
eBiz - THE COMPLETE G2B PORTAL

**DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION
GOVERNMENT OF INDIA**

As-Is Process Maps for

**Payment of Property Tax under the Hyderabad Municipal Corporation Act,
1955**

Municipal Corporation of Hyderabad, Government of Andhra Pradesh

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Department: Municipal Corporation of Hyderabad, Government of Andhra Pradesh	
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1. Executive Summary

eBiz is a significant initiative sponsored by Department of Industrial Policy and Promotion (DIPP), Government of India that seeks to establish a **one stop shop portal for all the G2B services** offered across the entire business life-cycle. The essence of eBiz is the creation of a **business-friendly environment** through a **service-oriented approach** to the needs of investors, industries and businesses.

The project involves **Integration with the departments** that interface with the business community across the three levels viz., Central, State and Local body. The eBiz portal, while allowing business entities to transact with the government departments over the Internet also serves as a delivery channel for the department to offer their services online in a secure and transparent manner.

A pilot for the proposed project is conceived covering 25 services (*Refer Appendix-IV*), which include 14 services at the Central Government level and 11 services in each of the four states viz., Andhra Pradesh, Haryana, Maharashtra, and Uttar Pradesh.

The conceptualization of the eBiz pilot project involves “As-Is” and “eBiz enabled” process mapping for the identified list of 25 services and assessment of Functional Requirements using which, an RFP for the pilot project will be floated by DIPP. Going forward, the scope of eBiz shall be extended to include all the G2B services across the Central and State Government departments.

This document covers the “As-Is” process maps for the **Payment of Property Tax under the Hyderabad Municipal Corporation Act, 1955** offered by the **Municipal Corporation of Hyderabad (MCH), Government of Andhra Pradesh**.

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2. Introduction

In the year 1869, Sir Salarjung-I the then Nizam has constituted the Department of Municipal and Road Maintenance and a Municipal Commissioner was appointed for Hyderabad Board and Chadarghat Board. These two Boards were merged in the year 1933 into a Corporation and given statutory status under the Hyderabad Municipal Corporation Act. In 1950, two separate corporations were created under the Hyderabad Corporation Act, 1950, one for the city of Hyderabad and another for the city of Secunderabad. These two Corporations were again merged into a single Corporation by the Hyderabad Municipal Corporation Act, 1955 (henceforth referred to as "Act").

The department has been actively making efforts to make the city clean and green. MCH is the winner of the national "Clean City Award" for three consecutive years.

One of the key revenue sources for the department is the property tax. The department has been making efforts to simplify the process of property tax payments and make it user friendly.

2.1 Objectives of the Department

The objectives of the department can be broadly categorized into Obligatory and Discretionary. The Obligatory duties relate to erection of substantially boundary marks defining the limits of the city; maintenance of public streets, roads, public health and other matters relating to sanitation and improvement of the city etc.

