FREQUENTLY ASKED QUESTIONS

Regarding Extract of Property Tax Register:

1. WHAT IS EXTRACT OF PROPERTY TAX REGISTER

An extract of Property tax Register is an account of Assessment of property, containing/recording details about your property such as whether it is vacant site, building or both, and also its Dimensions, locations, built up area, etc for the purpose of payments of property tax. It is also a kind of identification of the person who is primarily liable for payment of property tax.

2. WHY DO I NEED AN EXTRACT OF PROPERTY TAX REGISTER?

The extract of Property tax Register is one of the required documents in case you require a building license, trade license or loan from banks or any other financial institution. The extract of Property tax Register is also accepted in civil court as document to claim or give bail/surety etc., Lastly it is for all property owner/holders to pay property tax; hence you need extract of Property tax Register.

3. WHO IS ELIGIBLE FOR OBTAINING EXTRACT OF PROPERTY TAX REGISTER?

All the property owners/holders or title holders and on whom the owner ship of property has been devolved by virtue of being as legal heir, or through other instruments like sale deed, gift deed, partition deed, release deed, will etc.,

4. WHAT IS THE DIFFERENCE BETWEEN EXTRACT OF PROPERTY TAX REGISTER AND A TITLE DEED?

As stated earlier, an extract of Property tax Register is an account of assessment of property for the payment of tax. The extract of Property tax Register is neither a record of rights nor does it confer ownership.
5. WHAT IS TRANSFER OF EXTRACT OF PROPERTY TAX REGISTER?

This is done when the title of property is transferred from one person to another by way of Sale, Gift, will or in case of death of the property owner, settlement release sale deed or by division of property through an instrument etc., where by another person becomes primarily liable for tax.

6. HOW LONG WILL IT TAKE FOR ISSUE OF MY EXTRACT OF PROPERTY TAX REGISTER

When you pay property tax, the ULB is obliged to give you an extract of property tax register free of cost to you. In such cases it should not take more than 7 days to get your extract from property tax register. When you apply for a change in the property tax register it would take about 45 days to effect the change (as a notice of 30 days is required to be given to all interested parties).

II - GUIDE TO GET CHANGES IN PROPERTY TAX REGISTER

1. Submit the filled up application form along with copies of necessary documents mentioned in the application form.
2. Also submit copy of your up-to-date tax paid receipt.
3. Duly signed acknowledgement form will be returned to you.
4. When there is no dispute to such change, the change will be effected after 30 days of your application.
5. If some discrepancy is found, the spot will be Inspected under intimation to you and if some more information/documents are required, the same should be furnished for taking further action on case to case basis.
6. Development charges (section 17/18 KTCP fee) will be collected at the rate prescribed by the municipality for new registration of property of new layouts.

Regarding Self-Assessed Property Tax

Question and Answers

In the self-assessment of property tax system, the taxpayer has the freedom of assessing the tax. The taxpayer needs detailed information for discharging his responsibility in a just manner. The value of land and building, type of building, cost of construction, age, utility and individual mentality and response of the taxpayers varies. The legislation has been enacted considering the feelings of taxpayers and examining in different angles the problems that may arise subject to the provisions of the Constitution.
As mentioned in Article 265 of the Constitution, tax is not supposed to be levied and collected otherwise than under powers of Law. The Karnataka Municipalities (Amendment) Act, 2000, which adopted the property tax reforms came into force on 19-11-2001. Rejecting the public interest petitions, the Karnataka High Court has decided on 17-4-2003 that the amended Act is Constitutional.

Responding to the interest of honest taxpayers, an Ordinance was issued on 16-6-2003 by further reducing the burden of property tax. After the Legislature passed the Bill consisting provisions of Ordinance, the Governor accorded assent on 20th day of August to Karnataka Municipalities (Amendment) Act, 2003 and it has been published in the Gazette as Karnataka Act No. 31.

After collecting and compiling the questions asked by the taxpayers, the answers have been given. The questions and answers have been given below for the information of taxpayers.

