



ಕರ್ನಾಟಕ ರಾಜ್ಯಪತ್ರ

ಅಧಿಕೃತವಾಗಿ ಪ್ರಕಟಿಸಲಾದುದು
ವಿಶೇಷ ರಾಜ್ಯ ಪತ್ರಿಕೆ

ಭಾಗ - ೪ಎ Part - IVA	ಬೆಂಗಳೂರು, ಸೋಮವಾರ, ೦೧, ಫೆಬ್ರವರಿ, ೨೦೨೧(ಮಾಘ, ೧೨, ಶಕವರ್ಷ ೧೯೪೨) Bengaluru, MONDAY, 01, FEBRUARY, 2021(MAGHA, 12, ShakaVarsha 1942)	ನಂ. ೧೬೨ No. 162
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KARNATAKA LEGISLATIVE ASSEMBLY

FIFTEENTH LEGISLATIVE ASSEMBLY

NINTH SESSION

THE KARNATAKA MUNICIPAL CORPORATIONS (AMENDMENT) BILL, 2021

(LA Bill No. 11 of 2021)

A Bill further to amend the Karnataka Municipal Corporations Act, 1976.

Whereas it is expedient further to amend the Karnataka Municipal Corporations Act, 1976 (Karnataka Act 14 of 1977) for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the seventy second year of the Republic of India as follows, namely:-

1. Short title and commencement.- (1) This Act may be called the Karnataka Municipal Corporations (Amendment) Act, 2021.

(2) It shall be deemed to have come into force with effect from the 19th day of January, 2021.

2. Amendment of section 108.- In the Karnataka Municipal Corporations Act, 1976 (Karnataka Act 14 of 1977) (hereinafter referred to as the principal Act), in section 108,

(i) in sub-section (2),-

(a) in clause (b), for the figures, words and brackets “0.3 percent (rupees three per thousand)” and “one percent (rupees ten per thousand)”, the figures, words and brackets “0.2 percent (rupees two per thousand)” and “1.5 percent (rupees fifteen per thousand)” shall respectively be substituted.

(b) in clause (c),-

(i) after the words “Vacant land”, the words, figures and brackets, “at such percentage not being less than 0.2 percent (rupees two per thousand) and not more than 0.5 percent (rupees five per thousand) of taxable capital value of land” shall be inserted; and

(ii) the sub clauses (i), (ii) and (iii) shall be omitted.

(ii) in sub-section (3), for the second proviso, the following shall be substituted, namely:-

“Provided further that, the vacant land appurtenant to the building, up to one thousand square feet shall be exempted and more than one thousand square feet shall be levied with property tax on vacant land in accordance with clause (c) of sub-section (2).”

3. Amendment of section 109.- In section 109 of the principal Act,

(i) in sub-section (1), for the words “fifty percent of the market value guidelines”, the words “twenty five percent of the prevailing market value guidelines” shall be substituted.

(ii) in sub-section (2), for the words “fifty percent of the market value guidelines”, the words “twenty five percent of the prevailing market value guidelines” shall be substituted.

4. Amendment of section 109A.- For section 109A of the principal Act, the following shall be substituted, namely:-

“109A. Enhancement of property tax.- (1) Notwithstanding anything contained in section 108 and 109 the property tax assessed and levied under either provision shall be assessed in year of revision of guidance value of property under section 45B of the Karnataka Stamps Act, 1957.

(2) The property tax shall stand enhanced by three percent for every financial year in which no revision of guidance value is made.

Provided that, the Municipal Corporation may enhance such property tax up to five percent for every financial year and different rate of enhancement may be made to different areas and different classes of buildings and lands.

Provided further that, nothing contained in this section shall be deemed to affect the power of State Government to direct an earlier revision of property tax.

Explanation: “Financial year” shall mean the year commencing on the first day of April.”

5. Repeal and savings.- (1) The Karnataka Municipal Corporations (Amendment) Ordinance, 2021 (Karnataka Ordinance 03 of 2021) is hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken under the principal Act, as amended by the said Ordinance, shall be deemed to have been done or taken under principal Act, as amended by this Act.

STATEMENT OF OBJECTS AND REASONS

It is considered necessary to amend the Karnataka Municipal Corporations Act, 1976 (Karnataka Act 14 of 1977) in order to,-

(i) revise the existing property tax structure and provide a simplified property tax base;

(ii) improve the revenues of the Municipal Corporations by linking the property tax base to the prevailing guidelines value under section 45B of the Karnataka Stamps Act, 1957; and

(iii) enable the State Government to become eligible for additional borrowing limit of 0.25 percent of GSDP (Gross State Domestic Product) for the

year 2020-21, it is desirable to bring about property tax reforms for the purpose of strengthening Municipal Corporations.

