



**MUNICIPAL CORPORATION
CHANDIGARH**

**SELF ASSESSMENT SCHEME
OF
PROPERTY TAX**

**ON COMMERCIAL, INDUSTRIAL
AND INSTITUTIONAL
LANDS AND BUILDINGS**

**IN
CHANDIGARH**

Dear Citizens,

1. The method of assessment of property tax is provided under Section 93 of the Municipal Corporation Act, 1976. The property is assessed to tax based on its Annual Rateable Value. As per Section 93 (a) Annual Rateable Value of a property is the gross annual rent at which the buildings or land may reasonably be expected to let from month to month or from year to year.

2. Section 93 (c) of The Punjab Municipal Corporation Act, 1976 provides the method for assessing property tax when in the opinion of the Commissioner; the gross annual rent cannot be ascertained.

3. For fixing the Annual Rateable Value of a building assessing the Property Tax, the Corporation has kept the following factors in view:

☞☞ That there is transparency and no discretion of officials.

☞☞ The process of assessment, levy and collection of Tax should be simple and just.

☞☞ There should be equality between same classes of Tax payers/ property owners.

☞☞ There should be no harassment to the Tax-payers.

4. The various prevalent systems, for collection of Tax were examined. It was found that the Quality / Area based method and the Capital Value method provided many loopholes, causing harassment to individuals and leakage of revenue. In comparison of these methods, the Unit Area Rental Value method, amply met the objectives narrated above and provided a system that is simple, scientific, hassle free, transparent, just and people friendly. On the basis of this system, A” Self –Assessment” plan for payment of property Tax has been devised.

5. The Municipal Corporation Chandigarh is happy to offer to its citizens a simple, transparent and discretion free Self Assessment of property tax scheme. **It is however, optional.**

6. Although, the corporation is empowered to revise the property tax every year but assessment made under the scheme will not be revised at least for the next three years subject to any additions /alterations or demolitions/ destructions of any buildings or part thereof.

7. The scheme has been evolved on the mass appraisal system of properties. The Sectors of Chandigarh have been classified in four zones based on its rental values/popularity and commercial potential. However, the rates for rented buildings for the purpose of Self Assessment Scheme have been fixed at much lower than the prevailing market rates.

8. It is recognized that there are certain classes of buildings whose value is not related to the zones. Hence, a separate scheme/rates has been prescribed for such properties. (Refer Annexure- 1)

9. The Guidelines for self- assessment included in this book are simple and therefore easy to understand. The citizens are requested to go through the Annexure, Notes, General Conditions, examples and assess their property tax honestly and file the same by_____each year. To save the citizens from any avoidable harassment, they can deposit the Property Tax in notified branches of various Banks as well.

10. While our primary concern has been to introduce objectivity, transparency and simplicity in property tax assessment so that the system has no discretion of the officials and no harassment to the individuals. We simultaneously believe that the citizens will keep in mind the financial needs of the corporation for the development of their own City and become willing and honest taxpayers.

(MAYOR)

(COMMISSIONER)

HOW TO USE THIS SELF-ASSESSMENT BOOK?

In order to be more transparent, less official discretions and citizen friendly, entire commercial property of all the Sectors has been divided into four zones namely 'A', 'B', 'C', 'D'. The citizen has to identify the category in which his property is located and then apply the specific rate applicable as indicated for that category in the table for average

rate per Sq. feet/ per month of the property expected to be let. The basis of classification of zoning is based on the expected rent, which a property can fetch solely on the basis of its location. In this type of Annual Rateable Value no significance has been given to the classification of construction or buildings, use of buildings etc.

This book contains annexure, notes and a set of general conditions and a few examples: -

Annexure - 1 This contains various **concessionary** rates per Sq. foot per month that the property owner has to adopt for arriving at the rateable value if he chooses to opt for **Self Assessment Scheme** and also if he does not opt for Self assessment.

Annexure-2 It contains useful information, general conditions, definitions and methods of calculating the property tax.

