

# ANNEXURE - IV

## GOVERNMENT OF TELANGANA ABSTRACT

RULES - The Telangana Municipalities (Assessment of Property Tax) Rules, 2020 - Notification - Orders - Issued.

MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT (MA) DEPARTMENT

G.O.Ms.No.230,

Dated: 11.12.2020

Read:

The Telangana Municipalities Act, 2019 (Act.No.11/2019)  
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### ORDER:

In pursuance of the Telangana Municipalities Act, 2019 (Act.No.11/2019), the Government hereby makes the Telangana Municipalities (Assessment of Property Tax) Rules, 2020.

2. Accordingly, the following notification shall be published in an Extraordinary issue of the Telangana Gazette, Dated: 11.12.2020.

### NOTIFICATION

In exercise of the powers conferred under sub-section (1) of section 238 read with sections 102, 89, 95, 97 and 101 sections 92, 93 and 94 of the Telangana Municipalities Act, 2019 and in supersession of orders issued vide G.O. Ms. No.438 M.A., Dated: 29.10.1990, the Government of Telangana hereby makes the following rules relating to Assessment of Property Tax and related matters in the Municipalities.

### RULES

**1. Short title:** These Rules may be called the Telangana Municipalities (Assessment of Taxes) Rules, 2020.

**2. Definitions:** In these rules:

- (1) "Act" means the Telangana Municipalities Act, 2019;
- (2) "Commissioner" means Commissioner of the Municipality, appointed by the Government under Section 38 of the Act;
- (3) "Plinth area of a building" means the area arrived at by multiplying the length of the building with the breadth as measured outside of the basement level;
- (4) "Total plinth area of a building" includes the plinth area of all cellars, ground floor and all the floors above the ground floor of a building;
- (5) "Self Assessment" means declaring the property details along with construction details for the purpose of auto tax calculation.
- (6) "Regularization" means a land or building which is regularized through guidelines fixed by the Government.

**3. Levy of Property Tax:**

- (1) Unless exempted under Telangana Municipalities Act, 2019 or any other law, property tax shall be levied on all buildings or vacant lands or both situated within the municipal limits.
- (2) Property Tax on buildings shall be levied on the basis of taxable Capital Value of the building and land.

(3) The Commissioner shall deliver the municipal service viz., assessment of property tax in online system as per the timelines prescribed in Schedule III of the Act, and if timeline is not adhered to, penalty shall be levied and recovered from the person responsible for the delay.

(4) In respect of any residential building which is built in the plot area of the size up to 75 Square Yards with a Ground or Ground plus First Floor structure, a nominal rent of Rs.100/- per annum shall be levied toward Property Tax

(5) The title document shall be the basis of criteria to determine the classification of a structure in this category for assessment of Property Tax

(6) Mere assessment of any Property to Property Tax or Vacant Land Tax as the case may be does not alter any existing ownership title either on the land or the building or both land and the building

#### **4 Method of Assessment of Property Tax:**

(1) The taxable capital value of the land and building shall be assessed together with the land occupied by it. The taxable capital value of the building shall be minus of depreciation at the time of assessment as may be notified by the Stamps and Registration Department of Government under the Registration Act, 1908 or relevant Acts and Rules from time to time. The taxable capital value of land shall have regard to the market value of properties notified and published under the Registration Act, 1908 by the Stamps and Registration Department of Government from time to time.

(2) The Commissioner shall obtain the market value details of buildings and lands notified and published by the Stamps and Registration Department and adopt them for arriving at the taxable capital value of the buildings and lands for the purpose of assessment of property tax.

#### **5 Fixation of rate of tax on buildings and lands:**

(1) The property tax shall be levied in case of a commercial building at such percentage not being less than 0.25 percent and not more than two per cent of taxable capital value of the building.

(2) In the case of residential building and buildings other than non-residential use, property tax shall be levied at such percentage not being less than 0.10 percent and not more than one per cent of taxable capital value of the building.

(3) In the case of land occupied as an appurtenant to the building shall be levied the taxable capital value of land and shall also be added to the capital value of the building fixed under sub-rule (1) or (2).

(4)(i) In the case of vacant land not occupied by or adjacent and appurtenant to a building, the property tax shall be levied at such percentage not being less than 0.05 percent and not more than 0.20 percent of taxable capital value of land as may be notified by the Stamps and Registration Department of Government under the Registration Act, 1908.