As the matter was urgent and both the Houses of the State Legislature were not in session, the Karnataka Municipal Corporations (Amendment) Ordinance, 2021 (Karnataka Ordinance 03 of 2021) was promulgated to achieve the above object.

This Bill seeks to replace the above ordinance.

Hence, the Bill.

FINANCIAL MEMORANDUM

There is no extra expenditure involved in the proposed legislative measure.

EXPLANATORY STATEMENT AS REQUIRED BY SUB-RULE (1) OF RULE 80 OF THE RULES OF PROCEDURE AND CONDUCT OF BUSINESS IN THE KARNATAKA LEGISLATIVE ASSEMBLY.

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- (i) revise the existing property tax structure and provide a simplified property tax base;
- (ii) improve the revenues of the Municipal Corporations by linking the property tax base to the prevailing guidelines value under section 45B of the Karnataka Stamps Act, 1957; and
- (iii) enable the State Government to become eligible for additional borrowing limit of 0.25 percent of GSDP (Gross State Domestic Product) for the year 2020-21, it is desirable to bring about property tax reforms for the purpose of strengthening Municipal Corporations.

As the matter was urgent and both the Houses of the State Legislature were not in session, the Karnataka Municipal Corporations (Amendment) Ordinance, 2021 (Karnataka Ordinance 03 of 2021) was promulgated to achieve the above object.

B.A. BASAVARAJA
Minister for Urban Development

M.K. VISHALAKSHI
Secretary (I/c)
Karnataka Legislative Assembly

ANNEXURE
**EXTRACT FROM THE KARNATAKA MUNICIPAL CORPORATIONS ACT, 1976.
(KARNATAKA ACT 14 OF 1977)**
XX**XX****XX****108. Description and class of property tax.- XX XX XX**

(2) The property tax shall be levied in case of,-

(c) vacant land,

(i) measuring not above one thousand square meters, at not less than 0.1 per cent (rupees one hundred per lakh) and not more than 0.5 percent (rupees five hundred per lakh) of taxable capital value of land,

(ii) measuring above one thousand square meters but not above four thousand square meters, at not less than 0.025 per cent (rupees twenty five per lakh) and not more than 0.1 percent (rupees one hundred per lakh) of taxable capital value of land,

(iii) measuring above four thousand square meters, at not less than 0.01 per cent (rupees ten per lakh) and not more than 0.1 percent (rupees one hundred per lakh) of taxable capital value of land.

(3) Subject to the minimum and the maximum, rates specified in subsection (2), the corporation may, fix the property tax at such percentage of the taxable capital value of the buildings or vacant lands or both having regard to location, type of construction of the building, nature of use to which the vacant land or building is put, area of the vacant land, plinth area of the building, age of the building and such other criteria as may be prescribed:

Provided that the percentage so fixed may be different in different areas and for different classes of buildings and lands.

Provided further that the land appurtenant to a building shall be exempted from levy of Property Tax.

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109. Method of Assessment of property tax.- (1) The taxable capital value of the building shall be assessed together with the land occupied by it. The taxable capital value of such land shall be assessed having regard to the market value guidelines of properties published under section 45B of the Karnataka Stamp Act, 1957. subject to such rules as may be prescribed The taxable capital

value of the building shall be equivalent of fifty per cent of the market value guidelines of properties published under section 45B of the Karnataka Stamp Act, 1957 minus depreciation at the time of assessment, determined as far as may be notified by the Government from time to time

(2) The taxable capital value of the vacant land shall be equivalent of fifty per cent of the market value guidelines of properties published of the land notified by the Government under section 45B of the Karnataka Stamp Act, 1957

109A. Enhancement of property tax.- Notwithstanding anything contained in section 108 and 109 the property tax assessed and levied under either provision shall not be assessed each year thereafter but shall stand enhanced by 15 percent once in every three years commencing from the financial year 2005-2006:

Provided that the Municipal Corporation may enhance such property tax upto 30 percent once in three years and different rates of enhancement may be made to different areas and different classes of buildings and lands:

Provided further that the non assessment of property tax under this section during the block period of three years shall not be applicable to a building in respect of which there is any addition, alteration or variation to it.

Provided also that nothing contained in this section shall be deemed to affect the power of State Government to direct an earlier revision of property tax.

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