



# महाराष्ट्र शासन राजपत्र

असाधारण  
प्राधिकृत प्रकाशन

गुरुवार, जुलै १३, २००६/आषाढ २२, शके १९२८

स्वतंत्र संकलन म्हणून फाईल करण्यासाठी या भागाला वेगळे पृष्ठ क्रमांक दिले आहेत.

## भाग आठ

महाराष्ट्र विधानमंडळाचे अधिनियम व राज्यपालांनी प्रख्यापित केलेले अध्यादेश व केलेले विनियम आणि विधी व न्याय विभागाकडून आलेली विधेयके (इंग्रजी अनुवाद).

In pursuance of clause (3) of article 348 of the Constitution of India, the following translation in English of the Mumbai Municipal Corporation (Third Amendment) Bill, 2006 (L. A. Bill No. LXXII of 2006), introduced in the Maharashtra Legislative Assembly on the 13th July 2006, is hereby published under the authority of the Governor.

By order and in the name of the Governor of Maharashtra,

A. M. SHINDEKAR,  
Secretary to Government,  
Law and Judiciary Department.

### L. A. BILL No. LXXII OF 2006.

#### A BILL

*further to amend the Mumbai Municipal Corporation Act.*

Bom. 1888. WHEREAS it is expedient further to amend the Mumbai Municipal Corporation Act, for the purposes hereinafter appearing ; it is hereby enacted in the Fifty-seventh Year of the Republic of India as follows :—

1. (1) This Act may be called the Mumbai Municipal Corporation (Third Amendment) Act, 2006.

Short title and commencement.

(2) It shall come into force on such date as the State Government may, by notification in the *Official Gazette*, appoint.

(४५२)

Amendment  
of sub-title  
under title  
PROPERTY  
TAXES in  
Chapter  
VIII of  
Bom. III of  
1888.

2. In Chapter VIII of the Mumbai Municipal Corporation Act (hereinafter referred to as "the principal Act"), for the sub-title "Property taxes leviable", the following sub-title shall be substituted, namely :—

"Property taxes leviable on rateable value or capital value".

Bom.  
III of  
1888.

Insertion  
of section  
139A in  
Bom. III of  
1888.

3. In Chapter VIII of the principal Act, after the sub-title so substituted, the following section shall be inserted, namely :—

Property  
taxes  
what to  
consist.

"139A. (1) Property taxes leviable on buildings and lands in Brihan Mumbai under this Act shall include water tax, water benefit tax, sewerage tax, sewerage benefit tax, general tax, education cess, street tax and betterment charges.

(2) For the purposes of levy of property taxes, the expression "building" includes a flat, a *gala*, a unit or any portion of the building.

(3) All or any of the property taxes may be imposed on a graduated scale.

(4) Save as otherwise provided in this Act, it shall be lawful for the Corporation to continue to levy all property taxes on the rateable value of buildings and lands until the Corporation adopts levy of any or all the property taxes on such buildings and lands on the capital value thereof under section 140A."

Amendment  
of section  
140 of  
Bom. III of  
1888.

4. In section 140 of the principal Act,—

(1) for the marginal note, the following marginal note shall be substituted, namely :—

"Property taxes leviable on rateable value, or on capital value, as the case may be, and at what rate.";

(2) in sub-section (1),—

(a) for the portion beginning with the words "The following" and ending with the word "namely" the words "The following property taxes shall be leviable on buildings and lands in *Brihan Mumbai*, namely" shall be substituted;

(b) after the words "rateable value," wherever they occur in sub-clauses (i) and (ii) of clause (a) and sub-clauses (i) and (ii) of clause (b), the words "or their capital value, as the case may be," shall be inserted;

(c) in clause (c),—

(i) after the words "their rateable value," where they occur for the first time, the words and figures "or of not less than 0.1 and not more than 2 per centum of their capital value, as the case may be," shall be inserted;

(ii) after the words "their rateable value," where they occur for the second time, the words and figures "or not less than 0.01 and not more than 0.2 per centum of their capital value, as the case may be," shall be inserted;

(d) the *Explanation* shall be deleted;

(e) the proviso shall be deleted.

5. After section 140 of the principal Act, the following section shall be inserted, namely:—

Insertion  
of section  
140A in  
Bom. III of  
1888.

"140A. Notwithstanding anything contained in section 140 or any other provisions of this Act, the Corporation may pass a resolution to adopt levy of property tax on buildings and lands in *Brihan Mumbai* on the basis of capital value of the buildings and lands on and from such date, and at such rates, as the Corporation may determine in accordance with the provisions of section 128:

Property  
taxes to be  
levied  
on capital  
value and  
the rate  
thereof.

