

FREQUENTLY ASKED QUESTIONS

Q. What is Unit Area Value? How is it different from the earlier ARV?

A. *The Unit Area Value system is another variant of the earlier Annual Rateable Value (ARV) system. While the ARV was based on the expected rent from the property, the Unit Area Value is based on the expected returns from the property depending on the location and usage of the property. Since the unit of calculation is based on per square foot per month **(UNIT)** and for a particular location, street, **(AREA)** and multiplied by a rate **(VALUE)**, this method of assessment of property is called “Unit Area Value” method. This is the same method adopted in the optional SAS during the year 2000.*

Q. How are zone classifications been made?

A. *The jurisdiction of BBMP has been classified into 6 value zones based on the published guidance value of the Department of Stamps and Registration. Separate appendix to the handbook containing the zone classifications has been printed. The zone classification is also hosted in our website www.bmponline.org*

Q. Why has the published guidance value been chosen to classify the zones for property tax?

A. *In Bangalore, like in any other part of the country, we do not have an active and reliable real estate market that publishes the rental rates of every street. The published guidance value of the Department of Stamps and Registration is the only objective tool available for making a reasonable classification of zones. Other methods of classification will be too subjective and run the risk of official discretion. The guidance value route is adopted in other Corporation in the country.*

Q. Will my tax go up under UAV?

A. *Property tax has not been revised since the year 2000. Hence, during revision it is normal for the tax to go up. However, a decision has been taken to retain the old rates of SAS 2000 for the respective Zones. Because of this decision not to increase the rates, properties that remain in the same zone will pay less than what they paid on the basis of SAS 2000, and those properties that has shifted to a higher zones will pay a little more than what they did earlier.*

Q. Why was Zone classification necessary? Could we not have paid simply 5 % -10% more and be done with?

A. *Zone classification and rates are the two tools for property taxation. In the year 2000 several areas were treated backward and were classified under F Zone. This classification was done as per the guidance value prevailing at that point in time. But since the year 2000 there has been developments in these area and obviously the rental/lease rates have gone up several time due to these developments. In the process of re-fixing the zones some streets have shifted from a lower zone to a higher zone and in some cases they have shifted to 2 zones higher. In order to keep the increase incremental, a cap has been provided whereby even if there is a shift to 2 zones higher, the shift is restricted to one zone higher only.*

Secondly, taxation cannot be made as simple as increasing the denominator by 5-10% of the existing tax. There has to be a prescribed method whereby even unassessed properties or new building should be able to arrive at the tax payable by them. Secondly, existing taxpayers must also have a method to calculate tax payable after deducting for depreciation available to them and also to enable them to report additions/deletions made to the property. Thirdly, the erstwhile CMC, TMC and the 110 villages added to BBMP would need a basis for payment of tax. Therefore a uniform process of assessment for all properties during tax revision is necessary to arrive at the tax payable.

Q. How do we calculate the built up area?

A. *The definition of built up area under Rule (2) (vi) is reproduced: "Built up area" means total area covered by building or high rise buildings above the plinth level, and including all covered area like basement, mezzanine flooring, balcony whether covered or not; garage area, constructed boundary of swimming pool, fuel storage tanks constructed underground or above the ground, storage of merchandise in open space like timber, granite, bricks etc, stilts meant for parking and telecommunication and other towers and hoardings erected on the surface or top or any other open space of land or building but does not include,-*

(a) court yard at the ground level, garden, rocky area, well and well structures, plant, nursery platform around a tree, overhead water tank, fountain, bench with open top and the like;

(b) drainage, culvert, conduit, catch-pit, gully pit, chamber gutter and the like;

(c) compound or boundary wall, chejja, uncovered staircase, watchman booth/pump house not exceeding three-square meters and sump tank.

Q. Should we calculate car parked in open veranda or under the portico of our residential house?

A. *Car parked in open spaces including veranda or under the portico in respect of residential houses is excluded from the built up area.*

Q. In respect of apartment should super built up area or carpet area be considered?

A. *To keep the measurement objective, the measurement mentioned in the schedule to the sale deed has to be taken as this is irrefutable evidence. Carpet area will always lead to interpretation between the taxpayer and BBMP and hence avoided.*

Q. In the apartment purchased the sale deed includes stilt car park area but has not mentioned the car park area separately. How I calculate the car park area?

A. *In such cases you can measure the car park area separately and deduct the car park area from the total area mentioned in the schedule to the sale deed. Car park area is charged at 50% of the rate prescribed for the zone and status i.e. tenanted or owner occupied.*

Q. Is depreciation provided under UAV? Should the depreciation be calculated on the basis of calendar year or financial year?

A. *Yes depreciation is provided under UAV. Depreciation is to be calculated on the basis of calendar year. Under UAV you can claim depreciation once in a block period.*

Q. In what category is petrol bunk classified?

A. *All those categories not specifically mention in any other the category will fall under Table II category VI. Petrol bunk falls under category VI and have to calculate the UAV on the basis of the zone under where they fall.*

Q. If a property is vacant, will it be counted as self occupied or rented.

A. *You can declare it as self-occupied so long as it is not tenanted. Once it is tenanted, you should file a return and declare the changed status.*

Q. If my property has been constructed and occupied in January 2009 for what period should I calculate the property tax. Is it for the full year or part year?

A. *If the building is completed after 1st October of any year, property tax for the second half year has to be paid. Those completed prior to 1st October have to pay property tax for the full year.*

Q. If my building is demolished and is under construction on what should I pay property tax?

A. *If the building is demolished and whether or not the construction has commenced, tax has to be paid on the vacant land.*

Q. I have an existing building on which I have constructed first floor and occupied in December 08. How should I compute the tax payable for the year 2008-09?

