

Area Linked System as Introduced in Tamil Nadu

- Provisions of sections 81, 83, 84 and 85 of the Tamil Nadu Urban Local Bodies Act, 1998 are noteworthy and are quoted in the following paragraphs.
- Section 81 on *Procedure for imposing taxes* provides as follows :
 - (1) For the purpose of imposing a tax under this Act, the Council shall pass a resolution determining the levy of tax specifying the rate at which and the date from which such tax shall be levied.
 - (2) Any proposal to levy or increase the rate of any tax or to effect any change in the mode of levy or the manner of collection, shall be placed before the Council and the Council after due consideration shall pass necessary resolution approving or modifying the proposal.
 - (3) The resolution passed by the Council shall be published in such manner as may be prescribed calling for any objections and suggestions from the tax payers of the Municipality in regard to the proposed levy, increase or change in the mode of levy or manner of collection within such time as may be prescribed.
 - (4) On the expiry of the period prescribed, the Council shall consider the objections and suggestions received in regard to the proposed levy, increase or change in the mode of levy or manner of collection and pass necessary resolution approving the proposal with or without modification.
- Section 83 aims to specify the *Minimum and maximum basic property tax, additional basic property tax, etc.* and provides, *inter-alia*, as follows :

The Government shall prescribe the minimum and the maximum rates of -

 - (a) basic property tax for the building or land having regard to -
 - (i) the existing property tax;
 - (ii) the value of the building and land; and
 - (iii) the use of the building;
 - (b) additional basic property tax for every building with reference to its location;
 - (c) additional basic property tax for every building with reference to its type of construction;
 - (d) the concession with regard to age of the building.
- Section 84 on *Determination of basic property tax, additional basic property tax, etc., by Council* provides that :
 - (1) The basic property tax, the additional basic property tax and the concession, if any, with regard to the age, for every building or land shall be determined by the Council subject to the minimum and maximum rates prescribed by the Government under section 83.
 - (2) The Council shall notify the rates determined under sub-section (1) and such other particulars and in such manner as may be prescribed.
 - (3) (i) (a) The basic property tax for every building shall relate to the carpet area of the building and its usage :

Provided that the carpet area of any building shall not include the open verandah, open courtyard or any other open space which is not enclosed.

- (b) The *classification of the building* for the purpose of deciding the usage of any building shall be residential, commercial, industrial or any other classification as may be prescribed.
 - (ii) (a) The additional basic property tax for every building shall relate to *location and type of construction* of the building.
 - (b) For the purpose of this clause, the *location of the building* shall be classified as follows :-
 - (A) arterial roads, bus-route roads leading to arterial roads and main roads;
 - (B) bus-route roads other than those specified in item (A);
 - (C) roads and streets in primarily residential colonies.
 - (c) The *type of construction* of the building shall be classified into different groups as follows, namely :-
 - (A) thatched or tiled roof;
 - (B) reinforced concrete cement roof;
 - (C) reinforced concrete cement roof with mosaic or ceramic tiled flooring;
 - (D) granite and marble flooring and walls.
 - (iii) A concession on the basic and additional basic property tax shall be allowed in calculating the property tax having regard to the age of the building in such manner as may be prescribed.
- Section 85 deals with matters relating to *Assessment and calculation of property tax* as shown below :
 - (1) For the purpose of levy of property tax, every building shall be assessed together with its site and other adjacent premises occupied as an appurtenance thereto.
 - (2) The property tax shall be calculated as follows :
 - (a) Firstly, the basic property tax for a building shall be calculated at the rate fixed by the Council.
 - (b) Secondly, the additional basic property tax for such building shall be calculated at the rate fixed by the Council and added to the basic property tax so arrived at under clause (a).
 - (c) Thirdly, on the quantum of amount arrived at under clauses (a) and (b), the concession having regard to the age of the building at the rate fixed by the Council shall be deducted and the amount so arrived at shall be the property tax payable in respect of any building for every half-year and shall be paid by the owner or occupier of such building within the half-year period.

Explanation. – For the purpose of this sub-section, the expression “half-year” shall be from the 1st day of April to 30th day of September and from the 1st day of October to the 31st day of March of a year :

Provided that in the case of any Government or railway building a concession shall be allowed in calculating the property tax in such manner as may be prescribed.

- (3) The Commissioner shall issue a property tax book containing all the details of the building or land and the property tax payable in relation to such building or land in such form as may be prescribed.
- (4) (a) Where there is any land without any building situated within the municipal limits, the Commissioner shall determine the property tax payable for such land at the rate fixed by the Council.

(b) Where there is any land with building situated within the municipal limit, and if the extent of the land left vacant is twice the plinth area of the building, the Commissioner shall determine the property tax on the vacant land which exceeds twice the plinth area of the building at the rate fixed by the Council :
Provided that no property tax on any land shall be levied under this sub-section if the extent of such land with or without any building thereon, does not exceed two thousand and four hundred square feet.
- (5) The Council may, subject to such rules as may be made by the Government, by notification, in this behalf exempt any building having a carpet area not exceeding one hundred square feet, constructed with mud walls and thatched roof, from the levy of property tax.