Provided that, for the period of five years from the date on and from which such property tax is levied on capital value, the tax shall not,—

(a) exceed—

(i) in respect of building used for residential purposes, two times, and

(ii) in respect of building or land used for non-residential purposes, three times, and

(b) where the tax so levied on any building or land, whether used for residential or for non-residential purpose, gets reduced, be less than half of,

the amount of the property tax leviable in respect thereof in the year immediately preceding such date:

Provided further that, the property tax levied on the basis of capital value of any building or land on revision made under sub-section (1C) of section 154 shall not in any case exceed 40 per centum of the amount of the property tax payable in the year immediately preceding the year of such revision."

6. In section 144 of the principal Act,—

Amendment  
of section  
144 of  
Bom. III of  
1888.

(1) after sub-section (2), the following sub-section shall be inserted, namely:—

"(2A) Where the Corporation has adopted the levy of property tax on capital value of buildings and lands, the capital value of buildings and lands in *Brihan Mumbai* vesting in Government and beneficially occupied, in respect of which but for the said exemption, general tax would be leviable from the Central Government or the State Government, as the case may be, shall be the book value of such buildings

or lands in Government records and such capital value shall hold good for a term of five years, subject only to proportionate variation, if in the meantime the number or extent of the buildings and lands vesting in Government in *Brihan Mumbai* materially increases or decreases.”;

(2) in sub-section (3),—

(a) after the words “rateable value” the words “or on a capital value, as the case may be,” shall be inserted;

(b) after the words, brackets and figure “sub-section (2)” the words, brackets, figure and letter “or sub-section (2A), as the case may be,” shall be added at the end.

Substitution  
of section  
144A of  
Bom. III of  
1888.

Concession  
in payment  
of property  
tax.

7. For section 144A of the principal Act, the following section shall be substituted, namely :—

“144A. Notwithstanding anything contained in this Act, a concession in payment of property tax in respect of building and land, wherein any such socially or ecologically beneficial scheme, as may be identified for the purposes of this section by the Municipal Corporation or the State Government, is being implemented, may be given to such extent of so many per centum of the property tax payable in respect thereof as the Corporation may, determine.”.

Substitution  
of section  
144B of  
Bom. III of  
1888.

Temporary  
provisions  
for Levy  
of property  
tax at  
reduced  
rates in  
respect of  
certain  
buildings.

8. For section 144B of the principal Act, the following section shall be substituted, namely :—

“144B. Notwithstanding anything contained in section 140 or 140A or any other provisions of this Act, during the period of twenty years from the date of commencement of the Bombay Municipal Corporation and the Maharashtra Regional and Town Planning (Amendment) Act, 1995, or from the date of first occupation of the premises in a building used for residential purposes, whichever is later, the property tax on building shall be levied at such reduced rates as the State Government may, by notification in the *Official Gazette*, from time to time, fix and different reduced rates may be fixed for different periods and for different classes of buildings constructed, whether before or after such commencement. Such buildings are as follows :—

(a) buildings which are constructed under the Low Cost Housing Scheme for economically weaker sections and Low Income Group by the Maharashtra Housing and Area Development Authority or under the Slum Rehabilitation Scheme declared under the Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act, 1971, or

Mah.  
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1996.

Mah.  
XXVIII  
of  
1971.

(b) buildings constructed and wherein there is the component of the tenements constructed for project affected persons on plots allocated, designated or reserved in the development plan for Public Housing (PH) or High Density Housing (HDH), Housing the Dishoused (HD), and are developed or redeveloped by the Corporation or public authority or the owner, where the owner is required under the scheme for "Housing the Dishoused" or under the scheme "Public Housing or High Density Housing" to hand over to the Corporation free of cost at least fifty per cent., or as the case may be, ten per cent. of the built up area for allotment to project affected persons or for rehabilitating the existing tenants on the plot or to both such persons or tenants; and to persons affected by the projects undertaken by the Corporation, respectively; or

(c) building which is destroyed by fire or which has collapsed or which has been demolished and is reconstructed; or

(d) cessed buildings reconstructed under the Urban Renewal Scheme undertaken by the Maharashtra Housing and Area Development Authority (MHADA) or the Corporation; or

(e) buildings constructed on lands belonging to public authority under rehabilitation project where there is a component of tenements for rehabilitating slum dwellers:

Provided that, the concession of such reduced rates of tax shall not be available in respect of any building or part thereof constructed under any of the schemes mentioned herein, which is not utilized for residential purpose for rehabilitation of the concerned project affected persons or slum dwellers and which is a component available for sale or use for commercial purpose."

9. In section 146 of the principal Act, in sub-section (2),— Amendment  
of section  
146 of  
Bom. III of  
1888.
- (1) in clause (b), the word "and" shall be deleted;
- (2) after clause (c), the following clauses shall be added, namely :—

"(d) if the premises are held or occupied by a person who is not the owner and the whereabouts of the owner of the premises cannot be ascertained, from the holder or occupier; and

(e) if the premises are held or developed by a developer or an attorney or any person in whatever capacity, such person may be holding the premises and in each of whom

the right to sell the same exists or is acquired, from such holder, developer, attorney or person, as the case may be :

Provided that, such holder, developer, attorney or person shall be liable until the actual sale is effected. ”.

