

Visakhapatnam Apartments Residents Welfare Association (VARWA)

President: N Prakash Rao

Visakhapatnam

General Secretary: BB Ganesh

Date: 29.06.2021

**The Commissioner,
GVMC,**

Visakhapatnam.

Madam,

Sub: Objections to the draft notification dated 03.06.2021 on property tax.

Please, refer to your draft notification released on 03.06.2021 and published in news papers on 04.06.2021. The contents of your draft notification are broadly as follows.

1. GOMS 198 dated 24.11.2020 was issued in accordance with the Municipal Corporations act 1955, and as per 'Rules relating to levying Property tax - 2020' of the GOMS 198, it was directed to levy property tax based on the capital value of the land and building in the property.
2. This system is to be implemented from 01.04.2021.
3. It is therefore proposed in the resolution 1976/2021 dated 31.01.2021 of the Corporation in accordance with the Sections 197, 197a, 198 and 199 that a property tax of 0.15% would be levied on the residential buildings, 0.30% on the non-residential buildings and 0.50% on the vacant lands. Break-up of the tax is given.
4. A Library cess of 8% of the property tax on is to be levied as per sec 20(1) of AP Libraries Act 1960.
5. Objections/suggestions/advice, if any, should be submitted in writing to the Office of the GVMC within 30 days ie., before 04.07.2021.

Referring to the said draft notification, we, Visakhapatnam Apartment Residents' Welfare Association submit the following objections.

1. The property tax is hitherto levied on the basis of the annual rental value of the buildings as per the Municipal Corporations Act 1955. At the time of enacting the amendments for changing the system of levying property tax from annual rental system to capital value system, neither public opinion was sought nor that of the stake holders. It is therefore an undemocratic amendment.
2. The property tax for any year should be levied on the revenue income generated during the year. The notional capital values of lands will be notified by the Stamps & Registrations Dept every year. Artificially notified notional capital value cannot generate any tangible income to its owner until it is sold. The benefit or otherwise would be experienced by the property owner only at the time of sale. Thus there is

no relation between capital value of property and property tax. It is therefore not justified to levy property tax on the basis of artificially changed notional capital values of buildings or lands. As such, we record our objection for levying property tax on capital value of property and hence cannot accept any percentage on the capital value of properties including 0.15% on the residential buildings, 0.30% on the non residential buildings and 0.50% on the vacant lands as proposed in the said resolution 1976/2021 dated 31.01.2021.

3. Capital values of properties would be increased every year by the Stamps & Registrations Dept. Levying property tax on the basis of capital values will lead to heavy taxation. People cannot bear this burden and hence we oppose the new system of taxation.
4. The elected GVMC Council with 98 Corporators and Mayor took charge on 18.03.2021 and the first meeting of the Council was held on 09.04.2021 and 23.06.2021. But the issue of property tax was not placed in the agenda. Without having any discussion in the elected Council, notification based on a resolution passed under the regime of Special Officer is not lawful. This is also against Rule No.6 of the Levy and Assessment of Property tax Rules, 2020 and hence unconstitutional.
5. The said draft notification reveals that the Resolution 1976/2021 dated 31.01.2021 contained the percentages of property taxes for various types of properties. The contents of the resolution have a serious impact on the entire population of the city. But they were not publicized and kept secret for over 4 months till the date of draft notification during which time elections to the GVMC Council were held. This lacks transparency. Since the resolution was not published for more than 4 months, it cannot be treated to be in force.
6. Giving notification for tax hike on 03.06.2021 to be effective from a back date of 1st April 2021 do not conform to the law. Very many citizens of the city responded to the call of GVMC and paid property tax either in full or part. Since they are not defaulters, additional tax can't be demanded from them. Leaving one section of people and demanding other section to pay additional tax leads to discrimination.
7. GOMS No.198 states that property tax cannot be enhanced more than 15% of the existing tax and the tax for a house with less than 375 sft should not be more than Rs.50/-. But, these points did not find a place in your notification. Hence, the notification does not conform to the law.
8. As per clause 6 of G.O, the Council should consult the Property Tax Board before publication of the draft notification. The property tax board was not at all formed till date. The process adopted and methodology followed are totally against the provisions of the Act. Hence the notification is not valid
9. The GOMS No. 198 states that the property tax for an existing building will not be more than 15% over above the existing tax. Property tax for new building owners will be levied in the new system. This clause leads to discrimination between the existing building owners and those who are going to build new buildings. Therefore the GOMS No. 198 itself is invalid. So, draft notification issued on the basis of the invalid GOMS No. 198 cannot be enforced on the people.
10. As per the G.O. the GVMC shall increase property tax every year by 15% till the taxes reach the capital value. Apart from this, market values of lands and buildings will be increased by the govt annually for their own reasons. Automatic revision of property tax when the market values are revised is very detrimental to property owners. With this rule the taxes will be increased a minimum of 15% every year. We do not agree with this quantum of hike annually.

11. Levying 0.50% of capital market value as property tax on vacant lands is too high. By imposing 0.50% tax, the Government is deterring the people from buying properties and own houses which is against human rights. Since a vacant land does not yield any income to its owner, it is unjust to collect property tax every year on vacant lands. Levying higher rate of property tax on a vacant land which yields no income to its owner doesn't stand to reason. Hence, we request you to abolish property tax on vacant lands.
12. Levying huge penalties leads to untold miseries. Since the taxation is very abnormally high, taxpayers will surely be subjected to financial difficulties to pay taxes. Instead of thinking of penalising the people, we request you to consider reduction in tax quantum and encourage people to pay taxes in time.
13. All sections of people suffered huge losses in terms of precious lives, health, jobs, monetary aspects what not everything due to Corona pandemic, lockdown and curfew. Realising the impact of the pandemic, many states are giving concessions to the people on property tax. But, unfortunately, the draft notification was released in the midst of the Corona second wave imposing huge burdens on the people.
14. Library cess of 8% on property tax is being collected from the tax payers in the city. But, we observe that the cess was not remitted to the Libraries department. It is also a fact that the district library building beside Prahlada Kalyana Mandapam near Jagadamba Centre was dismantled about 6 years back and no new building is constructed there till date. We request you to make the payment immediately to the Libraries dept and construct a suitable library building at that place. Since good amount of library cess is being collected from the tax payers, we make an appeal to you to open new libraries in various locations in the city for the benefit of students and people.
15. Huge structures have come up in the city in blatant violation of building rules. Private companies such as Gangavaram Port, Hinduja Power Company are declared to be in the notified areas and property tax exemptions are sanctioned to them. Thus additional and unbearable burdens are laid on the disciplined taxpayers and influential statutory violators are left scot free.

In view of the above reasons, we, Visakhapatnam Apartment Residents' Welfare Association, record our objection to the draft notification. We request you to cancel the draft notification and put the issue for a debate in the GVMC Council and continue the existing system of property tax in the interest of the people of the city.

Imposition of user charges of Rs.120/- per month for garbage collection is very high and imposition of user charges on civic amenities is nothing but commercialization and hence we oppose such user charges. We request you not to levy user charges on the civic services.

Thanking You

Yours Sincerely,

N.Prakash Rao

B.B.Ganesh

President

General Secretary

9440662915

9440133400

B 25, Jeevan Soudha Apartments, MMTC Colony, HB Colony PO, Visakhapatnam, AP State –
530022. Mobile : 9440133400