Property Tax Innovations—Jharkhand (Privatization of Property Tax Collection)

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Government of Jharkhand
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PROPERTY TAX STATUS IN PRE REFORM PERIOD

LIMITED MANPOWER
- Lesser Staff in ULB
- Lesser Visit
- Lesser Coverage of Household
- Reduced Work Efficiency

ARCHAIC LEGAL FRAMEWORK
- Low Rate of Property Tax
- Unchanged for many years

COLLUSION AMONG HOUSEHOLD AND TAX COLLECTOR
- Collusion among Tax Collectors and household
- Underassesment cases increased

NON COMPLIANCE BY GOVERNMENT UNITS
- Huge Arrears from Government departments
Step 1: GOVERNANCE REFORM

- Revamped Property Tax
- **Self-assessment system based on Trust and Verify was introduced**
- Scientific Method of ARV methodology introduced

- **Recovery Rules** to deal with defaulters were prepared
- Right for Attachment of Property and Freezing of Bank accounts
- To Promote Digital Payments, Rebate is given for Online Payment
- Rebate is given for Payment at decentralized Collection centers

- In case of Non Cooperation from Household
- % of Computation of Carpet Area was explicitly defined

Property Tax Rules, 2013

Amendment in Jharkhand Municipal Act (JMA) 2011

Property Tax Recovery and Collection Rules 2017
**Appointing of Tax Collection Agencies (TCA)**

- **Appointed 3 Tax Collection Agencies for State**
- **More than 500 Tax Collectors** working to collect revenue from Property Tax, Water User Charge and Trade License
- They cater 10.34 Lakh Households of the State as on 2011.

**TCA: Structure**

- **Month:** July 2016
- **Number of Agencies:** 3
- **Total Staff:** 500-600 Staff
- **Cost/Benefit:** Rs 24 Cr / Rs 193 Cr
- **Scope:**
  - To Collect Tax from each Household along with Establishment of JSK
  - To maintain online database
  - To do D2D survey to identify unassessed Household
Step 2.1: INTRODUCTION OF PPP IN TAX COLLECTION AND MONITORING

Appointment of Project Management unit (PMU)

- **Professional approach** in augmentation of revenue
- **Advisory on best practices** and strategies across India and globally
- **Support in Making Governance** Robust
- **Effective monitoring** of revenue collection and administration process
- **Bridge Gap** Between ULB/Citizen and Government

Structure of Project Management unit (PMU)

- **Month**: July 2017
- **Number of Agencies**: 1
- **Total Staff**: 21 Staff
- **Coverage**: 41 Ulbs among 5 Clusters
- **Cost**: Rs 2 Crores p.a.
Step 2.2: PROCESS FOLLOWED BY TAX COLLECTION AGENCIES

Step-1 Filling of Self Assessment Form (SAF) Form

Tax Collection Agency (TCA) distributed the Self Assessment Form to Citizens through:
- Door to Door
- Organizing the CAMP
- Available at Jan Suvidha Kendra (JSK)

Step-2 Digitized of SAF

- TCA digitized all collected SAF form and generated the 15 digit unique property number to tax payer
- Without this unique property number no Property can be registered in Jharkhand and no water connection can be applied.

Step-3 Collection of PROPERTY Tax

TCA Collect the Property Tax through
- Visit Door to Door
- Collection at JSK
- Online Payment

Step-4 Property Tax Management System

- Jharkhand State has adopted IT based Property Tax Management System
- Ensures Real time availability of Information
Step 3: CONTINUOUS IEC INITIATIVES are being Taken

E-LEVEL WORKSHOP FOR URBAN BODIES ON REVENUE MENTATION: 5 Nov 2017

CONSULTATIVE WORKSHOP FOR ULBs ON NEW INITIATIVES: 28 Dec 2017

REGULAR COLLECTION CAMPS

ADVERTISEMET IN NEWSPAPER

EMPOWERING ULBs THROUGH POWER OF GOVERNANCE:
*Sample physical verification* of 3000 household (HH)

