

A STUDY ON PUBLIC PROPERTY TAX IN KALABURAGI CITY, KARNATAKA STATE, INDIA

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ABSTRACT:

In India municipal tax is the most important while collecting Property tax from public. Theoretically, property tax subscribes to efficiency, ability to pay, benefit and equity principles of public finance. However, it is grossly under-exploited. The reasons why the possible of property tax is far from being realized include systemic problems and inefficiency in Kalaburagi municipal tax administration. Considering the importance of property tax is for municipal autonomy and its huge unexploited potential. This paper attempts to look to theory and data analysis, including innovative initiatives launched by Kalaburagi city in India in the past for designing and pursuing a robust agenda of property tax reforms. We suggest municipal reforms with a focus on user charges for measurable services, move to capital value-based property tax with land tax component linked to the market value of land, tax mapping and benchmarking, addressing tax base, exemptions, coverage, valuation and collection efficiency.

Keywords: Public Property Tax, Kalaburagi City, Kalaburagi Municipal Corporation Tax, Urban Local Bodies, Karnataka State

I. INTRODUCTION:

Property tax is a very significant source of revenue for the state government and even for every Municipal corporation cities. The Kalaburagi Municipal Corporation tax is imposed on the owner of the property. Property tax levy is delegated to various municipalities within the states to ensure efficient and smooth maintenance of civic amenities in various localities such as maintenance of local roads, drainage, cleanliness and public parks in the area, etc. Property tax is governed by State Government and further delegated to various municipalities which result in the difference in basis of levy, computation, mode and manner of its payment.

In India, as in many countries, the property tax is a major fiscal instrument available to Urban Local Bodies (ULBs) or municipal governments for raising their own revenues. While being a key revenue source, the property tax is relatively underused and has limited buoyancy relative to the overall growth in economic activity. The ability to finance growing local government expenditures via property taxes is severely constrained by administrative, regulatory, and technical shortfalls. In particular, weak administration and strong political interests limit the extent to which local government can tap on an expanding tax base and enforce compliance with taxes. Taxes on land and property have both fiscal and non-fiscal effects. The revenue such taxes

produce is often an important source of finance for local governments. The extent to which those governments have control over property taxes is thus often an important determinant of the extent to which they are able to make autonomous expenditure decisions. The level, design, and control of property taxation are thus, in many countries, critical elements in effective decentralization policy. But property taxes are not always local taxes, and whether they are or are not local, like all taxes they must also be considered from a more general policy perspective. From this perspective, property taxes may be viewed, depending upon one's assumptions, the environment in which they are applied, and their design and effectiveness, as an equitable and efficient way of raising revenue or they may be considered to be a regressive and undesirable form of public finance. Simple, general conclusions on these important issues do not emerge easily from an examination of the complex structure of property taxes around the world. As an example, consider Germany, in which two variants of land tax are imposed on (in effect) four different bases at five different "base rates" which in turn are modified by locally determined "leverage factors." Other than noting that the revenues from this complex set of taxes are small and that reform has proved politically impossible. So far, it is hard to say anything very definite about the effects of such a system. Germany is not alone in this respect, in most countries; taxes on land and property are among the oldest forms of all taxes. Old taxes need not necessarily be "good taxes," as the saying has it, but they almost invariably have, over the years, become encrusted with various peculiar features that prove very difficult to alter.

II. REVIEW OF LITERATURE:

ALANNA HARTZOK (April 1997) Fifteen cities in Pennsylvania are pioneering an innovative approach to local tax reform that harnesses market incentives for urban renewal. Opting for the so-called "two-rate" or "split-rate" property tax, these cities are lowering taxes on buildings, thereby encouraging improvements and renovations, while raising the tax on land values, thus discouraging land speculation. The resulting infill development as indicated by increased building permits means downtown jobs, efficient use of urban infrastructure, an improved housing stock, and less urban sprawl. **Andrea F. Presbitero Agnese Sacchi and Alberto Zazzaro (2014)** This paper investigates the effects of the property tax on national fiscal discipline in a sample of OECD countries over the period 1985-2006. Our results show that a larger share of property taxes in total tax revenues is associated with a smaller primary deficit-to-GDP ratio. Moreover, a greater reliance on property taxation at a sub-national level contributes to straighten fiscal discipline, regardless of the degree of tax decentralization in a country. Our results suggest that institutional reforms towards fiscal decentralization should be mostly focused on the design of the local tax structure in order to promote country's fiscal sustainability. **John K. Mullen (Dec 1990)** This study examines the relationship between property tax exemptions and municipal fiscal burdens. Besides being one of few comprehensive investigations of this issue, this research is novel in two aspects of its design. First, a multi-jurisdictional approach is employed to be reflective of the numerous local jurisdictions having tax-levying authority over specific parcels. Second, a model, which measures local fiscal burdens, is developed in