Amendment  
of section  
147 of  
Bom. III of  
1888.

**10.** In section 147 of the principal Act,—

(1) in sub-section (1), after the words “ rateable value ” the words “ or the amount of property tax levied on the basis of capital value, as the case may be, ” shall be inserted ;

(2) in sub-section (2), after the words “ rateable value ” at both the places where they occur, the words “ or the amount of property tax levied on the basis of capital value, as the case may be, ” shall be inserted.

Amendment  
of section  
148 of  
Bom. III of  
1888.

**11.** In section 148 of the principal Act, after the words “rateable value ” the words “ or the amount of property tax levied on the basis of capital value, as the case may be, ” shall be inserted.

Amendment  
of section  
150 of  
Bom. III of  
1888.

**12.** In section 150 of the principal Act,—

(1) in sub-section (1), for the portion beginning with the words “ and shall state ” and ending with the words “ the said form ” the following shall be substituted, namely:—

“ and shall be accompanied by such fees as the Commissioner may, from time to time, with the approval of the Standing Committee prescribe and such notice shall state clearly and correctly all the particulars required by the said form ”;

(2) after sub-section (2), the following sub-section shall be added, namely:—

“ (3) The transfer of title of any person primarily liable to the payment of property tax shall not be recorded by the Corporation in the assessment book unless the property taxes due in respect of the property sought to be transferred are fully paid before giving such notice. ”.

Amendment  
of section  
152 of  
Bom. III of  
1888.

**13.** In section 152 of the principal Act,—

(1) in sub-section (1), for the words “ or when any building which has been vacant is re-occupied ” the words “ or occupied or re-occupied or when there is change of user of part or whole of the building ” shall be substituted ;

(2) in sub-section (2), for the portion beginning with the words “ as the case may be ” and ending with the words “ re-occupation thereof. ”, the following shall be substituted, namely:—

“ or of the re-occupation, or of the change of user of part or whole of the building, as the case may be. ”.

14. After section 152 of the principal Act, the following section shall be inserted, namely :—

Insertion  
of section  
152A in  
Bom. III of  
1888.

“152A. (1) Whoever unlawfully constructs or reconstructs any building or part of a building,—

Levy of  
penalty on  
unlawful  
building.

(a) on his land without obtaining permission under this Act or any other law for the time being in force or in contravention of any condition attached to such permission;

(b) on a site belonging to him which is formed without approval under the relevant law relating to Regional and Town planning;

(c) on his land in breach of any provision of this Act or any rule or bye-law made thereunder or any direction or requisition lawfully given or made under this Act or such rule or bye-law ; or

(d) on any land, belonging to, or leased by, the Corporation, or the Central or State Government, or any statutory corporation or organization or company set up by any such Government, in breach of any provision of this Act or of any other law for the time being in force and the rules or bye-laws made thereunder,

shall be liable to pay every year a penalty, which shall be equal to twice the property tax leviable on such building, so long as it remains as unlawful construction without prejudice to any proceedings which may be instituted against him in respect of such unlawful construction :

Provided that, such levy and collection of tax and penalty shall not be construed as regularization of such unlawful construction or reconstruction for any period whatsoever of its such unlawful existence.

(2) Penalty payable under sub-section (1) shall be determined and collected under the provisions of this Act, as if the amount thereof were a property tax due by such person.”.

15. In section 154 of the principal Act,—

Amendment  
of section  
154 of  
Bom. III of  
1888.

(1) in the marginal note, after the words “ Rateable value ” the words “ or capital value ” shall be inserted ;

(2) after sub-section (1), the following sub-sections shall be inserted, namely :—

“ (1A) In order to fix the capital value of any building or land assessable to a property tax the Commissioner shall have regard to the value of any building or land as indicated in the Stamp Duty Ready Reckoner for the time being in force as prepared under the Bombay

Stamp (Determination of True Market Value of Property) Rules, 1995, framed under the provisions of the Bombay Stamp Act, 1958, or where the Stamp Duty Ready Reckoner does not indicate value of any properties in any particular area wherein a building or land in respect of which capital value is required to be determined is situate, or in case such Stamp Duty Ready Reckoner does not exist, then the Commissioner may fix the capital value of any building or land taking into consideration the market value of such building or land, as a base value ; and also have regard to the following factors, namely :—

Bom.  
LX of  
1958.

(a) the nature and type of the land and structure of the building,

(b) area of land or carpet area of building,

(c) user category, that is to say, (i) residential, (ii) commercial (shops, malls or the like), (iii) offices, (iv) hotels (upto 4 stars), (v) hotels (more than 4 stars), (vi) banks, (vii) industries and factories, (viii) school and college building or building used for educational purposes and (ix) any other building or land not covered by any of the above categories,

(d) age of the building, or

(e) such other factors as may be specified by rules made under sub-section (1B).