*Recurring Demand and collection Increased by at least Rs 2.35 Cr.*

*Collection is done from PSUs and Government Departments like Mecon, CCL, LIC etc through application of JMA 2011 and Recovery Rules 2017.*

*Rs 7.5 Cr was collected from these departments due to efforts of PMU.*

*Professional Work Culture Scheme was Introduced*

*Amnesty Scheme to reduce unassessed cases was introduced in last quarter of 2017-18*
To reduce Unassessed HH, Cross Mapping Mechanism Used taking Holding ID as base

Under This Technique, data of Municipal License, Water user charge, Municipal Properties given on rent and building permissions are used to map with data of Property Tax and in this way gap is filled at all corners.
Step 6: Surveillance on Tax Collection Agencies

1. Prevent Collusion: Appointment of PMU

2. Checking Misappropriation: Affidavit was taken from Tax Collection agencies to indemnify for any Financial loss

3. Reconciliation of Collection of Revenue: Cash Deposited by Tax Collection agencies was Verified through Internal Auditor appointed at ULB and Final report was cross verified by PMU
Share of Property Tax in Own Revenue has increased from 19% to 51% in last Five years.

Comparison of Own Revenue over last Five Years (in Cr.):
- **53.26 Cr.**
  - Property Tax is 19% of Total Revenue of Rs. 53.26 Cr.
- **63.87 Cr.**
  - Property Tax is 24% of Total Revenue of Rs. 63.87 Cr.
- **92.14 Cr.**
  - Property Tax is 30% of Total Revenue of Rs. 92.14 Cr.
- **178.78 Cr.**
  - Property Tax is 49% of Total Revenue of Rs. 178.78 Cr.
- **208.51 Cr.**
  - Property Tax is 51% of Total Revenue of Rs. 208.51 Cr.

- **105.60 Cr.**
- **102.91 Cr.**

**Holding Tax Revenue**

**Other Sources of Revenue**
COMPARISON of OWN REVENUE OVER LAST FIVE YEARS—
RANCHI MUNICIPAL CORPORATION

(Amount in Rs.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Revenue</th>
<th>Holding Tax Revenue</th>
<th>Other Sources Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>Rs.26.52 Cr</td>
<td>20.83</td>
<td>5.69</td>
</tr>
<tr>
<td>2014-15</td>
<td>Rs.38.44 Cr</td>
<td>25.65</td>
<td>12.79</td>
</tr>
<tr>
<td>2015-16</td>
<td>Rs.41.46 Cr</td>
<td>30.80</td>
<td>10.66</td>
</tr>
<tr>
<td>2016-17</td>
<td>Rs.80.22 Cr</td>
<td>37.75</td>
<td>42.47</td>
</tr>
<tr>
<td>2017-18</td>
<td>Rs.82.88 Cr</td>
<td>39.96</td>
<td>42.92</td>
</tr>
</tbody>
</table>

52% Share
1. PROPERTY Tax Collection increased from Rs 10.35 Cr in 13-14 to Rs 15.04 Cr, Increased by 10 times.

2. Collection ratio increased from 48% in 16-17 to 67.5% in 17-18, increased by 41%.

3. In the year 2016-17 and 2017-18
   - *Total collection from Property Tax is Rs 193 Cr*
   - *Cost of tax Collection agencies and PMU of Rs 24 Cr*

   whereas without PPP, in last three years 2013-14, 2014-15 and 2015-16 collection was only Rs 53 Cr.
1. PROPERTY Tax Collection increased from Rs 5.69 Cr in 13-14 to Rs 42.92 Cr in 17-18. Increased by 8 times.

