

Bihar Property Tax (Assessment, Collection and Recovery) Rules, 2013

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Rule

BIHAR-PROPERTY-TAX-ASSESSMENT-COLLECTION-AND-RECOVERY of 2013

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Bihar Property Tax (Assessment, Collection and Recovery) Rules, 2013Published vide Notification No. 5(uo) fofo/k -15/2012-1138/UD&HD, dated 08.05.2013Last Updated 10th February, 2020No. 5(uo) fofo/k -15/2012-1138/UD&HD. - In exercise of the power conferred by section 127 (3) and sub-section (1) of section 419 of the Bihar Municipal Act, 2007 (Bihar Act 11, 2007), (as amended from time to time) the Governor of Bihar is pleased to make the following rules, for Bihar Municipal Property Tax (Assessment, Collection and Recovery) Rules, 2013, the draft of which is previously published and objections disposed off as required by sub -section (1) of section 419 of the said Act namely :-

1. Short title, extent and commencement.

- (1.1) These rules may be called the Bihar Property Tax (Assessment, Collection and Recovery) Rules, 2013(1.2) It shall extend to the whole of the state of Bihar excluding cantonment areas therein.(1.3) It shall come into force at once.Provided that provisions of Rule 4 shall be effective from the date to be notified separately by the Urban Development & Housing Department, Government of Bihar.

2. Definitions.

- In these rules unless there is anything repugnant to the subject or context,(a)"Act" means the Bihar Municipal Act, 2007 and all its amendments to date;(b)"Section" means a section of the Act;(c)"Annual Rental Value" of a holding means the gross annual rental at which a holding may

reasonably be expected to be let out.(d)"Chief Municipal Officer (CMO)" means the Chief Municipal Officer as defined in Section 2 (21) of the Act.(e)"Commercial Holding" shall include any holding or part of holding which is used as shop, market for display and sale of goods either wholesale or retail, office, storage and service facilities incidental to the sale of goods and located in the same holding and also include the area of a holding occupied by communication/mobile towers and their accessories and the area of the holding including the roof top or open space of a holding covered by an advertising board or hoarding, or used for any non-residential use leading to profit.(f)"Fiscal Year" means the year starting from April 1 and ending on March 31st of the following year.(g)"Holding" means "holding" as defined in Section 2 (44) of the Act, and words 'holding' and 'property' are used interchangeably in these Rules.(h)"Industrial Holding" shall include any holding or part of holding or structure, in which products, or material of all kinds and properties are fabricated, assembled or processed like assembly plants, laboratories, power plant, smoke house, refineries, gas plants, mills, dairies, factories, etc.(i)"Municipality " means an institution of self-Government constituted under Section 12 read with Article 243Q of the Constitution of India, and includes a Municipal Corporation, a Municipal Council and a Nagar Panchayat, referred to in section 13;(j)"Property Tax Board" means the Board as created under section 138(A) of the Act(k)"Published" means published in one Hindi and one English daily Newspaper prominently in circulation in the Municipality Area;(l)"UD&HD" means Urban Development and Housing Department of Government of Bihar or any other department to whom responsibility of urban management is assigned in future by Government of Bihar;(m)"Vacant Land" means any land acquired through purchase, gift or otherwise on which building is not constructed after acquisition and also the appurtenant land of a building that exceed the permissible ground coverage under the Building bye-laws.(n)All words and expressions used in these rules and defined in the Act shall have the same meanings as assigned to them in the Act.