(1B) The Commissioner shall, with the approval of the Standing Committee, frame such rules as respects the details of categories of building or land and the weightage by multiplication to be assigned to various such categories for the purpose of fixing the capital value under sub-section (1A).

(1C) The capital value of any building or land fixed under sub-section (1A) shall be revised every five years :

Provided that, the Commissioner may, for reasons to be recorded in writing, revise the capital value of any building or land any time during the said period of five years and shall accordingly amend the assessment book in relation to such building or land under section 167.”;

(3) in sub-section (2), after the words “ rateable value ” the words “ or the capital value, as the case may be, ” shall be inserted ;

(4) sub-section (3) shall be deleted.

16. In section 155 of the principal Act, in sub-section (1),— Amendment of section 155 of Bom. III of 1888.
- (a) after the words “ rateable value ” the words “ or the capital value, as the case may be, ” shall be inserted;
- (b) for clause (b), the following clause shall be substituted, namely :—
- “ (b) as to the details in respect of any or all the items as enumerated in clauses (a) to (e) of sub-section (1A) of section 154 in relation to such building or land or of any portion thereof. ”.
17. In section 156 of the principal Act,— Amendment of section 156 of Bom. III of 1888.
- (1) for the portion beginning with the words “ The Commissioner ” and ending with the words “ every official year ”, the following shall be substituted, namely :—
- “ The Commissioner shall keep a book, in such form and manner as he may, with the approval of the Standing Committee, prescribe by rules, and such book shall be called “ the assessment book ” in which shall be entered every official year ” ;
- (2) in clause (b), after the words “ rateable value ” the words “ or the capital value, as the case may be, ” shall be inserted ;
- (3) for clause (d), the following clause shall be substituted, namely :—
- “ (d) if any such building or land is not liable to be assessed to the general tax or is exempt from payment of property tax either in whole or in part, as the case may be, the reason of such non-liability or exemption, as the case may be ; ” ;
- (4) in clause (e), after the words “ rateable value ” the words “ or the capital value, as the case may be, ” shall be inserted.
18. In section 157 of the principal Act, in sub-section (1), for the words and figures “ under the provisions of section 24 ” the words “ for the administrative purposes ” shall be substituted. Amendment of section 157 of Bom. III of 1888.
19. In section 160 of the principal Act, in sub-section (2), after the words “ the ward ” the words “ or by any other mode including electronic media as the Commissioner may think fit ” shall be inserted. Amendment of section 160 of Bom. III of 1888.
20. In section 162 of the principal Act,— Amendment of section 162 of Bom. III of 1888.
- (1) in sub-section (1),—
- (a) for the words “ fifteen days ” the words “ twenty-one days ” shall be substituted ;
- (b) after the words “ rateable value ” the words “ or the capital value, as the case may be, ” shall be inserted ;

(2) in sub-section (2),—

(a) for the words “property rates or in which the rateable value” the words “property taxes or in which the rateable value, or capital value, as the case may be,” shall be substituted;

(b) for the words “fifteen days” the words “twenty-one days” shall be substituted.

Amendment of section 163 of Bom. III of 1888. **21.** In section 163 of the principal Act, in sub-section (1), after the words “rateable value” the words “or the capital value, as the case may be,” shall be inserted.

Amendment of section 166 of Bom. III of 1888. **22.** In section 166 of the principal Act, in sub-section (1), after the words “rateable values” the words “or the capital values, as the case may be,” shall be inserted.

Amendment of section 167 of Bom. III of 1888. **23.** In section 167 of the principal Act, in sub-section (1), for the words “rateable value” the words “or the capital value, as the case may be,” shall be inserted.

Amendment of section 169 of Bom. III of 1888. **24.** In section 169 of the principal Act, in sub-section (1), in clause (i), after the words “rateable value” the words “or the capital value, as the case may be,” shall be inserted.

Amendment of section 170 of Bom. III of 1888. **25.** In section 170 of the principal Act, in sub-section (1), in clause (i), after the words “rateable value” the words “or the capital value, as the case may be,” shall be inserted.

Amendment of section 172 of Bom. III of 1888. **26.** In section 172 of the principal Act, for the figures, words and brackets “169 to 171 (all inclusive)” the figures, words and brackets “169 and 170 (both inclusive)” shall be substituted.

Insertion of section 173BA in Bom. III of 1888. **27.** After section 173B of the principal Act, the following section shall be inserted, namely :—

Section 173B not to have effect. **“173BA.** On and from the date of adoption of capital value as the base, for levy of property taxes under section 140A, the provisions of section 173B shall cease to have effect.”

Amendment of section 179 of Bom. III of 1888. **28.** In section 179 of the principal Act, for the words and figures “accompanied by the bill presented to the applicant under section 200” the words and figures “accompanied by the original receipt or any valid proof of payment of the amount of the bill presented to the applicant under section 200” shall be substituted.