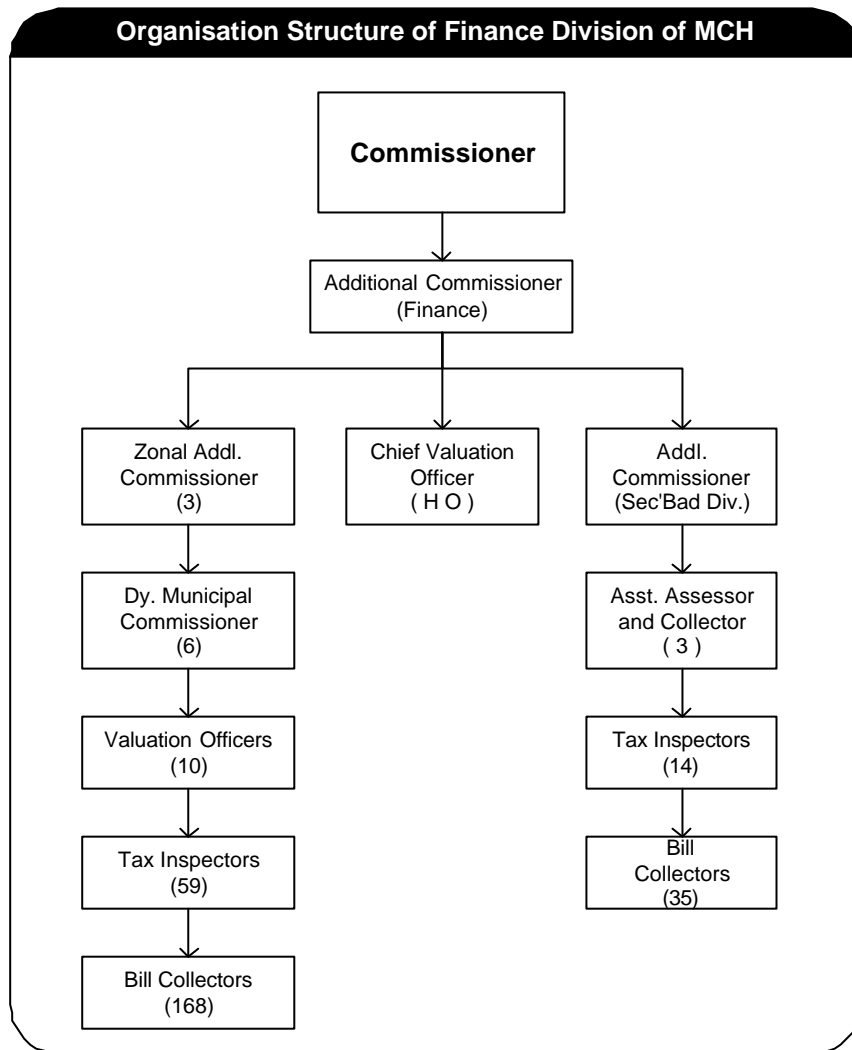
Matters which may be provided for the Corporation at its discretion relate to the general welfare of various classes of the population, transport facilities and furtherance of educational objects, improvement of socio-economic status of the inhabitants of the city etc.

2.2 Organization structure

The MCH is divided into four zones and seven circles. Three of the four zones have two circles each and the fourth zone, Secunderabad has only one circle. Each of the circles is headed by a Deputy Municipal Commissioner except for the Secunderabad circle which is headed by Additional Commissioner. In each of the circle, there is a valuation officer who does the assessment of the properties. Tax Inspectors and Bill Collectors work on the field to ensure the collection of property tax.

The organization structure of the finance division of MCH is depicted below (Diagram 1).

Diagram 1



3. Description of the Service

Property Tax is the main source of income for MCH, and is levied and collected on all the lands and buildings within the municipal limits as laid down under Section of 197 and 199 of HMC Act, 1955. The components of Property tax and total tax payable based on the annual rental value are shown in Appendix-1.

The cycle of property tax begins with filing an application for the assessment of property tax. As per the provisions of section 213 of the Act, every assessee is required to file a self assessment property tax return. After the assessment process is over, the property tax bill is generated.

3.1 Bill Generation - Overview

There are nearly five lakh property owners who are assessed for paying property tax. Given such a huge number, the administration of property tax became effort-intensive and a complex task. To simplify the process, a new approach called self-assessment was designed. As part of this, the property-owner assesses his property based on some guidelines and files a self-assessment return to the Deputy Municipal Commissioner of the concerned circle office. Alternatively, the self

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assessment property tax return can be filed online on the website of MCH <http://www.ourmch.com/tax/selfasses.asp>.

As part of the self assessment approach, a unique identification number known as Property Tax Identification Number (PTIN) is designed. This is assigned to each self-assessment return that is filed. This is the identifier that is used for all the references. The PTIN is different for residential and non-residential assessments and constitutes 11 and 12 digits respectively. Refer to Appendix-II for the list of categories of property falling under the non-residential segment and refer to Appendix-III for details on the logic built into the 12 digit PTIN.

