

## Annexure - 9

# Detailed Procedure for Assessing the Property Tax in Bhubaneswar

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Holding Tax has got the nomenclature of Property Tax in the Orissa Municipal Corporation Act, 2003. But since Rules and by-laws regulating the Property Tax is in the pipeline, for the time being, the Holding Tax is being collected as per the Orissa Municipal Act, 1950. Any holding within the BMC limits having clear right, title, interest of the holder is liable to pay Holding Tax at the rate of 17.50 percent of the annual value of the holding depending on the nature of holding, i.e. either residential or commercial.

### RESIDENTIAL

The Annual Value of a Holding for residential purpose is calculated as per following procedures:

- Step I: Plinth area of the holding in sq. m. x Rs 13.65 = say "X"
- Step II: Deduct 15 percent of "X" towards repair & maintenance
- Step III: Add 0.5 percent of the land cost where the holding is located (Land cost to be determined as per the GA Department, GoO Notification dated 01.05.1998)

Annual Value Amount arrived through = (Step I + Step III - Step II)

Holding tax is levied per annum @ 17.50 percent of the Annual Value whose break up is as follows:

- |                |               |
|----------------|---------------|
| ▪ Holding Tax  | 10.00%        |
| ▪ Latrine Tax  | 2.50%         |
| ▪ Street Light | 5.00%         |
| ▪ <b>Total</b> | <b>17.50%</b> |

### COMMERCIAL HOLDING

The Annual Value of Holding of a Commercial unit is calculated by the following the procedures:

- Step I: Add Civil Cost of the building + the cost of Public Health & electric fitting
- Step II: Take 7.5 percent of the value arrived through Step I
- Step III: Add 0.5 percent of the land cost with Step II
- Step IV: 17.5 percent of the cost arrived at Step III is the Holding Tax payable per annum

### RESIDENTIAL HOLDING USED ON RENT

Tax to be fixed on holdings given on Rent the following procedure is followed:

- Step I: Monthly rent of the building x 12 = say "X"
- Step II: Deduct 15 percent of "X" towards maintenance cost
- Step III: Add 0.5 percent of the Land Cost where the building is located

Annual value of the building is (Step I + Step III - Step II). Holding Tax is levied @ 17.50 percent of the Annual Value arrived above

Government buildings, government hospitals, government educational institutions, government cultural institution only pay 7.5 percent towards latrine tax & light tax and such institutions are being exempted of paying 10 percent Holding Tax as per the Act.

Holding Tax constitutes the prime source of Revenue for the BMC. On finalization of Rules & by-laws the BMC will be introducing the self-assessment of the holding dispensing with the cumbersome process of assessment thereby bringing more transparency in to the assessment procedure, which will facilitate the collection of dues also. Non-payment of Holding Tax as per the provision of the Act can land a holder into many troubles on invoking of the penal provisions of the Act.