

**FREQUENTLY ASKED QUESTIONS REGARDING IMPOSITION OF PROPERTY TAX IN THE CITY OF CHANDIGARH FOR THE FACILITATION OF GENERAL PUBLIC, BUT THESE SHALL NOT BE CONSTRUED AS OVER RIDING THE PROPERTY BYE-LAWS.**

Question 1	How rateable value of a building is to be calculated?
Answer	<p>A person first has to locate the group in which his building falls. Thereafter he has to locate the zone in which the building is included. Then he shall have to find out the rates applicable to the said zone. He has to ascertain the floorwise built up area of the building, the built up area floorwise is to be multiplied by the rates given for various groups to arrive at monthly rateable value. Thereafter he shall have to multiply the said rateable monthly value by 12 to arrive at annual rateable value. Thereafter a rebate of 10% for the purpose of repair and maintenance is to be taken from the said rateable value. This is net rateable value. The tax at 3% has to be calculated on this net rateable value.</p>
Question 2	What are the advantages for adoption of self assessment scheme?
Answer	<p>The taxpayers adopting self assessment scheme would automatically earn rebate of 10% on the assessed tax if tax is paid for the entire financial year in one instalment and if paid in two instalments between 1<sup>st</sup> April to 30<sup>th</sup> April and 1<sup>st</sup> October to 31<sup>st</sup> October then they will earn rebate of 5% on each instalment. Further the taxpayers shall have not to pay interest at the rate of 18% and also shall not face any proceeding for imposition of double the penalty of the amount of tax due. the taxpayer not adopting self assessment scheme shall have to pay <b>25% of the tax assessed in excess</b>. Once a taxpayer adopts Self Assessment Scheme the same shall not be reopened/ amended for a period of 3 years.</p>
Question 3	Whether residential buildings partially or fully used for commercial purpose are liable for tax?

Answer	Yes, the built up covered area of the residential building used for commercial activity has to be taken into account for calculating the tax.
Question 4	Whether religious buildings are liable to be taxed?
Answer	Religious buildings are exempted from payment of tax. However the built up area in the religious building used for commercial activity is liable to be taxed.
Question 5	What incentive is given for payment of tax under self assessment scheme?
Answer	The residents are entitled to 10% rebate if they pay the entire tax for the whole year between 1 <sup>st</sup> April to 30 <sup>th</sup> April of the financial year in one instalment.
Question 6	Whether the tax can be paid in instalments?
Answer	Yes, in two half yearly instalments.
Question 7	Whether any rebate or relief is given on the instalment under self assessment scheme?
Answer	Yes, a person depositing tax in two instalments under the self assessment scheme between 1 <sup>st</sup> April to 30 <sup>th</sup> April and 1 <sup>st</sup> October to 31 <sup>st</sup> October is entitled to rebate of 5%.
Question 8	In what manner the tax is to be deposited and where to be deposited.
Answer	The payment of tax can be paid through cheques/DD or in cash in the 9 branches of Oriental Bank of Commerce which are located in the Sectors:- 17-B, 17-E, 19-B, 26, 34-A, 33-B, 44, 37-D and Manimajra.
Question 9	If a person neither pays tax under the self Assessment Scheme nor pay any tax after the receipt of bill within the stipulated period. What penalty is liable to be imposed ?
Answer	If a person does not come forward to pay the tax within the stipulated period either under Self Assessment Scheme or after the receipt of Bill he shall be liable to pay interest @ 18% P.A. till actual payment of tax besides the competent authority is empowered to impose penalty equal to double the amount of tax payable/tax in arrears.

Question 10	If despite imposition of penalty a person does not come forward to pay the tax what further action can be taken by the Municipal Corporation, Chandigarh?
Answer	<ol style="list-style-type: none"> <li>1. By distraint and sale of defaulter's movable property</li> <li>2. By the attachment and sale of defaulter's immovable property.</li> <li>3. In case of taxes of land and buildings by the attachment of rent due in respect of the property.</li> </ol>
Question 11	Whether any maximum or minimum tax payable have been prescribed?
Answer	Maximum tax payable has not been prescribed and the same has to be calculated on the rateable value. However, minimum amount of tax has been prescribed and a person is liable to pay Rs.50 per month i.e. Rs.600 per year as tax.
Question 12	Who is primarily responsible for payment of tax?
Answer	<ol style="list-style-type: none"> <li>1. If the land or building is let to the lessor</li> <li>2. If the land or building is sublet to the superior lessor</li> <li>3. If the land or building is un-let upon the person in whom the right to let the same vests.</li> <li>4. If any land has been let for a term exceeding one year to a tenant and the tenant has constructed building upon the land, the tax is payable by the tenant.</li> </ol>
Question 13	Whether the rateable value is to be rounded up to the nearest 50 or 100?
Answer	The rateable value after the calculation has to be rounded up to the nearest multiple of 100.
Question 14	What initial procedure has to be followed for payment of tax under the Self-Assessment Scheme?
Answer	A person has to fill up a form Part I giving general information with regard to the property liable for tax. Thereafter the person has to calculate the rateable value and pay the tax after filling up form Part II