The bill generation in MCH happens once a year. The head office maintains a list of all the property owners in the city, who are liable to pay property tax. The circle specific data is sent to the respective Deputy Municipal Commissioner of the circle in a compact disk (CD), for verification and updation.

In case there is a transfer of property, the buyer needs to approach the respective Deputy Municipal Commissioner with a copy of Sale Deed and request for change of name. This process is called Mutation and is prescribed under the Act. The data for all such transactions happening during a year resides with the Circle Office. When the CD containing the data is sent to the Circle Office, it is updated for the mutation transactions and the property tax assessed and calculated is verified for. All the updated data is burnt on a CD and sent back to the head office.

The head office collates all such data and prepares a new database. This database is used for bill generation and posting. This activity is outsourced to a third party through formal bidding process. The mode of delivery of those bills is by "Certificate of Posting" method. It is statutory under the Act that if a prepaid letter is posted under a Certificate of Posting addressed to such a person at his last known abode or place of business in the city, and then it shall be deemed to have been sent on the day following the day upon which the letter was posted. The liability exists with the person for payment of the property tax to the department.

The updated database at the head office is also compared with the data from CARD (Computer Aided Registration of Documents) system and the list of property tax defaulters is drawn. Necessary action will be designed for the list of defaulters by the department.

4. Description of the As-Is process

As described above, the bills are generated and posted by "Certificate of Posting". Each of the bills is stamped by the postman and the perforated acknowledgement present on the bill is given to the department. Such acknowledgements are attached in bundles of 30s and stored as records.

The postman delivers the bill to the respective address. On receipt of the bill, the property holder can pay the bill either in complete or a part of it through any of the following channels:

1. Counters in respective circle office
2. Head office of MCH near the Secretariat
3. eSeva counters
4. Online payment on www.aponline.gov.in using credit cards

The payment can be made through cash, demand draft or cheque, drawn in favor of "Deputy Commissioner, Circle no X". The payment can as well be made in installments and at counters of any of the circles or head office. A payment receipt will be issued wherever paid.

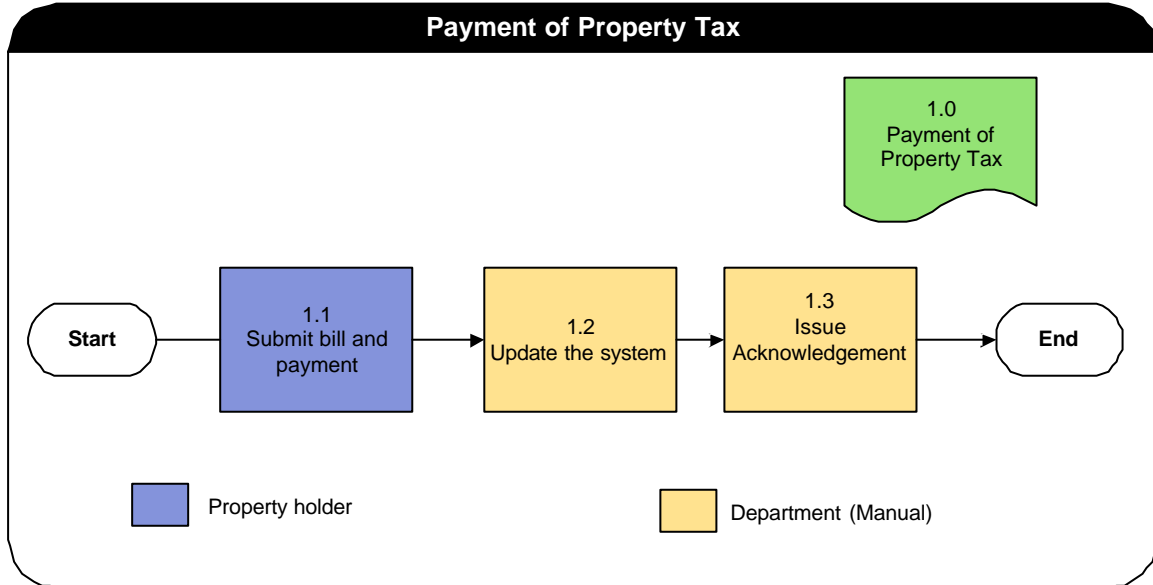
In cases the property holder has moved to a new address or failure of delivery of the bill, the liability to collect the bill and pay the property tax lies with the property holder and not the department. This is prescribed in the Act.