2. Collection ratio increased from 50% in 16-17 to 55% in 17-18, increased by 10%. 

3. In the year, 2016-17 and 2017-18,
   *Total collection from Property Tax is Rs 85.39 Cr
   *Cost of tax Collection agencies of Rs 10.68 Cr

   whereas without PPP, in last three years 2013-14, 2014-15 and 2015-16 collection was only Rs 29.14 Cr.
1. No of Assessed Property: Increased from 4.37 Lakh in 16-17 to 6.40 Lakh till 31 Oct 2018

2. Increase in assessment by 44.33%

3. Unassessed HH decreased by 35%.

4. To increased assessment, Innovative interventions will be deployed.
6. IMPACT OF PPP IN REVENUE: BETTER PERFORMANCE Oct’18 VS Oct’17

**PHYSICAL PROGRESS**

**FINANCIAL PROGRESS**

**Total Holding Cover**

- **Coverage increased by 40%**

<table>
<thead>
<tr>
<th></th>
<th>April’17 to Oct’17</th>
<th>April’18 to Oct’18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holding Cover</td>
<td>1,89,354</td>
<td>2,64,100</td>
</tr>
<tr>
<td>SAF Done</td>
<td>5,15,204</td>
<td>6,40,359</td>
</tr>
</tbody>
</table>

**COLLECTION FROM HOLDING TAX REVENUE**

- **AMOUNT IN CRORE**
  - Oct, 17: 41.39
  - Oct, 18: 62.94

**Property Tax Collection**

- Increased more than 1.5 times and coverage too increase manifold indicating willingness to pay has improve.
1. IMPACT OF PPP IN REVENUE: BETTER PERFORMANCE Oct’18 VS Oct’17

Ranchi Municipal Corporation

**PHYSICAL PROGRESS**

**FINANCIAL PROGRESS**

**Total PROPERTY COVERAGE**

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<th>April'18 to Oct'18</th>
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<tbody>
<tr>
<td>Holding Cover</td>
<td>44,868</td>
<td>96,732</td>
</tr>
<tr>
<td>SAF Done</td>
<td>1,50,714</td>
<td>1,68,305</td>
</tr>
</tbody>
</table>

Coverage increased by more than 2

**COLLECTION FROM PROPERTY TAX REVENUE**

<table>
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<tr>
<th></th>
<th>Oct, 17</th>
<th>Oct, 18</th>
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<tbody>
<tr>
<td>Amount in Crore</td>
<td>12.73</td>
<td>29.15</td>
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Increased by 2.25 Times
### 7. IMPACT OF STRUCTURAL REFORMS

<table>
<thead>
<tr>
<th>Recovery of Arrears</th>
<th>• PPP mode lead to decrease in Arrears by 20% and non-responsive demand is being deactivated</th>
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<tbody>
<tr>
<td>Bring Unassessed Properties under Assessment</td>
<td>• Number of unassessed Properties have reduced by more than 35%</td>
</tr>
<tr>
<td>Commissioned-Based Collectors and PMU for Monitoring</td>
<td>• UD&amp;HD adopted PPP mode through appointment of TCA and PMU.</td>
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<tr>
<td>Improving Per Capita Revenue HH</td>
<td>• Jharkhand per capita Property tax revenue per annum has increased from Rs 99.25 per Household to Rs 1006 per Household (Property Tax Collection in 13-14 Rs 10.35 Cr and in 2017-18 was Rs 105.6 Cr. HH of State for 41 ULB as on 2011 is 10.34 Lakh)</td>
</tr>
<tr>
<td>Computerization</td>
<td>• PMC has computerize implementation of property tax.</td>
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8. Journey to Reform has just begun......

NAGAR PRAHARI SCHEME

- Government of Jharkhand is Planning to introduce Nagar Prahari Scheme
- To curb underassessment and unassessed Households

GIS BASED MAPPING

- Government of Jharkhand is Planning to introduce GIS mapping
- Integration with RFID Tag
- This will Reduce unassessed cases and meet Projected HH

IMPLEMENTATION OF FUND UTILIZATION SCHEME

- Own Fund Utilization Scheme in Places.
- Ensure better service delivery to citizens
Thank you