9	Husnabad	NP
10	Huzurnagar	NP
11	Devarakonda	NP
12	Medchal	NP
13	Pedda Amberpet	NP
14	Badangpet	NP
15	Ibrahimpattanam	NP
16	Gajwel	NP
17	Andole-Jogipet	NP
18	Nagar Kurnool	NP
19	Khollapur	NP
20	Leeja	NP
21	Kalwakurthy	NP
22	Achampet	NP
23	Mahaboobabad	Mpty
24	Kodad	Mpty
25	Shadnagar	Mpty