A. Calculate the old and the new portions separately. This is also provided in the return in the table column 7. Apply the depreciation as permissible for the old and the new portion and compute the tax payable.

Q. I have already paid property tax of Rs. 8362 in May 2008 as per then existing SAS scheme. Will this be treated as early payment & make me eligible for 5% early payment discount?

A. Since you have paid the property tax at the old rate you need to recalculate at the existing UAV rates. Provision has also been made in the return form to make such deduction and avail the 5 % discount. If you have paid in excess the same will be adjusted for the subsequent years. If there is a shortfall, you need to pay the difference in cheque or Demand draft only.

Q. If a building that is constructed in the previous year and the property tax has not been paid what is the procedure to pay the tax for that period? Is there a penal interest for the belated payment?

A. Property tax payable for the years prior to the year 2008-09 and also any arrears has to be paid at the office of the Assistant Revenue Officer of the jurisdiction under the rates and zone prescribed under the optional SAS 2000. For the period from 2008-09, the property tax has to be paid at the rate and zone prescribed now.

For the belated payment for the years prior to 2008-09 penal interest at 5% per annum is payable. For the assessment years from 2008-09 penal interest is at 2% per month.

Q. Where do I pay the tax?

A. For the years prior to 2008-09 and for old arrears the tax has to be paid at the office of the jurisdictional ARO only. For the year 2008-09 it has to be paid at the Help centers established.

Q. Do I pay property tax for vacant site which was earlier under the BDA and now under BBMP?

A. Since the area falls within BBMP jurisdiction, you need to calculate vacant land tax as prescribed in category XIV.

Q. If a residential house has a one room used for a law office or a clinic how is the tax computed?

A. For the residential portion you need to pay as per the residential rates prescribed for the zone. For the area used for clinic/law office etc tax has to be calculated at the rates prescribed for non-resident use. Also you need to check the zone for non-residential as this could be different from the residential zone.

Q. How should I calculate excess vacant land for tax?

A. Excess vacant land means area of vacant land in excess of three times the plinth area of the building by excluding the plinth area. The following illustration shows how to calculate excess vacant land:

Total area of the land: 5000 sft.
Deduct plinth area 800 sft:
4200 sft

Excess vacant land = 3 times the plinth area minus plinth area. Therefore 4200 sft minus 2400 sft = 1800 sft is excess vacant. For 1800 sft calculate the rate for the zone as prescribed in category XV.

Q. Should all unauthorized/unlawful properties and properties in revenue layout that have not been assessed to tax pay property tax?

A. The KMC Act has now made it mandatory for all properties including unlawful/unauthorized properties in revenue layout to pay property tax without any assurances for regularization of the violations committed under any law.

Q. Are there separate application forms for the erstwhile CMC/TMC/110 villages added to BBMP?

A. Yes. For properties in the erstwhile BMP areas that have PID numbers have to apply in Form 1. For those properties in the newly added areas, if they have Katha Number they have to apply in Form II and those that do not have either Katha or PID number, both in old BMP area and the newly added areas, have to apply in Form III. Separate renewal forms have also been prescribed for subsequent years and will be issued subsequently.

Q. Should exempted property pay any tax?

A. Properties exempted from payment of tax under section 110 are not subjected to property tax. However, the said section now makes it mandatory for properties exempted from tax to pay a service charge. Under UAV the service charge are prescribed in category XIV and 25 percent of this rate shall be paid as service charges. Separate returns in Form VI have to be filed and this form has all the steps how to compute the service charges payable.

Those who now want to claim fresh exemption from property tax should apply to the Commissioner with an application along with all documents and the return enclosing the service tax payable. If the exemption is refused, then the applicant will have to pay the tax at the regular rates.

Q. Is there any extension of time to pay the tax for the current year and the next year?

A. Time for the payment of tax for the current year and the next year has been extended as under; For the year 2008-09 the last date for the payment of property tax for the full year or the first half-year the last date is extended up to 30-4-2009 without penalty. The last date for the second half-year installment without penalty is extended up to 30-05-2009.

For the year 2008-09 if the property tax is paid in full the rebate of 5 percent is extended up to 31-03-2009.

For the year 2009-10 the last date for the payment of property tax for the full year or the first half-year the last date is extended up to 30-7-2009 without penalty. The last date for the second half-yearly installment without penalty is extended up to 30th November 2009.

For the year 2009-10 if the property tax is paid in full the rebate of 5 percent is extended up to 30-06-2009.

Q. Can we pay the tax by cash?

A. Payment not exceeding Rs.1000/- can be paid by cash. Any payment exceeding Rs.1000/- shall be paid only by cheque or Demand draft drawn in favor of Commissioner, Bruhat Bangalore Mahanagara Palike.

Q. Where should I pay the property tax?

A. Property tax can be paid at any of Help centers located within the respective ARO jurisdiction. Contact your jurisdictional ARO offices for the nearest Help Centers.

Q. What happens if I short calculate the tax payable?

A. If you short calculate the property tax payable upon issue of notice you will have to pay twice the difference of tax as penalty along with interest at 2 percent per month.

Q. Can I file a revised return?

A. Yes you can file a revised return if you want to make any change in the Return Form applicable to you by superscribing on it as "Revised Return". You can pay the difference of tax along with the revised return.

Q. Is the Occupier of a building also responsible to pay the tax?

A. If the owner fails to pay the property tax, the liability shall be on the occupier.