Annexure- 3 This contains the sector- wise details of property falling under different Zones namely A, B, C and D depending on its expected let out value based on the locality in which the property is located. The properties that can expect highest rent in the sector have been classified under Zone A. The properties that can be expected to let at comparative less rent are classified under Zone B. The properties that have still lower rental value will be classified under zone C. The petty Shops, Rehries, Mini Booths, STD booths, Kiosk, Milk booths etc. have been classified into Zone D.

Institutional Buildings: Commercial and Institutional buildings, which are other than SCOs, SCFs or Booths but have been constructed on the sites earmarked for a specific purpose e.g. Cinema Houses, Private Schools/Colleges, Theatres, Barat Ghars, Marriage palaces, Conventional Halls, Party/ Meeting Halls, Farm houses, Clinics, diagnostic Centers, Laboratories, Health Care Systems, Gyms, Hospitals, Nursing homes, Petrol pumps, Clubs, Godowns or any other type of building which is being used for any type of commercial/ institutional activity.

The expected let out rate for this Category will be @ Rs **10/-** per Sq. foot per month for calculating the rateable value.

Note 1: If any portion of a residential building is used for a shop or any other commercial activity, the expected let out rate, for the portion so used, shall be charged at the rate fixed for the properties in Group V of Annexure I

Note 2: Religious Institutions are exempted but tax @ Rs 10 /- per Sq. foot per month for calculating the rateable value will be charged on the portion being used for running any commercial activities.

Note 3: If for any reasons the tax calculated comes to less than Rs 50 per month, **the minimum tax @ Rs 50 per month will be charged.**

Note 4: Commercial property pertaining to War widows, War heroes, freedom fighters or any other persons, who have sacrificed their lives for the nation shall be exempted from the payment of property tax. (Certificate from competent authority is required to be produced.)

REBATE: If a person deposit the tax due for the full year on or before the due date a rebate of 10 per cent shall be allowed and if half yearly tax is deposited on or before the due date a rebate of 5 percent shall be allowed to him.

Annexure 4: This contains few examples as how to arrive at rateable value of a property and computation of tax.

ANNEXTURE -I

RATES IF SELF-ASSESSMENT IS OPTED.

Concessionary Rates for arriving at the Annual Rateable Values for self Assessment of Commercial Properties in Chandigarh City.

The Table below gives various rates per sq. foot per month that the property owner has to adopt for arriving at Annual Rateable Value (ARV) of the Commercial Properties in Chandigarh. The table has four Zones: 'A', to 'D' according to concessionary rental values. The rates per sq.ft. per month prevalent in respective Zones have been inquired into and have been found to be quite high. But for the purpose of Self Assessment Scheme the Rates have been fixed much lower than the prevailing market rates.

The Annual Rateable Value of a property is to be worked out by multiplying the Average Sq. ft. rate x Area of the floor of building x 12. After allowing a deduction of 10% on account of repair, the net taxable Annual Rateable Value will be ascertained.

UNIT:RENT PER SQ.FOOT/ PER MONTH

1	2	3	4	5	6
Group	Sector	Zone A	Zone B	Zone C	Zone D
I	17	20	15	13	Min.Tax at Flat rate Rs.50/-p.m.
II	22,34 & 35	16	13	12	Min.Tax at Flat rate Rs.50/-p.m.
III	7,8,9,15,19 & 26	14	12	9	Min.Tax at Flat rate Rs.50/-p.m.
IV	Other-Sectors& Industrial Area Ph-I & II	10	8	6	Min.Tax at Flat rate Rs.50/-p.m.
V	Sites earmarked for specific purpose e.g. Institutions, Clubs,Petrolpums etc.	Rs. 10 per sq.ft.			

