

## **LEVY & RECOVERY OF TAXES UNDER Delhi Municipal Corporation Act, 1957**

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Section 113 to Section 135 of Delhi Municipal Corporation Act 1957 deals with Taxation and levy of taxes on various properties.

1. Delhi Municipal Corporation (DMC) is empowered to levy property tax under section 113. Property tax is measured in the terms of the rent received or receivable from the property. As per the recent judgments of the Supreme Court the standard rent as fixed under the Delhi Rent Control Act is the only basis for levying the property taxes.
2. As per section 114 of the Act property tax can be between only 10% to 30% of the rateable value of the land and building in the urban area. (as per 2003 amendment it 6% to 30%)
3. The property tax is exempted on agricultural land and property owned by a charitable organization. There are certain further exemptions upto 30% on property tax if owned by Senior Citizen (65+yrs)
4. Determination of rateable value of the property is done in the manner as mentioned in section 116 of the Act. It provides that Annual Rent Expected (ARE) - 10% of ARE towards cost of repair and insurance - water expense and scavenging expense. (RV = ARE - 10% of ARE - water Exp.)
5. Under section 120 the tax is leviable upon the Lessor. If any land has been let for term exceeding one year and tenant has built a building upon it then tenant is liable for taxes.
6. As per section 123 property taxes would be a first charge on the property as compared to any other charge.
7. In the cases where any land or building is assessed for the first time or its rateable value is increased the commissioner shall give a written notice of the same to the owner of the land and building under section 124 of the Act.
8. Any objection to the rateable value or any other matter shall be made in writing to the commissioner before the date fixed in the above notice. The objection is investigated and the aggrieved person is given an opportunity of being heard. (section 124)
9. According to section 153 of the Act DMC shall send a bill to the person liable to pay for the amount due.
10. If the payment of the bill under section 153 is not made within 15 days of the presentation of the bill, the commissioner may serve a notice of demand to the liable person in the format as per schedule 7 of the Act. If the payment is not made within 30 days or any appeals is not made then the person will be in default. The penalty for default would be 20% extra of the amount of the tax due. This would be recovered as arrears of taxes under the Act. (section 154)
11. Recovery of taxes would be by sale of the property. (section 156)

12. An appeal can be made under section 169 of the Act to the Court of District Judge of Delhi and the District Judge can refer any point of law to High Court
13. No appeal shall be heard or entertained unless following conditions are fulfilled
14. It is made within 30 days- condonation of delay is possible.
15. The amount of the dispute has to be deposited with DMC.
16. The appeal cannot be heard without satisfying the pre-requisite conditions.