3. Classification of holding.

- The holdings in the Municipality area shall be classified by the Municipality on the following criteria :-(a)Situation of the holding-(i)Holdings on the Principal Main Road,(ii)Holdings on the Main Road,(iii)Holdings on roads other than mentioned in sub-clauses (i) and (ii)For the purpose of determining whether a holding is situated on the Principal Main Road or the Main Road or on any other Road, the road facing the main entrance of each holding shall be the deciding factor. In case, where the properties are located on more than one road, Principal Main Road shall prevail over the Main Road and the Main Road shall prevail over other road.The Municipalities shall update the classification of the roads in the Municipal Area every five years from the last effective date of such classification and publish such list of revised Principal Main roads, Main roads as well as other roads after approval from UD&HD, Government of Bihar.(b)Use of the Holding -(i)Purely residential,(ii)Purely commercial or industrial (whether self owned or otherwise)(iii)Partly residential and partly commercial/industrial(iv)All Holdings other than sub-clauses (i), (ii) and (iii)In cases where the use of holding is partly residential and partly commercial or industrial, the actual area used for these shall be taken into account separately and the rate prescribed for these different uses shall be levied accordingly.Provided that the area occupied by the Communication/Mobile Towers and their accessories, and advertising board or hoardings erected on any holding including roof top and open land shall be treated as purely commercial. Provided

also that the roof top of a holding or a vacant land used for any purpose other than residential use shall be treated as purely commercial.(c)Type of Construction -(i)Pucca building with R.C.C Roof,(ii)Pucca building with asbestos/corrugated sheet / stone or any other permanent material roof,(iii)All other buildings not covered in sub-clauses (i) and (ii)(d)Type of Occupancy-(i)Self-Occupied,(ii)Tenant OccupiedIf the Holding is Tenant Occupied, a factor of 1.5 (one and half) shall be applied to the Annual Rental Value of the holding, irrespective of the use of the Holdings.(e)Type of Non-residential use of Holdings :(i)Hotels, Restaurants, , clubs, cinema houses, guest houses, marriage halls and all places of entertainment;(ii)Shops, Show room;(iii)Commercial offices, banks, hospitals and nursing homes, dispensaries, laboratories;(iv)Government offices and Institutions;(v)Industries, workshops;(vi)Schools, colleges, and other educational institutions, research institutions;(vii)Educational and social institutions run by charitable trusts on no-profit no loss basis for benefit of poor, physically challenged, social security of women and children;(viii)Religious Places, and.(ix)Any other holdings not covered under sub-clause (i) to (viii).

4. Multiplying Factors.

- For the purpose of fixing the holding tax the following multiplying factors shall be applied to the Annual Rental Value of nonresidential holdings :

S.No.	Type of non-residential holdings	Multiplying Factor
I.	Hotels, bars, clubs, health club and marriagehalls	3
II.	Shops(with less than 250 sq feet area)	1
III.	Shops (Other than II),show room, shopping malls,cinema houses, multiplexes, dispensaries, laboratories,restaurants, guest houses,	1.5
IV.	Commercial offices, financial institutions,banks, insurance offices, private hospitals and nursing homes	3
V.	Industries, workshops, storage, godowns,warehouses	2
VI.	Commercial establishments and undertakings ofState and Central government	2
VII.	Coaching Classes, guidance and training centersand their hostels	1.5
VIII.	State and central government offices other thantheir commercial establishments and undertakings	1
IX	Private Schools, Private colleges, Privateresearch institutes, other Private educational institutions andtheir hostels	1.5
X	Places, centers and institutions of spiritualand religious nature	0
XI	Educational and social institutions run bycharitable trusts on no-profit no-loss basis for benefit of poor,physically challenged, social security of women and children	1
XII	Any other holdings not covered under (1) to (10)Multiplying factor shall be	1.5

Provided also that the non-commercial state and central government offices and establishments covered under serial VIII in Rule-4 above shall be exempt from paying Holding Tax but shall be liable to pay a "Service Charge" which shall be 75% of the normal Holding Tax that such offices and establishment are liable to pay under Rules. Provided Holdings covered under serial no. X, purely for religious purposes, shall be fully exempt from payment of Property Tax. The provisions in the above Rule 4 shall be effective from a date to be notified separately by Urban Development & Housing Department.