The bill is generated once a year but it is payable half-yearly. The payment for the first semester is due on 31st August of that year. If the payment is not made on time, then a penalty of 2% per month will be charged. Similarly the payment for the second semester is due on 15th October of that year. A penalty of 2% per month will be charged on it from 16th October onwards. If the payment is not made before the bill generation date of next year then a "Notice of Demand" is sent. Refer to Appendix-V for a copy of the "Notice of Demand"

As far as statistics go, the number of property tax payment transactions made during the year 2003-04 was 3,07,729 out of which, 1,41,432 have come through eSeva centers. The corresponding numbers for the year 2002-2003 are 2,82,200 and 83124 respectively. 184 transactions amounting to six lakhs rupees have come through www.aponline.gov.in site during the period 1st January 2004 to 15th July 2004.

The following diagram (Diagram 2) depicts the process for Payment of Property Tax

Diagram 2



Appendix-I: Process Flow for Self-Assessment

1. Collect Form B that is applicable for non-residential property from any of the Circle offices. Once the forms are submitted and the payments are through, MCH starts valuation of the forms. The valuation officers do the assessments. There is a valuation officer for each circle, and a chief valuation officer at the Head Office to oversee the assessments done by them. The scrutiny of the forms starts within one month of the submission of the forms.
2. The valuation process is as follows:
 - Estimate the total plinth area: this is your built-up area of the building and includes balconies, the common way etc.
 - Find out the prevailing market rent per square feet of similar properties within the vicinity of the area. The rental value depends on the following factors:
 - ♣ Locality that the property is situated at (on the main road or by lanes)
 - ♣ Condition of the building
 - ♣ Type of the construction, the flooring, etc.
 - ♣ Amenities like water, roads, etc.

If the building is rented out, provide the rental value obtained (as per the rental agreement). If the rent received is low, you can use the prevailing market rent rates to calculate the tax. To arrive at the rent per square foot, divide the rental value by the area of the building or land (rental value/total area of building or land), this will give the Market Rental Value per square feet (herein referred to as MRV per Sft.)
 - If the monthly rent expected is less than Rs. 50 you need not pay property tax. Now calculate the tax using this formula:
 For residential buildings, property tax = plinth area * MRV per Sft * 12 * tax rate.
 (Tax rate depends on the rent received - the exact values are given in what follows). From this subtract 10% as depreciation and add 8% to this to be paid for library cess
 The tax rates to be multiplied depending on the rent received:
 0.17 if monthly rent expected is between Rs.51-100
 0.19 if monthly rent expected is between Rs.101-200
 0.22 if monthly rent expected is between Rs.201-300
 0.30 if monthly rent expected is more than Rs.300
 - For Non-Residential Buildings, i.e. commercial complexes, the same formula is used and there is a uniform tax rate of 0.30 (30% tax rate).
 Tax = plinth area * MRV per Sft * 12 * 0.30 - 10% as depreciation + 8% towards library cess
 - The Municipal Corporation has identified large commercial complexes and has calculated the tax and put up notifications in such buildings, as to how much they have to pay. This is to prevent underpayment of tax.
 - As per the HMC Act, 1955, when a property holder liable for property tax does not pay on time, the Corporation shall collect the tax with an interest of 2% per month or disconnect the essential services or confiscate the movable articles of the defaulter.
 - If the amount paid is less than the amount ought to be paid, the MCH will reassess the amount and send you a notice directing you to pay the balance amount. If the amount paid is in excess, then the MCH will adjust the excess amount to your next year's tax amount.