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(ii) For the purpose such levy, an area not exceeding three times the plinth area of the building including its site or a vacant land to the extent of one thousand square meters, whichever is less shall be deemed to be the adjacent premises occupied as an appurtenant to the building.

(5) Provided further that the percentage of the property tax fixed as per above provision, shall be such that the incidence of property tax together with the library cess levied under the relevant law.

(6) Subject to the minimum and the maximum rates specified above, the Municipal Council shall, fix the rate of property tax at such percentage of the taxable capital value of the buildings, lands and vacant lands having regard to the location, type of construction of the building, nature of use to which the building is put, area of the vacant land, plinth area of the building, age of the building and such other criteria.

(7) When the Municipal Council determines to levy the tax for the first time or revises the tax at a new rate under sub-rule (5), the Commissioner shall take action to notify the rate of tax, the effective date of levy and period of levy.

#### **6 Revision of Property Tax:**

(1) The Commissioner shall revise the property tax as and when market values referred in rule (4) are revised by the Stamps and Registration Department of Government. In the absence of non-revision of market values in the normal period, the District Collector shall direct the Commissioner / Commissioners within his District to revise the tax enhancing at five percent on the existing tax for a period of two years.

(i) Provided that nothing contained in this rule shall be deemed to affect the power of Government to direct suitable revision of property tax at any point of time when it is satisfied that there arose compelling circumstances necessitating such revision.

(2) Notwithstanding with the revision of market values and direction from the District Collector, the Commissioner shall take action to revise the tax on the buildings, if he notices addition of plinth area or alteration of construction or variation in nature of use.

#### **7 Assessment of Property Tax:**

(1) As a measure to ease the assessment of property tax, the Commissioner shall arrange an online system, where the property owner can make self-assessment of property tax giving details of ownership, extent of land, plinth area of building, type of construction, nature of use, building permission details, occupancy certificate, date of occupation, photograph of property and such other relevant details considered appropriate from time to time. The system shall calculate the tax instantly on the inputs provided through self-assessment and issue assessment certificate along with door number (for new construction) and covering the tax details, effective date of tax and amount of tax paid or payable.

- (2) Property owner shall apply for Self-assessment within three months on receipt of occupancy certificate or date of occupation or completion of construction, whichever is early.
- (3) The property owner shall submit the particulars of property correctly during self-assessment to assess the property tax correctly. He shall also submit a declaration that the particulars submitted are correct and he will be liable for penalty as per the provisions of the Telangana Municipalities Act, 2019, if any variation is noticed in future.
- (4) The Commissioner shall make wide publicity of self-assessment process and on-line system for assessment of property tax along with particulars to be furnished and declarations to be made during the self-assessment process.
- (5) On completion of the self-assessment process, the system shall generate demand of the property tax in its data base.
- (6) The Commissioner shall keep track of all self-assessments in a separate Assessment Register and Demand Register and produce the details before the District Collector and the Municipal Council as and when called for.
- (7) On the directions of District Collector, the Commissioner shall also send the verification team consisting of such persons appointed by the District Collector and the Officers of the Municipality to verify all the self-assessments made during the month.
- (8) The verification team shall submit its report to the District Collector in the first week succeeding month. If any omissions are noticed in the process, which the District Collector considers as culpable, misleading and provided with a malicious intention of securing undue pecuniary benefits, the District Collector can direct the Commissioner to arrive at correct tax and levy one time penalty of 25 times of actual tax for incorrect certification along with the difference of tax amount. A notice shall also be issued on the property owner that penal action would also be taken along with the penalty levied for wrong input details and declarations during self-assessment process.
- (9) Notwithstanding with the self-assessment process, the Commissioner shall call for list of properties not assessed within time and not revised consequent on additions or alterations made, during every month. The Commissioner shall submit the monthly list to the District Collector and the Regional Director of Municipal Administration. Such properties shall be assessed through a team consisting of an officer appointed by the District Collector and the Officers of the Municipality. The team shall make the assessments through online system and intimate the property owner through a notice for payment of tax. The details of assessment of such properties shall be submitted to the District Collector and placed before the Municipal Council.
- (10) A separate assessment register and demand register to be maintained for the properties assessed under Rule (9).
- (11) In respect of properties, where there is neither a registered document nor a patta certificate, such properties shall also be assessed through the team of officers appointed by the District Collector and Municipal officials of the Municipality. Such properties shall contain details of door number, tax amount and the name shall be written as "holder of property"; and the information shall be maintained in a separate demand register.