Amendment of section 191E of Bom. III of 1888. **29.** In section 191E of the principal Act, in sub-section (3), for the word, letter and figure “Schedule G-1” the word and letter “Schedule G” shall be substituted.

Amendment of section 195E of Bom. III of 1888. **30.** In section 195E of the principal Act, in sub-section (1),—  
(1) for the portion beginning with the words “, as the Corporation” and ending with the words “graduated scale :”, the following shall be substituted, namely :—

“or of so many per centum of their capital value, as the case may be, as the Corporation may determine :”;

(2) in the proviso, in clause (c), after the words "rateable value" the words "or the capital value, as the case may be," shall be inserted.

31. In section 195F of the principal Act, in sub-section (2),—

Amendment  
of section  
195F  
of Bom. III  
of 1888.

(1) after the words "rateable values" the words "or the capital values, as the case may be," shall be inserted;

(2) after the words, brackets and figure "sub-section (2)" the words, brackets, figure and letter "or sub-section (2A)" shall be inserted.

32. In section 195G of the principal Act, in sub-section (1),—

Amendment  
of section  
195G of Bom.  
III of 1888.

(1) after the words "rateable value" the words "or of so many per centum of their capital value, as the case may be," shall be inserted ;

(2) in the proviso, in clause (c), after the words "rateable value" the words "or the capital value, as the case may be," shall be inserted.

33. In section 197 of the principal Act, after the word "October" the words and figures "as specified in a bill served under section 200" shall be added.

Amendment  
of section  
197 of Bom.  
III of 1888.

34. In section 201 of the principal Act, in sub-section (1), the word "three" shall be deleted.

Amendment  
of section  
201 of Bom.  
III of 1888.

35. For section 202 of the principal Act, the following section shall be substituted, namely :—

Substitution  
of section  
202 of Bom.  
III of 1888.

"202. The amount of first half-yearly tax as specified in the bill which has been served as aforesaid shall be paid within thirty days from the date of service of the bill and for the second half-yearly tax as specified in the bill shall be paid before the 30th October of each year; and if a person liable to pay tax does not pay the same as required as aforesaid, then he shall be liable to pay by way of simple interest in addition to the amount of such tax or part thereof which has remained unpaid, a sum equal to two per cent. of such tax for each month or part thereof after the last date by which he should have paid such tax and shall continue to be liable to pay such interest until the full amount as per the bill is paid :

Charging  
interest on  
unpaid  
amount of  
bill.

Provided that, any property tax for which a bill is served under this Act before the date of commencement of the Mumbai Municipal Corporation (Third Amendment) Act, 2006 has remained unpaid in full or in part and no penalty

thereon is levied under section 207A, a person who has not paid such tax shall be liable to pay interest thereon as provided under this section, on and from the date when the penalty could be levied but is not so levied. ”.

Amendment  
of section  
203  
of Bom. III  
of 1888.

36. In section 203 of the principal Act,—

(1) in sub-section (1),—

(a) for the portion beginning with the words “the said tax” and ending with the words “satisfaction of the Commissioner” the following shall be substituted, namely :—

“the tax for which a bill is served upon him and does not pay the tax together with penalty or interest or both as required under the provisions of this Act to pay the same” ;

(b) the portion beginning with the words “, or, if the tax” and ending with the words “ may be ” shall be deleted;

(2) for sub-section (2), the following sub-section shall be substituted, namely :—

“ (2) Where the person liable to pay the tax according to the bill served upon him pays the tax as required under the provisions of this Act but does not pay the amount of penalty or interest or both either in whole or in part as may be due on the unpaid amount of tax, for such amount which has remained unpaid, a warrant in the form of Schedule J, *mutatis mutandis*, may be issued by the Commissioner in the same manner as if such sums were due on account of the tax. ”;

(3) in sub-section (3),—

(a) for the words “ tax due ” the words “ tax due, penalty or interest or both, if any, due and payable together ” shall be substituted ;

(b) for the figures and word “ 15 days ” the words “ twenty-one days ” shall be substituted ;

(4) for sub-section (4), the following sub-section shall be substituted, namely :—

“ (4) Such order shall be proclaimed by fixing at some conspicuous part of the property and upon a conspicuous part of the municipal office and also, when the property is land, paying revenue to the State Government, in the office of the Collector.”.

37. In section 205 of the principal Act, the words “ and vehicles or animals ” shall be deleted. Amendment of section 205 of Bom. III of 1888.

38. In section 206 of the principal Act, in sub-section (2), after the words “public auction” the words “, or by auction inviting sealed bids” shall be inserted. Amendment of section 206 of Bom. III of 1888.

39. Section 207A of the principal Act shall be deleted. Deletion of section 207A of Bom. III of 1888.

40. In section 208 of the principal Act, for the portion beginning with the words “ of any fee ” and ending with the word, figures and letter “ section 207A ”, the following shall be substituted, namely :— Amendment of section 208 of Bom. III of 1888.