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Appendix-II : List of Categories in the Non-Residential Segment

The list of categories that are classified under the Non-Residential segment are:

1. Star Hotels
2. Other Hotels/Lodging Houses/Restaurants
3. Commercial Complexes/Markets/Shops/Banks/Office Complexes/Computer related Business
4. Cinema Theaters
5. Kalyan Mandapam / Function Halls
6. Hospitals / Nursing Homes / Clinics / Health Care/Establishments/Diagnostic Centres
7. Educational Institutions
8. Industries/Factories
9. Religious & Charitable Institutions

Appendix-III: PTIN for Non- Residential Assessment

PTIN for non-residential assessments constitutes 12 digits. The logic for the structure of PTIN is as follows:

A **B** **C** **D**
000 00 000 0000

A	B	C	D
Locality No.	99 – Scattered	999 – Scattered	Sl.No
001 to 254	01 Commercial to Street No. 98	001 to 998	001 Commercial Complexes to 9999

Part ‘A’: This part contains 3 digits. Each of the 254 localities has to be assigned numbers from 001 to 254.

Part ‘B’: Part ‘B’ will contain two digits to be assigned as discussed below.

- ♣ **Commercial Streets:** All the commercial streets in the locality should be listed out and each street should be given a code number starting from ‘01’ to ‘98’.
- ♣ **Scattered non-residential streets:** In respect of such properties which are not part of commercial streets listed out but is found scattered in the locality code number to be given is ‘99’.

Part ‘C’: Part ‘C’ contains 3 digits to be assigned as discussed below.

- ♣ **Commercial Complexes:** All the commercial streets in each commercial street should be listed out and assigned a code number starting from ‘001’ to ‘998’. All other non-residential properties in that commercial street will be given a code number of ‘999’.

Part ‘D’: This part contains 4 digits. This is serial number to be assigned to each one of the assessments in that locality, for which self-assessment return is received, starting from ‘0001’ and it will continue up to ‘9999’.

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Appendix-IV: List of eBiz Services

S. No.	Name of the Service	Department	Document Reference
Government of India			
1	Issue of Name Availability Letter under the Companies Act, 1956	Department for Company Affairs	GoI-I
2	Issue of Certificate of Incorporation under the Companies Act, 1956		GoI-II
3	Issue of Certificate for Commencement of Business under the Companies Act, 1956		GoI-III
4	Issue of Permanent Account Number under the Income Tax Act, 1961	Central Board of Direct Taxes	GoI-IV
5	Filing of Returns by Companies under the Income Tax Act, 1961		GoI-V
6	Excise Tax registration under the Central Excise Act, 1944	Central Board of Excise and Customs	GoI-VI
7	Filing Monthly Returns under the Central Excise Act, 1944		GoI-VII
8	Service Tax Registration under the Central Excise Act, 1944		GoI-VIII
9	Filing Halfyearly Service Tax Returns under the Central Excise Act, 1944		GoI-IX
10	Issue of Industrial Entrepreneur Memoranda under the Industries (Development and Regulation) Act, 1951	Department for Industrial Policy and Promotion	GoI-X
11	Issue of Industrial License under the Industries (Development and Regulation) Act, 1951		GoI-XI
12	Issue of Importer Exporter Code under the Foreign Trade(Development and Regulation) Act, 1992	Directorate General of Foreign Trade	GoI-XII
13	Filing of FC-GPR form under the Foreign Exchange Management Act, 1999	Reserve Bank of India	GoI-XIII
14	Application for Environmental Clearance under the Environment (Protection) Act, 1986	Ministry for Environment and Forests	
Andhra Pradesh			
15	Registration under the Andhra Pradesh General Sales Tax Act, 1957 and Central Sales Tax Act, 1956	Commercial Taxes Department	AP-I
16	Filing of Returns under the Andhra Pradesh General Sales Tax Act, 1957		AP-II
17	Provisional Registration of SSI unit under the Industries (Development and Regulation) Act, 1951	Commissioner ate of Industries	AP-III
18	Permanent Registration of SSI unit under the Industries (Development and Regulation) Act, 1951		AP-IV
19	Registration under the Andhra Pradesh Shops and Establishment Act,1988	Commissioner ate of Labour	AP-V
20	Registration and Grant of License under the Factories Act, 1948	Department of Factories	AP-VI
21	Filing of Annual Returns under the Factories Act, 1948		AP-VII
22	Payment of Property Tax under the Hyderabad Municipal Corporation Act, 1955	Municipal Corporation of Hyderabad	AP-VIII