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**8 Penalty on unauthorized construction or usage:**

(1) Where a building is constructed or reconstructed, or some structures are raised unauthorizedly, it shall be competent to the Commissioner to levy property tax on such building or structure with a penalty as specified below, till such unauthorized construction is demolished or regularized without prejudice to any proceedings, and the penalty so payable shall be deemed as the property tax due on the building or structure:

(a) Upto 10% of the violation of permissible setbacks, only in respect of floors permitted in a sanctioned plan- 25% of property tax as penalty

(b) More than 10% of the violation of permissible setbacks, only in respect of floors permitted in a sanctioned plan- 50% of property tax as penalty

(c) Unauthorized floors over the permitted floors in a sanctioned plan- 100% of property tax as penalty

(d) Total unauthorized construction- 100% of property tax as penalty

(e) Violation of usage- 100% of property tax as penalty and revised rate based on the new usage thereafter.

(2) The levy and collection of the above penalties shall not be construed as regularization. The above rule is not applicable to buildings where occupancy certificate is issued by the Municipality.

(3) When penalty is levied on unauthorized construction/ deviation, the information of such properties shall be sent to or brought to the notice of the Town Planning Section of the Municipality so as to take action for demolition or regularization, as the case may be, under the provisions of the Act.

(4) The penalty leviable under the above rule shall be collected by the Municipality along with property tax.

(5) The online system has to generate the penalty basing on violation percentage.

(6) The penalty levied shall be to the extent of variation in permitted area and floors.

**9. Vacancy Remission:**

(1) When any building or land or any premises which has been vacant for more than three months in a half year is eligible for vacancy remission of 50% of the property tax for the vacancy period.

(2) For the above purpose -

(a) Premises shall be deemed to be vacant only if they are unoccupied and unproductive of rent

(b) Premises used or intended to be used for the purposes of any industry which is seasonal in character shall not be deemed to be vacant merely on account of their being unoccupied and unproductive of rent during such period or periods of the half year in which seasonal operations are normally suspended.

- (3) Every demand for remission shall be made during the half year in respect of which the remission is sought.
- (4) (a) No demand for such remission shall be entertained unless the owner of the building, land or premises or his agent has previously thereto delivered notice to the Commissioner within one month of the vacancy during that half year.  
(b) No demand for such remission shall be entertained in case of a person who is in arrears of property tax.  
(c) Notice of the vacancy has to be issued to the Commissioner, for every half year of the vacancy.  
(d) The property tax for the vacancy period shall be paid on or before the due date, and the vacancy remissions sanctioned will be credited to the property tax as advance.  
(e) The Commissioner shall place a statement of Vacancy Remission granted during the previous financial year with details of Door Number, Owner name, period and amount of remission granted, before the Council in its first meeting after the end of each financial year.

**10. Vacant Land Tax:**

- (1) The property tax shall be levied and collected on vacant lands which are not used either for agricultural purposes, and are not occupied by, or adjacent and appurtenant to buildings, at the time of construction or registration as a one-time payment, at the rate fixed by the Municipal Council under sub-rule (3) of rule (5).
- (2) The land owner shall obtain no-due certificate with respect to vacant land tax before initiating any construction.
- (3) The property tax is leviable in respect of a land which is otherwise capable of being built upon i.e. where construction is permissible.
- (4) Levy and Collection of Property Tax does not confer any rights of ownership on the land.

**11. Recovery of service charges from the properties of Union of India:**

- (1) No property of the Union of India shall remain unassessed to Property Tax for the purpose of determining the applicable Service Charges;
- (2) In case of un-assessed or under-assessed properties of Union of India, the Municipal Commissioner shall send a notice seeking relevant information about title documents, sanction plan, plinth area, etc., for the purpose of levying Property Tax in order to determine the applicable Service Charges;
- (3) Whenever such notice is issued it is the responsibility of the Unit Officer concerned with the day-to-day management of the property to furnish the requisite information;
- (4) In case such information is not received in a reasonable time, the Municipal Commissioner shall determine the appropriate Property Tax on the premises as per his own assessment and available information;