**Amendment Law**

**Question 1: Which are the laws that have been enacted to bring into effect the system of self-assessment of property tax?**

**Answer:** The self-assessment of property tax system on the whole has been brought into force through the Karnataka Municipalities (Amendment) Act, 2000 and the Karnataka Municipalities (Amendment) Ordinance, 2003 and the Karnataka Municipalities (Amendment) Act, 2003.

**Question 2: What are the differences between the old Law and the new Law?**

**Answer:** In the old Law the Municipalities prescribed the rate of tax. The assessing officer was levying tax after fixing annual rental value of the property. The powers of deciding the value of the property and assessment of tax were with the tax officers. In the new Law, the Registration Department decides guidance market value of the property assessment as per Stamp Act in different areas and the municipalities fix the tax rate on the capital value. The owner of the property assesses on his own the property tax of his property, pays it and files the returns. For tax evaders the officers will fix the tax, impose penalty and recover the same.
**Question 3:** What benefits does a self-assessor get and what are the problems faced by a tax evader?

**Answer:** There is an offer of a concession of 5% for those who remit the tax for the year 2002-03 and 2003-04 before 30-9-2003. There is no fear of harassment, litigations to him. For those who evade tax without assessment of property, 2% of penalty will be imposed compulsorily for each month.

**Question 4:** There is much difference in the value of land and building fixed by Registration Department from one street to another. So do we have to pay tax based on the value assessment made by the Registration Department?

**Answer:** It is natural that the market value of land in different areas is different. Having agreed, hitherto, the market value fixed by the Expert Committee under Section 45B of Stamp Act since several years, it is not proper to oppose it now at the time of paying this property tax. It is inevitable to pay property tax as per the value announced so far.

**Question 5:** Does it not affect on the revenue of municipalities if mass movement is held?

**Answer:** It is an offence to organize mass movement in case of tax that has adverse effect on the revenue of municipalities. As per the Karnataka Prevention of Incitement to Refuse or Deter Payment of Tax Act, 1981, calling for a refusal of tax leads to 5 years rigorous imprisonment. The inciters for movement also are liable for 5 years' rigorous imprisonment.

**Question 6:** After the municipalities passed the resolution of levying 0.3% tax on the vacant land the recovery was withheld. What to do now?

**Answer:** On 16-6-2003 an Ordinance was promulgated reducing the tax rate for vacant land. The reduced tax rate for vacant land came into effect retrospectively i.e., from 19-11-2001. Hence the tax to be given for the vacant land is 0.1%. (Rs. 100 per lakh) for the first 10760 sq.ft of vacant land, in the next slab vacant land upto 43040 sq.ft the rate is Rs.25/- for each lakhs and for next slab of vacant land above 43040 sq.ft the rate is Rs.10/- for each lakhs.

**Question 7:** How much cess is being collected for water supply?
**Answer:** Cess for water supply has been abolished from 2003-04. For the year 2002-03 water supply cess 20% is to be paid.

**Question 8:** What is the procedure for levying tax on the houses built on agricultural land within the limits of municipality?

**Answer:** Agricultural land is exempted from property tax. But for the buildings constructed on agricultural lands, the value should be fixed based on the built up area and plinth area of the building. If the appurtenant land is used for non-agricultural purpose, property tax should be paid for that also.

**Question 9:** One acre of agricultural land in the city limits has been converted. How to calculate the tax?

**Answer:** If the agricultural land is converted property tax is to be paid. For the first 10760 Sq.ft. of vacant land, for 1 lakh at Rs. 100/-, further for the vacant land upto 43040 Sq.ft. for each lakh at Rs. 25/-, and for the vacant land above 43040 Sq.ft. for each lakh at Rs. 10/- should be calculated and paid.

**Question 10:** What is the procedure for paying tax by the persons who have constructed unauthorized building?

**Answer:** They should pay tax for each building. The owner of the building should pay tax even for unauthorized building. The officers shall receive the tax remitted by the owner. They should not refuse to receive tax for unauthorized building. The tax officers have the power of levying double the amount of tax for the unauthorized building after making an enquiry.