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S. No.	Name of the Service	Department	Document Reference
23	Consent For Establishment under the Water Act, 1974 and the Air Act, 1981 for SSI units not falling under the highly polluting categories	Andhra Pradesh Pollution Control Board	AP-IX
24	Application and sanction of new electric power connection	Central Power Distribution Company of Andhra Pradesh Limited	AP-X
Haryana			
25	Registration under the Haryana Value Added Tax Act, 2003 and Central Sales Tax Act, 1956	Excise and Taxation Department	HY-I
26	Filing of Returns under the Haryana Value Added Tax Act, 2003		HY-II
27	Provisional Registration of SSI unit under the Industries (Development and Regulation) Act, 1951	Department of Industries	HY-III
28	Permanent Registration of SSI unit under the Industries (Development and Regulation) Act, 1951		HY-IV
29	Registration under the Punjab Shops and Commercial Establishments Act, 1958	Labour Department	HY-V
30	Registration and Grant of license under the Factories Act, 1948	Office of Chief Inspector of Factories	HY-VI
31	Filing of Annual Returns under the Factories Act, 1948		HY-VII
32	Payment of Property Tax under the Haryana Municipal Act, 1973	Gurgaon Municipal Council	HY-VIII
34	Consent For Establishment under the Water Act, 1974 and Air Act, 1981	Haryana State Pollution Control Board	HY-IX
33	Application and sanction of electric power connection	Dakshin Haryana Bijli Vitran Nigam Limited	HY-X
Maharashtra			
35	Registration under the Bombay Sales Tax Act 1959 and the Central Sales Tax Act, 1956	Sales Tax Department	MH-I
36	Filing of Returns under the Bombay Sales Tax Act 1959		MH-II
37	Provisional Registration of SSI unit under the Industries (Development and Regulation) Act, 1951	Industries Department	MH-III
38	Permanent Registration of SSI unit under the Industries (Development and Regulation) Act, 1951		MH-IV
39	Registration under the Bombay Shops and Establishments Act, 1948	Industry, Energy and Labour Department	MH-V
40	Registration and Grant of license under the Factories Act, 1948	Department of Industrial Safety and Health	MH-VI
41	Filing of Annual Returns under the Factories Act, 1948		MH-VII

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S. No.	Name of the Service	Department	Document Reference
42	Payment of Property Tax under the Mumbai Municipal Corporation Act, 1988	Thane Municipal Corporation	MH- VIII
43	Consent For Establishment for units in the Green Category under the Water Act, 1974 and Air Act, 1981	Maharashtra Pollution Control Board	MH- IX
44	Sanction for a New Power Connection	Maharashtra State Electricity Board	MH- X
45	Permission to charge the line	Public Works Department	MH-XI

Note:

1. Due to the similarity in processes, dealer registration under the Central Sales Tax Act and the respective State Sales Tax Act has been considered as one service.
2. SSI refers to Small Scale Industry
3. Permission to charge the line is specific to the state of Maharashtra. This is obtained during the process of obtaining a new power connection from Maharashtra State Electricity Board.