“ of any fee chargeable under section 207 or of penalty payable under section 207A as it existed before the commencement of the Mumbai Municipal Corporation (Third Amendment) Act, 2006 ”.

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2006.

41. In section 209 of the principal Act,—

(i) after sub-section (1), the following sub-section shall be inserted, namely :—

Amendment of section 209 of Bom. III of 1888.

“ (1A) Notwithstanding anything contained in sub-section (1), on and from the date of adoption of capital value as the base for levy of property taxes under section 140A, but subject to the other provisions of this Act, the Commissioner may serve a bill for the amount of property tax on such occupier of the said premises, or, if there are two or more such occupiers thereof, may serve a bill on each of them for such portion of the sum due as bears to the whole amount of tax based on the capital value, due in the same ratio which the capital value, of such portion of the premises of the occupier or occupiers bears to the aggregate amount of the tax based on the capital value, in respect of the said premises.”;

(2) in sub-section (2), for the words “ fifteen days ” the words “ thirty days ” shall be substituted ;

(3) in sub-section (3), the words “ which has remained due for more than one year, or ” shall be deleted.

42. In section 209A of the principal Act,—

(1) in sub-section (1),—

(a) after the words “ rent estimated ” the words “ or the amount of tax based on capital value fixed, as the case may be, ” shall be inserted ;

(b) after the words “ estimated rent ” the words “ or the

Amendment of section 209A of Bom. III of 1888.

amount of tax based on capital value, as the case may be," shall be inserted ;

(2) in sub-section (2), for the words " fifteen days " the words " thirty days " shall be substituted.

Amendment  
of section  
209B of  
Bom. III of  
1888.

**43.** In section 209B of the principal Act,—

(1) in sub-section (1), after the words " rateable value " the words " or the capital value, as the case may be, " shall be inserted ;

(2) in sub-section (2), for the words " fifteen days " the words " thirty days " shall be substituted.

Amendment  
of section  
210 of  
Bom. III of  
1888.

**44.** In section 210 of the principal Act, in sub-section (2), the words " except that it shall not be necessary to serve upon defaulter any notice of demand, " shall be deleted.

Insertion  
of section  
216A in  
Bom. III of  
1888.

**45.** After section 216 of the principal Act, the following section shall be inserted, namely :—

Special  
provision  
for facility  
for payment  
of property  
taxes.

**"216A.** Any person who is liable to pay amount of taxes or any other dues under this Act may avail himself of the facility of making payment thereof in any bank or to any agency specified by the Corporation in this behalf by giving a public notice in two leading newspapers circulating within the area of jurisdiction of the Corporation ; and the person availing himself of such facility shall be liable to pay such fees in respect thereof to such bank or agency, as the case may be, as may be determined by the Commissioner. "

Amendment  
of section  
217 of Bom.  
III of 1888.

**46.** In section 217 of the principal Act,—

(1) in sub-section (1), after the words " rateable value " the words " or the capital value, as the case may be, " shall be inserted ;

(2) in sub-section (2),—

(a) in clause (a), for the words " fifteen days " the words " twenty-one days " shall be substituted ;

(b) in clause (b), after the words " rateable value " the words " or the capital value, as the case may be, " shall be inserted ;

(c) in clause (c), for the words " fifteen days " the words " twenty-one days " shall be substituted ;

(d) in clause (d),—

(i) after the words " rateable value ", at both the places where they occur, the words " or the capital value, as the case may be, " shall be inserted ;

(ii) after the word "Commissioner" the words "and such appeal is accompanied by a receipt of full amount of tax to which appeal relates" shall be added;

(3) after sub-section (2), the following sub-section shall be inserted, namely :—

"(2A) Where the appeal is not filed in accordance with the provisions of clauses (a) to (d) of sub-section (2), it shall be liable to be summarily dismissed."

47. In section 218 of the principal Act, in clause (a), after the words "rateable value" the words "or capital value, as the case may be," shall be inserted. Amendment of section 218 of Bom. III of 1888.

48. Section 218B of the principal Act shall be deleted. Deletion of section 218B of Bom. III of 1888.

49. In section 218D of the principal Act, in sub-section (1), in clause (a), for the words "in excess of two thousand rupees" the words "or the capital value, as the case may be," shall be substituted. Amendment of section 218D of Bom. III of 1888.

50. In section 218E of the principal Act, the words, figures and letter "and of valuation under section 218B" shall be deleted. Amendment of section 218E of Bom. III of 1888.

51. In section 219 of the principal Act, in sub-section (1), after the words "rateable value" the words "or the capital value, as the case may be," shall be inserted. Amendment of section 219 of Bom. III of 1888.

52. In section 279 of the principal Act, in sub-section (1), in clause (a), for the words "fifteen days after a notice of demand" the words "thirty days after the date of the bill" shall be substituted. Amendment of section 279 of Bom. III of 1888.