The rates of Ground Floors only have been provided in the above table according to Zone of a Group. In respect of basement the rate given in the column No. 3,4 & 5 has to be reduced by 50% and for the upper stories rate is to be reduced by 20% of the rent of the last floor (rounded of to the nearest Rupee). For example: -

1	2	3	4	5	6	7	8
GroupI	Basement	GF	Ist	IIInd	IIIrd	IVth	Vth onwards
Zone A	10	20	16	13	10	8	6
Zone B	8	15	12	10	8	6	5
Zone C	7	13	10	8	6	5	4
Zone D	Minimum Tax at flat Rate Rs. 50 /- P.M						

1	2	3	4	5	6	7	8
GroupII	Basement	GF	Ist	IIInd	IIIrd	IVth	Vth onwards
Zone A	8	16	13	10	8	6	5
Zone B	7	13	10	8	6	5	4
Zone C	6	12	10	8	6	5	4
Zone D	Minimum Tax at flat Rate Rs. 50 /- P.M						

1	2	3	4	5	6	7	8
GroupIII	Basement	GF	Ist	IIInd	IIIrd	IVth	Vth onwards
Zone A	7	14	11	9	7	6	5
Zone B	6	12	10	8	6	5	4
Zone C	5	9	7	6	5	4	3
Zone D	Minimum Tax at flat Rate Rs. 50 /- P.M						

1	2	3	4	5	6	7	8
GroupIV	Basement	GF	Ist	IIInd	IIIrd	IVth	Vth onwards
Zone A	5	10	8	6	5	4	3
Zone B	4	8	6	5	4	3	3
Zone C	3	6	5	4	3	3	3
Zone D	Minimum Tax at flat Rate Rs. 50 /- P.M						

On vacant land forming part of a plot on which building has not yet been constructed, rate applicable per Sq. ft. per month will be Rupee 1/- per Sq. ft. irrespective of the zone.

Service Charges.

Government buildings are exempted from payment of property Tax on their land and buildings but the departments are liable to pay the service charges on

account of services being provided to them. Service Charges payable are @ 75% of the tax calculated on the buildings as per the rate of Zone C of respective group in which the building is situated as per Annexure 1.

There are five groups of sectors and each group has four Zone, namely A, B, C and D. The citizen is advised to identify the Zone in which his property is located and then apply the specific rate applicable according to the floor area. **Please note that if the property has been left out in any of the Zones, rate of the adjoining property shall be taken for arriving at the Annual Rateable Value.**

Rates if Self Assessment is not opted

If the owner does not want to opt for the assessment under Self Assessment scheme, at concessionary rates, the department shall assess the annual rateable value of the property themselves and for that purpose charge 25% over and above the rates prescribed for the first year of assessment only.

ANNEXTURE -2

Definitions

Annual rateable value:

Annual rateable value of a property is the gross annual rent at which the building or land may reasonably be expected to let from month to month or from year to year. This scheme has been evolved on the mass appraisal system of properties. A survey has been conducted and on the basis of expected rent of buildings Zoning has been determined. Thus, per Sq.ft. per month rates applicable are related to the Zone. However, we recognize that there are certain classes of properties whose value is not related to the zone. Hence, a separate scheme of classification has been evolved for such properties. The occupant can arrive at Annual Rateable Value of a property by multiplying the Average Sq. ft. rate x Area occupied x 12. After giving 10% repair on the ARV net taxable Annual Rateable Value will be ascertained.

How to calculate Tax.

The properties of all Sectors have been divided into zones. The Zoning of property has been made after carefully factorizing several criteria like locations, rental values of the concerned area etc. The citizen has to identify the zone in which his

property is located and then apply the specific rate applicable as indicated for that category in the table for average rate per Sq. ft. per month of property.