5. Method of calculation of carpet Area for calculation of Annual Rental Value of a holding.

(1) For the calculation of annual rental value of holdings, measurement of the carpet area shall be done as per provisions contained in subsection (6) of section 127 of the Bihar Municipal Act, 2007 and they shall be done in square feet or in square meters and rounded up to the nearest feet or meter: Provided that in case of petrol pumps, the areas and structures used for underground storage shall be measured and included in the carpet area: Provided further that the floor area of Communication/Mobile Towers and its accessories shall be considered as carpet area for the purpose of Holding Tax assessment: Provided further that the area occupied by an advertising board or a hording, whether these are installed on the rooftop or open space of a holding, shall be considered as carpet area for the purpose of calculation of annual rental value. (2) Where the property is found locked, or is not accessible for the measurement of the carpet area for any reason whatsoever, the Municipality shall take into consideration 75 percent of the plinth area of the property as carpet area for the purpose of assessment of Property Tax until the property becomes accessible in subsequent year.

6. Power to fix the Rental Value per square feet and the Annual Rental value.

(1) The rate of rental value per square feet shall be fixed by the Municipality from time to time with the prior approval of the State Government having regard to the situation, use, type of construction, occupancy of the holdings, type of non-residential use of holdings, or any other factor (s) as decided by the Municipality in future. (2) The Annual Rental Value shall be computed as multiple of the carpet area, the rental value per square feet/ square meter fixed under sub-rule (1) above, occupancy factor as per Rule 3 (d) and the multiplying factor applicable to the type of non-residential use of the property as per Rule 4. Example: ARV = carpet area x rental value x occupancy factor (1 or 1.5 as the case may be) x multiplying factor (applicable as per Rule 4).

7. Rate of Holding Tax.

- Holding Tax shall be assessed on the basis of percentage of annual rental value allowed under section 127 of the Bihar Municipal Act, 2007.

8. Revision of Tax.

- The Municipality may raise the rate of tax on annual rental value within the range as prescribed under the Act and may revise the rental value with the prior approval of the Government. Provided that the Municipality shall not reduce the rate of tax without the prior approval of the state government.

9. Vacant Land Tax.

- All the vacant lands within the jurisdiction of Municipality shall be taxed as follows:

(Rate Rupees per square Meter)

S.N.	Type of Municipality	Principal Main Road	Main Road	Others
1	Municipal Corporation	5	4	3
2	Municipal Council	4	3	2
3	Nagar Panchayat	3	2	1

10. Reassessment.

- The General revision of Holding Tax shall be done by Municipalities once every 5 years, which includes reassessment due to change in classification of roads, use, type of non-residential use, occupancy and any other changed factors and revise the rates of Holding Tax: Provided that the Municipality shall comply with the advice of the Property Tax Board communicated through the government from time to time.

11. Holding Tax Demand.

(1) Holding Tax for each fiscal year shall become due on 1st April of each Fiscal year. Each Municipality shall publish in local newspaper the applicable rates and the method of computation of Holding Tax which shall be payable in advance before 30th June of each fiscal year. (2) All dwelling units located in the slums and having a plinth area of less than 250 square feet shall be exempted from the payment of holding tax. (3) 5 percent rebate on total Property Tax shall be given to such holdings/property that adopts the technology and structure for rain water harvesting.

12. Rebates and Penalty.

- If the entire Holding Tax due for the year is paid on or before 30th June of each fiscal year, a five percent rebate shall be given as incentive to the tax payer. No penal rate of interest shall be levied if the entire tax due is paid by 30 September of the fiscal year. After 30 September of a fiscal year penal interest at the rate of 1.5 (one point five) percent per month shall be levied: Provided that the Municipality may, in special circumstances to be recorded in writing, and with the approval of the Government, waive a portion of interest due from various categories of the owners of the holding or assesses: Provided further a person shall be deemed to be a defaulter on 01, October of the fiscal year

if any amount of holding tax is due on him, and the Municipality, apart from levying and collecting penal rate of interest, shall use such means as provided in by Rules and Regulation for collection from a defaulter of holding tax.