53. In section 473 of the principal Act, in the table, the following entry shall be deleted, namely :— Amendment of section 473 of Bom. III of 1888.

"158, sub-section (3)..... 177."

54. In section 517 of the principal Act, in sub-section (1), in clause (d), after the words "rateable value" the words "or the capital value, as the case may be," shall be inserted. Amendment of section 517 of Bom. III of 1888.

Substitution  
of Schedule  
G-1 of Bom.  
III of 1888.

55. For Schedule G-1 of the principal Act, the following Schedule shall be substituted, namely :—

“SCHEDULE G

(See section 191 E)

THEATRE TAX

Type of entertainment	Maximum amount of Tax
(1) Air-conditioned Cinema theatre	Rs. 60 per show.
(2) Non Air-conditioned Cinema theatre	Rs. 45 per show.
(3) Drama, concert, variety entertainment or <i>Tamasha</i>	Rs. 25 per show.
(4) Circus and carnivals	Rs. 50 per day.
(5) Any other entertainment	Rs. 30 per show or if there are no separate shows, Rs. 30 per day.”

Deletion of  
Schedule I  
of Bom. III  
of 1888.

56. Schedule I of the principal Act shall be deleted.

Amendment  
of Schedule  
J of Bom.  
III of 1888.

57. In Schedule J of the principal Act,—

(1) the words “or shown sufficient cause to my satisfaction for the non-payment of” shall be deleted ;

(2) for the portion beginning with the words “the said sum ” and ending with the words “demand/order ;”, the following shall be substituted, namely :—

“a bill for the said sum has been duly served on the said A. B. and the period by which he should have paid the said sum has elapsed since after the service of the bill ;”

Removal of  
Doubt.

58. For the removal of doubt it is hereby declared that all proceedings in connection with any assessment, reassessment, levy (including levy of penalty) and collection of any property tax levied on the basis of rateable value relating to any period whatsoever, immediately before the date determined by the Corporation under section 140A to adopt capital value to be the base for levy of property taxes shall, notwithstanding anything contained in this Act but save as otherwise expressly provided therein, be continued and dealt with under the principal Act as if this Act has not been enacted.

59. If any difficulty arises in giving effect to the provisions of the principal Act, as amended by this Act or by reason of anything contained therein or in giving effect to the provisions of the principal Act in respect of the matters contained in this Act, the State Government may, as occasion arises, by order published in the *Official Gazette*, do anything, not inconsistent with the provisions of the principal Act, as amended by this Act, which appears to it to be necessary or expedient for the purpose of removing the difficulty:

Power to  
remove  
difficulty.

Provided that, no such order shall be made after the expiry of a period of two years from the date of commencement of this Act.

## STATEMENT OF OBJECTS AND REASONS.

Section 139 of the Mumbai Municipal Corporation Act (Bom. III of 1888) provides for imposition of taxes by the Municipal Corporation of *Brihan Mumbai*. The taxes to be so imposed provide *inter alia* property taxes on buildings or lands. The property taxes include water tax, water benefit tax, sewerage tax, sewerage benefit tax, general tax, education cess and street tax, which are leviable on the basis of certain percentage of rateable value of the buildings or lands.

2. Section 154 of the Act provides the method of fixing rateable value of any buildings or lands assessable to property tax. The basis to determine the rateable value is the annual rent for which such buildings or lands might reasonably be expected to let from year to year, less 10 per centum of the said annual rent and the said deduction is in lieu of all allowances for repairs or on any other account whatever.

3. The determination or fixation of the rateable value under different Municipal Acts or Municipal Corporation Acts throughout India for the purpose of levy of property taxes under these Acts has resulted in ceaseless dispute. There has been a catena of decisions rendered by various High Courts and the Supreme Court in respect of the matter of fixation of rateable value particularly because of the provisions of Rent Control Legislation in various States including the State of Maharashtra. On account of these decisions the annual rent to be taken into account for fixation of rateable value of any buildings or lands has been pegged down to the standard rent of any buildings or lands according to the provisions of the Rent Control Acts. In so far as the area of the Municipal Corporation of *Brihan Mumbai* is concerned, the Rent Control Act, which provided for standard rent for the first time, was the Bombay Rent Restriction Act, 1939 (Bom. XVI of 1939). This Act was repealed by the Bombay Rents, Hotel Rates and Lodging House Rates (Control) Act, 1944 (Bom. VII of 1944), which had been replaced by the Bombay Rents, Hotel and Lodging House Rates Control Act, 1947 (Bom. LVII of 1947), which has also been now repealed by the Maharashtra Rent Control Act, 1999 (Mah. XVIII of 2000) which came into force on the 31st day of March 2000 and is at present in operation. Thus the Rent Control Act has been in operation in the Mumbai Municipal Corporation area for over 65 years. In effect, therefore, the property tax has to be determined on the basis of rateable value fixed considering the annual rent, being the fair rent (standard rent) alone, regardless of the actual rent received. Fair rent very often means the rent prevailing prior to the year 1940 with some marginal modifications and additions. Because of the limitations or restrictions brought into play by the provisions of the Maharashtra Rent Control Act, 1999 and the various judgements of the Court in respect of fixation of rateable value for the purpose of levy of property taxes, a lot of subjectivity has crept into the system by which the rent of buildings or lands is determined. Apart from this, it has also