But, if the unauthorized buildings are located on the lands of Government / Municipal/ Forest Department (Public Institution) tax should not be recovered and Form III should not be served to them either.

**Question 11:** Do the self-occupied commercial buildings attract rebate of 50%?
**Answer:** No rebate is permissible. There was a rebate of 50% to the self-occupied commercial buildings in 2002-03. This is revoked from the year 2003-2004.

**Question 12: What can be done if a resolution passed by the Municipality is contrary to Law?**

**Answer:** If a municipality passes a resolution, which is ultravires, the Deputy Commissioner may suspend that resolution under Section 306 or may restrict the passing of such resolution.

**Question 13: Can the order of the Deputy Commissioner suspending the resolution be placed before the municipality for decision?**

**Answer:** The order suspending the resolution comes into effect immediately. There is no need to place the same before the municipality. The officers shall not implement the suspended resolution.

**Question 14: Whether tax should be paid for the cowshed or sheds annexed to the houses?**

**Answer:** Tax should be paid on all types of buildings.

**Question 15: Can property tax be imposed on small sites with Sy.Nos. in town limits?**

**Answer:** Yes. Tax has to be imposed on sites at the rate applicable to vacant land and property tax has to be paid as such.

**Question 16: Is it compulsory for the charitable institutions to disclose details of appropriation of income?**

**Answer:** Charitable institutions exempted from taxation have to file the self-assessed property tax returns which should contain details of the charitable institution. If officers come to know regarding any fraud taken place in the name of charity, they can impose tax on enquiry.
**Question 17:** Can the municipalities decide not to enforce self-assessed property tax system?

**Answer:** No. Law violating decision is illegal. Permission was given temporarily to collect the property tax in old system until taking action as per new system. Henceforth property tax has to be imposed and collected as per amended rules and old system cannot be continued. If the municipalities decide otherwise, it will be unwise on their part losing the power of imposing the property tax.

**Question 18:** If any municipality even after having the knowledge of rules, maliciously does not assess the rate of property tax what would be the consequence?

**Answer:** The Government may issue notification under Section (4) as amended and order the municipality to levy tax as prescribed in the notification. The municipalities should decide as directed.

**Question 19:** Even then if the municipality does not take decision or violates the order, what action could the Government take?

**Answer:** The Government has power to dissolve the municipality under Section 316 and also can depose the members opposing the placing of such resolution.

**Question 20:** Can property tax be recovered from those who construct a house without the conversion of agricultural land?

**Answer:** If a building is constructed normally property tax has to be paid. For construction of building without conversion of agricultural land, the Tahsildar is empowered to initiate legal action separately under the Land Revenue Act.
Property Tax Register

**Question 21:** Can a person who does not have khata in his name, pay the self-assessed property tax?

**Answer:** Yes. All property owners must pay the property tax and file the returns. All the property owners whether they have khata or not in the old system should pay the tax and file the returns. (Excluding unauthorized buildings situated in Government / Municipal / Forest Department's land)

**Question 22:** There is confusion over khata. What is khata?

**Answer:** Khata means Register in Form-MAR19 in which tax is imposed. It is only an account of who is primarily liable to pay property tax, the amount of property tax, arrears of property tax, the details of site and building. A khata does not confer title or ownership. After introduction of Capital value based SAS, Form MAR19 is abolished and Account of property tax is being maintained in Form III.

**Question 23:** Whether khata and record of rights are same?

**Answer:** Khata shows dues of property tax. It is not Record of rights. Land Revenue Department or Survey Department has power to write Record of Rights and Municipality does not write record of rights.

