



Citizens' Action Forum

The Fifth Estate

JOIN HANDS TO OPPOSE THE ARBITRARY MOVE TO INCREASE PROPOERTY TAXES IN BENGALURU

CAF has always been a pioneer in the fight against adhoc and unscientific ways of increasing Property Taxes, time and again it has intervened successfully and taken up the issue with BBMP. This time as BBMP has announced its intention of increasing Property Taxes in Bengaluru. We are opposed to this on the following grounds:

1. Presently **only around 55% of the properties are under the tax net**. This is in terms of numbers. Further **in terms of the amount collected the percentage at best is 45%**. Therefore it is our demand that they **should bring all the properties under the tax net** and only after that they should even contemplate the issue of increasing Property taxes. Without this step it is going to be an added burden, a double whammy for the honest tax payer, which is legally and morally untenable. It directly encourages non compliance.
2. Other major sources of Revenue are **not tapped like the Revenue from Advertisement Hoardings, Rental income from more 3000 properties that BBMP owns in Bengaluru** and demanding the implementation of the 74th amendment to the constitution which envisages a mandated devolution of finances from the State Government to the 3rd tier of the government.
3. We have calculated the potential of each of these sources which is as below;

3.1	Tax potential of Property Taxes	Rs. 5000.00 crores
3.2	Revenue Potential of Hoarding Tax	Rs. 6500.00 crores
	Revenue Potential of Rental income	Rs 2500.00 crores
3.3	Expected potential of devolution from the State Government	Rs. 6000.00 crores
	TOTAL	Rs. 20000.00 crores

Against the above POTENTIAL, the **BBMP is able to garner not more than Rs. 3500 crores per annum** including discretionary grants from the State.

The above figures are not exaggerated figures but are calculations based on the ground realities. CAF can provide the basis of calculations.

Under such circumstances we believe it is immoral, unethical on the part of BBMP to increase the tax rate on the very narrow base of tax payers which translates to punishing the honest tax payers and thus causes severe injustice.

We therefore demand that BBMP take the following steps before revising the taxes

1. Initiate an immediate survey to determine the exact number of properties in Bengaluru, whose findings must be made public in a time bound manner.
2. As suggested the concerned Asst Commissioner of BBMP must take concrete steps to collect Rs.6500 crores from the rentals on Advertisement hoardings across the city
3. Revise the Rental Agreements for all BBMP properties and include a clause for a prorated increase in the rent along with every increase of the Guidance Value.
4. Elected representatives of BBMP must discuss amongst themselves and jointly prepare a white paper to be submitted to the State Finance Commission through the State Government and demand the mandate of devolution of funds from the State Government to BBMP and other ULBs in the State.
5. All the above information must be available on their web site with real time updates and provide opportunity for constant feedback on non compliance.
6. We seek your support and participation in this movement to make it a truly People's movement.

Sincerely

Mahalakshmi Parthasarathy

Secretary

Citizens' Action Forum

Rajshekar. D.S

President

Citizens' Action Forum

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