	annexed with the bye laws.
Question 15	Whether Xeroxed/Photocopy of the forms can be used?
Answer	Yes, a person can use Xeroxed/photocopy of forms Part I and II for the purpose of assessment and payment of tax.
Question 16	How many forms Part I and Part II are to be supplied after completion?
Answer	A person has to fill up four copies each of Forms Part I and II. One copy would be returned to the tax-payer after proper stamping which would indicate proof of deposit of tax with the tax-payer. One copy will be kept by the banker and two copies would thereafter be supplied to the Municipal Corporation, for completion of record and assessment registers.
Question 17	Whether the vacant lands are liable for tax?
Answer	Yes, vacant lands and part of the vacant land attached to a building shall be liable to tax @ Re.1 per square feet per month as per floor area ratio.
Question 18	Whether any order regarding tax so made by the competent authority is appealable?
Answer	Yes, a person can file appeal before the Divisional Commissioner within a period of 30 days after the date of authentication of assessment of tax.
Question 19	Whether the appellate authority can hear the appeal without payment of tax so assessed?
Answer	A person has to deposit the tax first and he has to attach the proof thereof with the appeal. Thereafter the Divisional Commissioner would be entitled to hear the appeal.
Question 20	Whether the dispute regarding taxation can be heard by Civil Court or any other court?
Answer	A dispute regarding taxation cannot be heard by a Civil Court. A dispute can be agitated before the authorities only as provided under the Punjab Municipal Corporation Law (Extension to Chandigarh) Act, 1994.
Question 21	Whether any other formality is required to be fulfilled before deposit of tax under the Self Assessment Scheme?

Answer	Rateable value of whose property comes to Rs.30,000/- or more per year has to furnish Form of Furnishing Return in Form-C attached to the Bye-Laws 2003.
Question 22	If a building remains vacant/unoccupied for certain period during the financial year. How the tax is payable. Whether any rebate is permissible?
Answer	A person has to first deposit the tax. Thereafter he has to submit the proof of vacancy/unoccupation of building and can seek remission/refund for the said period for which the Commissioner, Municipal Corporation, Chandigarh is competent to hear and decide the matter.
Question 23	How NRIs or persons normally residing out of India pay taxes?
Answer	An NRI or such person normally residing out of India can authorize one person as his nominee and such person shall pay the taxes on behalf of said NRIs and will be competent to deal with the Municipal Corporation, Chandigarh for all matter concerning the tax. If an NRI does not come forward to pay tax either under the Self Assessment Scheme or does not pay the tax after receipt of bill and also does not appoint any person as his nominee then he shall be liable for punishment with a fine as may be determined by the Commissioner, Municipal Corporation, Chandigarh.
Question 24	Whether the tax is to be calculated on the amount of rateable value or on the amount of actual rent being earned by the landlord and this rent being on the lower side of the rateable value?
Answer	Tax is to be calculated and paid on the amount of rateable value, though the amount of rent being earned is lower than the rateable value. Tax is to be paid on the rateable value by the landlord. But the landlord shall be legally entitled to recover the difference of tax paid on the rateable value and calculated on the amount of actual rent earned by him from his tenants.
Question 25	Whether Government buildings where public offices are functioning are

	liable to be taxed or other charges are leviable on the said buildings?
Answer	The government buildings where public offices are functioning have to pay 75% of the assessed tax on rateable value as Service Charges. The mode of payment of service Charges is the same as for the deposit of property tax.
Question 26	What penalty/punishment is to be faced by a taxpayer furnishing wrong and false information.
Answer	If a taxpayers furnishes incorrect and false information while filling up prescribed Forms or otherwise furnish false and incorrect information while dealing with the Municipal Corporation, Chandigarh in connection with the tax matters, they shall be punishable with a fine which may be extended to Rs. 5000/- or with imprisonment with a term which may extend to 3 months or with both.
Question 27	Whether the professionals like Architects, Chartered Accountants, Doctors, Advocates, who are running their establishments/offices from the residential buildings are liable to pay tax?
Answer	Yes, they are liable to pay property tax on the built up areas being used for such professionals/commercial activity.
Question 28	Whether the persons who are running Computer Centres, Web Sites, STDs, Type College from the residential buildings are liable to pay property tax?
Answer	Yes, the area which is being used for commercial purpose in the residential buildings is liable to be taxed.
Question 29	Are the owners of shop-cum-flats where first and second floors are used for exclusive residential purposes are liable to pay tax for the entire building?
Answer	No, They are liable to pay property tax only for the built-up areas which are exclusively used for commercial/office purposes whether they have got converted the said SCF to SCO or not from the Estate Office, U.T., Chandigarh