resulted in lack of transparency, equity and rationality in the system of assessment of property taxes. Property tax is one of the main sources of revenue to the Corporation. Due to such restrictions or limitations the income of the Corporation from property tax has remained static. To continue to compel the Corporation to levy and collect the property tax on the basis of fair rent or standard rent alone, while at the same time under section 61 in Chapter III and other provisions of the Mumbai Municipal Corporation Act making it incumbent on the Corporation to make adequate provisions to perform all its obligatory and discretionary functions laid down by the Act may be to ask for the impossible. The cost of maintaining and laying roads, drains, water supply lines and providing other essential civic services and amenities, the salaries of staff and wages of employees and all other types of expenditure have gone up steeply over the last more than 65 years.

4. With a view to exploring the possibility of reforming the property tax system, so as to augment the revenue of the Corporation, the Tata Institute of Social Sciences (TISS), Mumbai were entrusted by the Corporation with the job to study the present system of levy of property taxes and to suggest any alternative system for such levy. After studying various systems available for assessment of property taxes within and without India, they have recommended that the Capital Value Based System of assessment in place of the Annual Rental System may be adopted, as according to them the trend in property tax practices in developing countries is to move away from the Annual Rental Value base to Capital Value base. The capital value based system of assessment has the following merits :—

- (1) Formula based assessment is possible with simplicity,
- (2) Self-assessment is possible,
- (3) Greater flexibility in tax administration which provides control over revenue,
- (4) Subjectivity is eliminated to the extent possible,
- (5) There is transparency and easy to understand,
- (6) Tax revenue can keep pace with inflation and cost of living.

5. The highlights of the system recommended by the Tata Institute of Social Sciences is the shift from Annual Rental Value to Capital Value as the base for the purpose of levy of property taxes at a certain rate which may be determined by the Corporation and such value is proposed to be adopted as the value of any buildings or lands as is indicated in the Stamp Duty Ready Reckoner for the time being in force as prepared under the Bombay Stamp (Determination of True Market Value of Property) Rules, 1995 and the capital value of the property could then be computed by applying thereto factors such as location, carpet area, type of construction, age of property and the user thereof. In this system, properties which

are old, or of semi-permanent structures including chawls, will be given due consideration and concession. Care is also taken to provide for an appropriate cap on the increase of property tax on account of switching over to the capital value base of levy.

6. It is a modest attempt to enable the Corporation to augment its revenue so as to meet the ever-rising expenditure in providing appropriate and adequate infrastructure for rendering civic services in the City like Mumbai and its suburbs. Having regard to the status thereof as a financial capital of India, the Mumbai City requires a special attention.

7. The amendments to the Mumbai Municipal Corporation Act (Bom. III of 1888) proposed in this Bill are intended to achieve the above-mentioned objectives.

Mumbai,  
Dated the 10th July 2006.

VILASRAO DESHMUKH,  
Chief Minister.

## MEMORANDUM REGARDING DELEGATED LEGISLATION.

The Bill involves the following legislative proposals for delegation of legislative power, namely :—

*Clause 1 (2).*— Under this clause, power is taken to the State Government, to appoint by notification in the *Official Gazette*, the date on which the Act shall come into force.

*Clause 8.*— Under this clause, which seeks to substitute section 144B in the Mumbai Municipal Corporation Act, power is taken to the State Government to fix, by notification in the *Official Gazette*, the property tax on buildings at reduced rates and different reduced rates for different periods and for different classes of building constructed.

*Clause 12 (1).*— Under this clause, which seeks to amend sub-section (1) of section 150 of the Mumbai Municipal Corporation Act, power is taken to the Commissioner to prescribe, with the approval of the Standing Committee, the fees to be accompanied with the form of notice under that sub-section.

*Clause 15 (2).*— Under this clause, which seeks to insert a new sub-section (1B) in section 154 of the Mumbai Municipal Corporation Act, power is taken to the Commissioner, to frame rules, with the approval of the Standing Committee as respects the details of categories of buildings or lands and the weightage to be given by multiplication to such categories for the fixing the capital value under newly proposed sub-section (1A).

*Clause 17 (1).*— Under this clause, which seeks to amend section 156 of the Mumbai Municipal Corporation Act, power is taken to the Commissioner to prescribe, by rules, the form and manner of keeping the assessment book.

*Clause 59.*— Under this clause, power is taken to the State Government to remove, by order published in the *Official Gazette*, any difficulty which may arise, in giving effect to the provisions of the principal Act as amended by this Act.

2. These above-mentioned proposals for delegation of legislative power are of a normal character.