13. Self-declaration/Self-Assessment.

(1)Self- assessing their holding tax and paying it to the Municipality without waiting for a demand notice shall be the responsibility of the tax payer or owner of the holding.(2)Every assessee / tax payer and owner of holding shall follow the scheme of self deceleration and self- assessment for the purpose of calculation and payment of holding tax. The Municipality shall as early as practicable but not later than 6 months from the date of notification of these Rules by the Government introduce the system of self- assessment of holding tax and for this purpose Municipality and /or UD&HD shall prescribe Self-Assessment Form and issue guidelines to facilitate self-assessment.(3)If any owner of the holding or assess willfully suppresses material information essential for assessment of holding tax or under assesses the holding tax, such persons shall be liable for payment of difference between the amount actually payable and the self-assessed tax and also a fine of one hundred percent of such differential amount.

14. Mandatory Declaration.

(1)Every owner of a holding whose holding has not been previously assessed for holding tax as per rules shall within 3 months after notification of these Rules self-assess the holding to calculate the holding tax and pay the holding tax to the Municipality according to the provisions of this rule(2)Upon failure to do the self- assessment of the holding within the stipulated time and inform the Municipality a fine of 2,000 rupees on residential holding and a fine of 5,000 rupees on others holdings shall be payable.Every person liable to pay holding tax on lands and building shall, within 30 days of acquiring land or building or both, intimate the Municipality of such acquisition of property for assessment of holding tax.Failure to give such information shall make him liable to assessment from the date of acquisition of property together with penalty of one hundred per cent of the arrears becoming due on account of suppression of information.

15. Remission of Arrears of Holding Tax.

- No municipality shall announce remission of arrears of holding tax after coming into effect of these Rules without prior written approval from the Government.

16. Write off of Holding Tax dues.

- The municipality may write off arrears of holding tax with the prior written approval of the government after having made serious efforts for at least three years to recover the amount due. Full justification shall be given by the Municipality for non-recovery of outstanding dues.

17. Recovery of Taxes by Municipality.

- For timely recovery of the tax arrears, the Municipality shall make regulation under section 158 of the Bihar Municipal Act, 2007 and provide for:-(a)issue of notice of demand, charging of notice fees, levy of interest for delayed payment at a rate as may be specified , and the amount of penalty;(b)issue of warrant for attachment, distress, and sale of movable property for recovery of tax dues;(c)Attachment and sale of immovable property for recovery of tax dues;(d)Recovery of dues from a person about to leave the municipal area;(e)Issue of warrant for attachment and realisation from the bank accounts and other financial instruments held, individually or jointly, in the name of the defaulter;(f)Issue of body warrant for recovery of tax dues.Provided conditions precedent to making of regulations as defined per section 422 of BMA, 2007 amended to date are complied with.Provided further that as per section 423 of BMA, 2007, no regulation made by the municipality shall have any effect until it has been approved by the Urban Development and Housing Department, Government of Bihar and published in the Official Gazette.

18.

Property Tax under these rules shall be assessed and collected also from all unapproved and /or unauthorized buildings and structures. However, such collection of Property Tax by an Urban Local Body shall not confer any legal status to such buildings/structures and/ or a legal title upon their owners/occupiers.

19. The following Rules shall stand repealed with coming into effect of the Bihar Property Tax Rules, 2013.

(a)Bihar Municipal Accounts (Recovery of Taxes) Rules 1951 regarding assessment, demand, collection of Holding, Latrine & Water Tax & Annual Rental Value of Holding,(b)Assessment of Annual Rental Value of Holding Rules, 1993 and(c)Patna Municipal Corporation Accounts (Recovery of Taxes) Rules, 1963

20. Power of the State Government for removal of difficulties.

- If any difficulty arises in giving effect to these Rules, the Government shall have power to issue any direction in the matter in consistent with the provisions of these Rules.