**Question 24:** What is the reason behind the opinion that khata of municipality is record of rights?

**Answer:** Khata means a Register written in Form Ī 19 imposing property tax (now being written in Form III). It is insisted in the circular of the Department of Land Revenue that while selling the property, a copy of Form 19 (now Form III) must be furnished to the Sub Registrar for the assessment of the value of the property. Since the property tax is the first charge on the property, the lending banks used to ask for a copy of khata. For this reason people thought that khata itself is the Record of Rights.

After the payment of self assessed property tax, the same shall be entered in property tax register and property tax register should be maintained as per Rule 106.
Method of Submitting the Statement

**Question 25:** What is the information required to be given by the municipalities to facilitate taxpayers to submit the statement?

**Answer:** The guidelines published by the municipalities under Sub Section 9 of Section 105 shall contain the following details.

1. Approximate market price per square foot in every street or area as announced under Section 45BoftheKarnatakaStampsAct.
2. Approximate cost of construction of each square foot of every type of building.
3. Rate of depreciation.
4. Rate of tax fixed by the municipality.
5. Names of the banks receiving the payment.

**Question 26:** What is the information required to be furnished by the owner of the property based on the information published by the municipality?

**Answer:** The property statement submitted by every owner or occupant of that property shall contain the following information regarding that property.

1. Measurement of vacant land
2. Measurement of built up area
3. Measurement of plinth area
4. Age of the building
5. Use of the building

**Question 27:** Which is the aspect on which the assessment of the capital value of the land and building are based upon?

**Answer:** Value of the land has to be assessed after taking into consideration the rate of the land announced under Section 45(b) of the Stamps Act.
**Question 28:** Since some changes are found necessary in the statement due to certain modifications made in the legislation what should be the type of the statement?

**Answer:** Since some changes have been made as regards vacant land, some modifications can be done in the statement. Taxpayers can use the following Form for the statement.

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### Property Tax Statement

1. Name of the owner  
2. Address  
3. Name of the occupant  
4. Address  
5. Assessment year  
6. No. and name of the ward  
7. Name of the street or area

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### Vacant Land

8. No. of the site  
9. Total extent of the site  
10. Extent of built up area  
11. Extent of vacant land (No. 9 ÷ No. 10)  
12. Deduct Maximum 538 Sq.ft. appurtenant area of a dwelling house building in a site measuring less than 2421 Sq.ft.  
13. Extent of vacant land  
   (a) Vacant land upto 10760 Sq.ft.  
   (b) Vacant land measuring from 10760 to 43040 Sq.ft.  
   (c) Vacant land exceeding 43040 Sq.ft.

14. Market price of the land per sq.ft. (as per published guidance value)  
15. Taxable Capital Value of vacant land  
   (a) Unto 10760 Sq.ft. (No. 13(a) x No. 14)  
   (b) From 10760 to 43040 Sq.ft. (No. 13(b) x No. 14)  
   (c) Exceeding 43040 Sq.ft. (No. 13 (c) x No. 14)

16. Rate of tax on vacant land  
   (a) Upto 10760 Sq.ft.  
   (b) From 10760 to 43040 Sq.ft.  
   (c) Exceeding 43040 Sq.ft.
### Property Tax on vacant land

17. Property tax on vacant land

\[15 \text{ (a)} \times 16 \text{ (a)} + 15 \text{ (b)} \times 16 \text{ (b)} + 15 \text{ (c)} \times 16 \text{ (c)}\]

### Building

18. Built up area of the building
19. Capital Value of the land (No. 18 x No. 14)
20. Type of building
21. Construction cost of building per square foot as per published guidance rates.
22. Plinth area of the building
23. Construction cost of the building (No. 21 x No. 22)
24. Age of the building
25. Rate of depreciation
26. Depreciation of the building (No. 23 x No. 25)
27. Taxable Capital Value of the building
   (No. 19 + No. 23 – No. 26)

### Property tax on the building

28. Use of Property
29. Rate of Property Tax
30. Property Tax on building (No. 27 No. 29)
31. If self occupied dwelling house (50% of No. 30)

### Total Property Tax to be paid

32. Total property tax on vacant land and building

(No. 17 + No. 30) or (No. 17 + No. 31)
### Cess

33. Total Cess (24% of No. 32)

### Amount to be paid

34. Total amount to be paid (No. 31 + No. 33)
35. Rebate (5%)
36. Amount paid

### Mode of payment

37. Name of the Bank
38. Amount and Date

### Records Furnished

(a) Challan  (b)

I - - - - - - - Son / Daughter - - - - - - - of Sri./Smt. - - - - - hereby declare that the information furnished by me in this statement is true and complete to the best of my knowledge and belief and according to the provisions of the Karnataka Municipalities Act, 1964.