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- (5) The Municipal Commissioner shall prepare an appropriate Memorandum of Understanding (MoU) with the concerned unit official of the Government of India indicating the details of the Property Tax arrived at on the premises and determining the applicable Service Charges and send two ink-signed copies of the same to the concerned Unit Official under proper acknowledgement and with intimation to send back one copy duly ink-signed and affixed with office seal for record, in a time frame of two weeks;
- (6) The copy of MoU shall be accompanied by Property Tax assessment or revision notice with details of Property Tax and the payable Service Charges in lieu of Property Tax;
- (7) The Municipal Commissioner shall levy Service Charges on properties of Union of India and its departments at the rate of 75%, 50% and 33 1/3% of Property Tax leviable, depending on the availability of municipal services at full or partial or nil respectively and collect accordingly;
- (8) In case, the Unit Officer raises any concerns about the determination of the Service Charges within the timeframe allowed, the reply shall be treated as an "Objection Petition" on the assessment or the revision, as the case may be and shall be disposed by following the due process as in the case of any Property Tax assessment or revision;
- (9) A separate Demand Register is required to be maintained for the Government properties.

**12. Revision Petitions and Appeals:**

- (1) Any person aggrieved by any tax fixed or assessed under the Telangana Municipalities Act, 2019 may file a revision petition before the Commissioner, within 60 days of notice. The Commissioner shall dispose of the revision petition within 30 days from the date of receipt of the revision petition. The Commissioner may condone the delay in filing the revision petition subject to satisfaction of sufficient cause. Before disposal of such revision petition, the Commissioner shall give opportunity to the petitioner to appear in person to submit his claim.
- (2) A serial number shall be given to each petition and entered in a register, and the orders of the Commissioner shall be recorded on the petition as well as in the said register.
- (3) An appeal shall lie to the Regional Director of Municipal Administration against any orders passed by the Commissioner on the revision petition within 30 days from the date of receipt of the order passed by the Commissioner. The Regional Director may condone the delay in filing the appeal petition subject to satisfaction of sufficient cause. A serial number shall be given to each appeal and entered in a register, and the orders of the Regional Director shall be recorded by him on the appeal and also got entered in the said register.

**13. Exempted properties:**

- (1) The following buildings and lands shall be exempted from payment of the property tax:

- (a) Places set apart for public worship and either actually so used or used for any other purpose;
- (b) Choultries for the occupation of which no rent is charged and Choultries the rent charged for the occupation of which is used exclusively for charitable purposes;
- (c) Places used for the charitable purpose of sheltering old age persons, destitute or animals and libraries and play-grounds which are open to the public;
- (d) Ancient monuments protected under the law relating to preservation of ancient monuments for the time being in force, or parts thereof as are not used as residential quarters, or as public offices;
- (e) Hospitals (including veterinary hospitals) and dispensaries maintained by Government and the Railways;
- (f) Educational institutions and hostels maintained by the Government
- (g) Burial / and burning grounds, Crematoriums;
- (h) Buildings and lands belonging to the Municipality;
- (i) Irrigation works vesting in the Government including the bed of water-course or any building or land adjacent and appurtenant to such irrigation work;
- (j) Buildings owned by Ex-Servicemen or serving personnel provided that
  - i) the building stands in the name of self or of spouse;
  - ii) subject to the condition that the exemption limits to only one building and all the floors all fully occupied by the immediate dependent family members of ex-servicemen / service personal and
  - iii) no portion of the building is let out.
  - iv) for such exemption, necessary application shall be made to the Municipal Commissioner along with details and evidences for grant of exemption.
  - v) on receipt of such application through the District Sainik Welfare Officer / Director of Sainik Welfare, the Commissioner shall verify the details and dispose the request within (15) days.

(2) The Municipality shall maintain separate register showing details of exempted properties.

#### **14. Repeal and Savings**

- (1)The Telangana Municipalities (Assessment of Taxes) Rules issued in G.O.Ms.No.438, M.A. Dated:29.10.1990 and amendments issued thereafter are repealed.

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- (2) Any tax lawfully levied by or on behalf of the Municipality at the commencement of these rules shall, notwithstanding any changes in the method or manner of assessment under these rules be continued till assessment under these rules is made.

**(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)**

**ARVIND KUMAR  
PRINCIPAL SECRETARY TO GOVERNMENT**

To  
The Commissioner of Printing Stationary and Store Purchase, Hyderabad.  
(for publication of the Notification on the Extra-ordinary Gazette &  
Supply 50 copies of the same)  
The Director of Municipal Administration, Hyderabad.

Copy to:-

OSD to Hon'ble Minister for MA & UD.  
OSD to Principal Secretary to Government, MA&UD Department.  
P.S to Secretary to Government, MA & UD Department.  
Sf/Sc.

// FORWARDED BY ORDER//

*B. Venkatesh Reddy*  
**SECTION OFFICER**