- 1 Find the property in which group/sector it falls.
- 2 Measure the floor wise built up area of the property. The built up area means the total built up area, which includes covered balconies etc. excluding passage meant for public use and in case of petrol pumps the built up area includes underground constructed / buried tanks also.
- 3 Multiply the floor wise built up area with the rates for arriving at the annual rateable value as provided in Annexure-1. This gives the monthly rateable value (MRV) multiply MRV by 12 months to arrive at the Annual rateable value (ARV).
- 4 **Assessment of vacant land** : on vacant land forming part of a plot on which building is not yet constructed as per the allowable FAR (Floor Area Ratio), the rate applicable per sq. ft. per month is Rupee.1/- .Ascertain the total vacant area by subtracting the built-up area at the ground floor from the maximum build able area at the ground floor as per allowed FAR for the plot, and multiply it by 1 and then by 12 to find out the ARV.
- 5 Add ARV calculated under clauses 3 and 4 above to find out the total Annual Rateable Value.
- 6 10% per annum of the ARV is allowed as discount on account of cost of repairs. Thus, ARV is to be reduced by 10%. **The figure of Annual rateable value shall be rounded up to the nearest multiple of 100/-** and the figure so arrive will be Net Annual Rateable Value on which tax at the prescribed rate is to be calculated and paid.

General Conditions

- 1 This Self Assessment Scheme will come into effect from ----- and shall remain in force until ----- . Like wise, in the subsequent years also a property owner can declare his tax statement between April 1st to April 30th each year. In respect of new buildings constructed during the year , the owner may file the self- assessment within 3 months of the completion of the building.

- 2 **Validation of Assessment:** The Assessment concluded in respect of Self Assessment Scheme 2003 shall be final and will not be revised atleast for the next three years subject to any additions / alterations or demolition/ destruction of any building or part thereof and subject to scrutiny as mentioned below in Clause 6.
- 3 If for any reasons the tax calculated comes to less than Rs. 50/- per month, minimum tax @ Rs.50/- per month will be charged.
- 4 The Assesses who wish to opt for Self Assessment Scheme may deposit tax due in lump sum in one installment within 30 days of the introduction of the scheme and for ensuing year tax may be paid either in full in one installment within 30 days of the start of financial year or in two half yearly installment, first installment by 30th April and second installment by 31st October every year.
- 5 The payment can be made through Cheque / DD which may be drawn in favour of the “Commissioner, Municipal Corporation Chandigarh” payable at Chandigarh.
- 6 The declaration filed by the assessee shall be accepted as final. Nevertheless the Commissioner shall order such officers to scrutinize at random 5 % of the self assessment declarations made by the assessee and after scrutiny, if it is found that the declaration made by the assessee is less than amount of tax paid / payable by him for that year, such officer after giving such persons a reasonable opportunity of being heard shall direct the assessee, in writing, to pay a penalty, in addition to the tax payable, which shall be **double** the amount of such difference of tax payable.
- 7 **Appeals:** If there is any dispute with regard to the manner in which the specified rates have been applied, the assessee is entitled to avail the remedy of filing appeal as per provision of the Punjab Municipal Corporation Act, 1976. The provision of the Punjab Municipal Corporation Act, 1976 and the rules, bye-laws made their under relating to payment and recovery of tax, penalty, revisional powers and appeal shall apply to this Self Assessment Scheme.
- 8 **Clarification:** For the purpose of maintaining uniformity in the work of assessment and collection of revenue, the Commissioner may, on his own

motion or an application by a property tax payer, clarify any issue pertaining to this scheme of self-assessment. All officers and persons employed in the execution of the Self Assessment Scheme shall observe and follow such instruction and clarifications.

9 **Review of Self Assessment Scheme:** An official Committee under the chairmanship of Commissioner of the Corporation will be constituted to periodically review the Self Assessment Scheme with the following official members:

a.) **One from Engg. Wing.**

b.) **One from Tax Branch.**

This Committee will examine and review every year, all suggestions/problems/rates for arriving at the Annual Rateable Value, received both from the tax payer and departmental officer and submit a report along with the recommendations to the Commissioner in the month of January. The Commissioner after examining the recommendations so made will place the same before the House Tax Assessment Committee. After the House Tax Committee approves such recommendations, or approves with certain changes, such amendments to the Self Assessment Scheme will be brought in force from 1st day of April of the succeeding year, after having necessary approval of the Chandigarh Administration.

