



Bangalore  
2<sup>nd</sup> February 2009

Dear Citizen,

In keeping with the suggestions of the property taxpayers of Bruhat Bangalore Mahanagara Palike the Government has amended the KMC Act to introduce property tax assessment under Unit Area Value (UAV) system. The assessment and design of the property tax system under UAV is exactly similar to the old optional SAS under the Annual Rental Value (ARV) system and is applicable only to properties within the Bruhat Bangalore Mahanagara Palike jurisdiction.

Under the earlier SAS (ARV) system property was assessed on the basis its location, quality of construction, usage, occupancy and the age of the building. All these physical and usage features of the property were taken together and the annual rental value per square foot per month was determined. The Ministry of Urban Development, Government of India, has termed such method of property tax assessment as Unit Area Value.

In the KMC Act a new Section 108A has been inserted with corresponding Rules for property tax assessment on the basis of Unit Area Value. The Unit Area Value under this section is defined as:

*“ an average rate of expected returns from the property per sq.ft., per month determined by the Commissioner, Bruhath Bangalore Mahanagara Palike on the basis of the average market rate determined through mass appraisal method or real estate market information or any other reliable source or combination of these sources that he may considers it as sufficient and reasonable having regard to the location, type of construction of the building, parking area of vehicles in non-residential building where it is charged and such other criteria as may be prescribed. Different rates may be determined for different area or street by classifying into zones, different nature of use to which the vacant land or building is put and for different class of buildings and vacant lands”*

What has been worded in Section 108A and the Rules framed is the same process followed in the classification of Zones and in fixing the rental rates under the optional SAS introduced in the year 2000. Section 108A and the Rules now provide a legal basis for determining property tax under an area based system. With this new Section and the Rules both the taxpayer and the officials of Palkie are guided by clear set of Rules that govern the UAV system.

Like in the earlier property tax scheme, the city of Bangalore has been classified into 6 value zones on the basis of the guidance value published by the Department of Stamps and Registration. The published guidance value was adopted as a reasonable basis for zone classification as this will prevent any official discretion and thus avoid complaints of

subjectivity in the classification. This was how it was done in during the year 2000 and we have followed the same principle.

In the categorization of properties 5 categories for residential use and 13 categories for non-residential use have been provided, which include vacant land, telecommunication tower, hoarding and service charges for properties exempted from property tax.. All residential properties have been categorized based on the roof type. A further category has been provided especially for the benefit of old houses where the entire flooring in either cement or red oxide. All residential houses except those under category mentioned in category IV and V is zone specific. While certain categories of non-residential use of property are zone specific, there are certain classes of non-residential use, which are distinct and hence not zone specific.

The UAV (rates) that were prescribed in the year 2000 have been retained for the respective zones and as a result BBMP may not stand to raise more revenue. However, we will use technology to bring to tax net all the un-assessed properties. The law has now made it mandatory for even unlawful properties to file their return and pay property tax, without there being any assurance of regularization for the violations under any law. We will also be using technology to check that the returns filed are true and correct. These measures will not only help raise revenue for the BBMP but also will instill the confidence in the taxpayer that all taxpayers pay their due tax to the Corporation.

This handbook has been designed to keep it simple with worked examples provided for different category of building and usages. We expect that this handbook will be useful for taxpayers to calculate the tax themselves and pay the same. We have also put all useful information on our website [www.bmponline.org](http://www.bmponline.org). The citizens are requested to go through this handbook carefully before filling up the application form. To assist you in filing the return correctly, we will be conducting several workshop with the resident welfare associations besides the staff of BBMP would also assist you with any of your queries and filling up of the return form.

Please remember that while you have the opportunity to self assess your property and file the return, you are informed that wrong declarations will invite penal actions. Our primary concern has been to introduce objectivity, transparency and simplicity in property tax assessment. We hope with your support we will achieve this objective in full measure.



**(Dilip Rau)**

Administrator

Bruhat Bangalore Mahanagara Palike



**(Dr. S Subramanaya)**

Commissioner

Bruhat Bangalore Mahanagara Palike