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Question 29: What has to be done if the tenant pays the tax?

Answer: By the time the tenant submits the returns after payment of the tax he, as an occupant has paid the tax. The points mentioned in the returns, only have to be entered in the property tax Register. The Municipal Officers do not have power to resolve the dispute between the tenant and the owner.

Guidelines to the People

Question 30: The taxpayers hesitate to pay the tax as the newspapers and T.V. media carry the news opposing self-assessment system. What action the Municipalities can take?

Answer: Municipalities must educate the people regarding the rules through daily newspaper and T.V. and give information, which would guide the people. People have right to information under the Karnataka Right to Information Act, 2000.

Question 31: What has to be done if the tax to be paid is more than that was imposed in earlier system?

Answer: The old and new tax systems have to be compared justifiably. As per earlier rule, property tax must be equal to 2 months' rent. It is justifiable to compare expected 2 months' rent and the property tax to be paid. It is not fair to compare the amount of tax made to assess less by immoral means such as bribe or influence and fair tax which has to be paid now. It is better to pay the tax fairly atleast now onwards.

Question 32: Some people argue that while assessing the value of building the value of land should not be considered. What is the answer to them?

Answer: The property tax refers to the tax on the land and building as enumerated in the Constitution. The land means the land in which the building is constructed upon and the permanent structures annexed thereto. It is not correct to consider only construction cost. For eg: Rental value or selling price of 2 similar type of houses, one constructed near the Devaraj market and another in the plateau of Chamundi Hills in Mysore cannot be same. It is found that while assessing the rental value, the land value is also taken into consideration. Similarly the rent or selling price of two similar types of houses one situated in Hampanakatte in Mangalore and another in Padavu cannot be same. While assessing the building value, it is justifiable to take into account the value of the built-up area.
**Question 33:** What is the reply to the question raised by some people as to the propriety behind imposing property tax on vacant land?

**Answer:** Imposition of tax on land and building comes in the purview of the State government. It is to be noted that Government has taken steps to levy tax on urban land as municipalities do not levy the property tax on vacant land effectively. In order to levy tax on urban vacant land the Government enacted the Karnataka Urban Land Tax Act. Provision was made in this Act to collect the tax of 1% (Rs. 1000 per lakh rupees) of the actual market value of urban vacant land. The urban land tax officer could levy the tax after conducting the spot examination. After the 74th Amendment to the Constitution, with a view to give more taxation power to Municipalities, the Karnataka Urban Land Tax Act was repealed in 2000 and some major reforms were made in property taxation and municipalities were delegated with the power of levying tax on vacant land. It is not fair to oppose the reform of empowering the Municipalities to revoke the system of levying of tax at the rate of 1% on the actual market value by the tax officers as per earlier law after conducting spot examination and introducing levy of tax on the transparent announced estimated value at the rate of Rs. 100/- in 1st stage, Rs. 25/- in 2nd Stage and Rs. 10/- in 3rd stage per lakh.

**Question 34:** Some people raise objections that while councilors of municipalities do not pay the property tax, how the public can be compelled to pay the property tax. What should be the reply in such circumstances?

**Answer:** A councillor who becomes a defaulter of payment of property tax will be disqualified to continue in office under Section 16. The Deputy Commissioner has power to dismiss such persons. The Deputy Commissioner can take such action suomoto or on the report. The taxpayers instead of attributing it to their tax payment should pay the property tax on their property.