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Corporation property tax to go up from next fiscal

Biju Govind

New regime may have retrospective effect from April 1, 2013

Property tax for residential and commercial buildings in the Kozhikode Corporation limits will undergo a major revision from next fiscal. The new tax regime, which is expected to have retrospective effect from April 1, 2013, is being adopted after 20 years in the city.

Deputy Mayor P.T. Abdul Latheef said that the process of revising the tax structure had already began at the Corporation office. The council had approved the notification revising the taxes. However, the new rates would be notified only after obtaining suggestions and opinions from the public.

The implementation of the new system will also see the

existing revenue wards switching over to the electorate ward. As of now, the revenue and electoral ward numbers are different. For example, the revenue ward number of Malaparamba is 34 while its electoral ward is 8.

Expanded boundaries

The new numbering system has been considered after the merger of Elathur, Beypore, and Cheruvannur-Nallalam grama panchayats to extend the boundaries of the city. Now the Corporation has 75 wards and the total area of the city is 118.5 sq km (earlier 84 sq km).

Before the merger of these three grama panchayats, the Corporation authorities had made attempts to revise the tax structure and new houses numbers had also been given. (Then Malaparamba had been identified as ward 5, both as the revenue and electoral number). Now this would be cancelled and new house numbers would be given, Prof. Latheef says.

The revised property tax is based on the carpet area of the

building unlike the existing system calculated on the annual rental value. The tax structure has been finalized on the basis of the guidelines issued by the State government. The building owners should then calculate the property tax based on various norms.

Prof. Latheef said that owners of houses and commercial buildings had been paying tax that had been calculated in the old and unscientific system since 1994. There are cases of households remitting a tax as low as Rs 9 a year. Now the minimum tax to be paid a year would be raised to Rs 50. However, the hike in tax would be between 25 and 60 per cent of the existing rate.

Exemption

Houses having an area of less than 30 sq m would be exempted from paying taxes. This would be applicable for houses constructed with the assistance of State and Central aided funds.

He said that the revision in property tax would not make a big

difference on houses and commercial buildings that had been constructed in the last four- five years. The tax structure of these buildings had already been calculated on the carpet area.

The city has been divided into primary, secondary and tertiary zones. An area having a government or a quasi-government office, educational institution, commercial complex, market, bus station, railway station and hospital will be in the primary zone.

The places surrounding a primary zone with potential to evolve into developed areas will be in the secondary zone. Areas not coming under either category will be in the tertiary zone. House owners have to make their own assessment of the property tax. This will be verified by the revenue officials, Prof. Latheef said.

The general tax rate fixed for an area in the primary zone is in the range of Rs.8 to Rs.20 a square metre (1 sq m = 10.76 sq ft) for residential buildings. Buildings in the secondary zones will get a 10 per cent concession on rates and those in the tertiary zone, 20 per cent. Similarly concessions would be given based on the locality of the building; the materials used,

including roofing and flooring types, age and carpet area.

At the same time higher rates have been fixed for buildings with areas between 200 sq m and 300 sq m and above 300 sq m.