consideration of the influence of demand and cost variations on tax effort. The model is tested on two large samples, each representing one of the distinct jurisdictional profile classes that exhaust the geo-political landscape of municipalities (except for cities) within New York State. **Liucija Birskyte (2013)** The results of the model estimation strongly support the importance of economic structure and housing market conditions on assessment uniformity. The increase in median housing value and the new construction contribute to a better assessment quality. On the contrary, the deterioration of housing and the market disequilibrium (over-supply) has a negative effect on the assessment uniformity. However, these factors are out of the range of influence of the policy makers responsible for ensuring greater horizontal equity in property taxation.

III. OBJECTIVES OF THE STUDY:

The present research study attempts to fulfill the following objectives:

1. To study the evaluation and growth of property tax in India, Karnataka in general and Kalaburagi in particular.
2. Study on Public Property Tax in Kalaburagi City, Karnataka State, India
3. To suggest some improve in property tax paying by public to the Government.

IV. METHODOLOGY:

The study has used both primary and secondary sources of data for evaluating the above said objectives. Property Tax is selected for the study. As detailed in the section of research problem and also in the relevance of the study, the reason behind the selection is the position occupied by the source among the own tax paid by the public. The City Municipal Corporations of Kalaburagi have to work hard in order to bring even a slight development in their jurisdiction as they are dealing with the urban area. The study proposed to analyse the resource mobilisation of the Property tax in Kalaburagi City Municipal Corporation.

Sample Size

As discussed in the methodology, samples taken from four areas (East, West, North and South) of Kalaburagi Municipality Corporation. Simple random sampling technique used for collect sample. Total 50 public respondents are taken for the sample survey.

V. DATA ANALYSIS AND INTERPRETATION:

Table No.1 Gender wise classification of the respondents

Gender	Respondents	Percentage
Male	29	58.0
Female	21	42.0

Gender	Respondents	Percentage
Male	29	58.0
Female	21	42.0
Total	50	100.0

Sources: field survey

The above table shows that gender-wise classification of respondents who are paying corporate tax to the Kalaburagi Municipal Corporate tax, out of the total respondents, 29 (58%) respondents were male and 21 (42%) respondents were female tax payers, from the analysis of the study we can say that there were a maximum number of respondents who were male and the minimum number of respondents who were female.

Table No.2 Education qualification of the respondents

Education qualification	Respondents	Percentage
Illiterate	6	12.0
SSLC	4	8.0
PUC	8	16.0
Graduation	14	28.0
Post-Graduation	18	36.0
Total	50	100.0

Sources: field survey

This table shows that 6 (12%) respondents are Illiterates in Kalaburagi city tax payers, 4 (8%) respondents are SSLC completed, 8 (16%) respondents who have completed PUC, 14 (28%) have graduation and 18 (36%) respondents comes under post gradulators. It means there is maximum Post gradulators are paying tax in Kalaburagi Municipal Corporation.

Table No.3 Occupation of the respondents

Occupation	Respondents	Percentage
Industrialist	5	10.0
Private Employee	11	22.0
Government Employee	5	10.0
Self Employed	20	40.0
Agriculturist	9	18.0
Total	50	100.0

Sources: field survey

In the Kalaburagi city out of the 50 respondents, 5 (10%) respondents are Industrialists, and 11 (22%) respondents are Private Employees. 5 (10%) respondents are Government Employees, 20 (40%) respondents are Self Employed handling their own business and works, 9 (18%) respondents are Agriculturists. Maximum 20 of the respondents are tax payers from the self-employers.

Table No.4 Annual Income of the respondents

Annual Income	Respondents	Percentage
Up to 1 Lakh	28	56.0
1-5 Lakh	7	14.0
5-10 Lakh	13	26.0
10-20 Lakh	2	4.0
Total	50	100.0

Sources: field survey

This table shows that the income-wise classification of the respondents in the Kalaburagi city. Out of 50 respondents 28 (56%) respondents are earning yearly Up to 1 Lakh, 7 (14%) respondents are earning their yearly income is Rs.1 lakh to 5 lakhs, 13 (26%) respondents are earning their yearly income is Rs.5 lakhs to 10 lakhs, 2 (4%) respondents are earning Rs.10 lakhs to 20 lakhs and No respondents are not earning income more than 20 lakhs in the city. Maximum 56% of the property tax payers are earning money less than one lakh per annum.

Table No.5 Marital status of the respondents

Marital status	Respondents	Percentage
Married	37	74.0
Unmarried	13	26.0
Total	50	100.0

Sources: field survey

In this table illustrate that the marital status of respondents in the Kalaburagi city property tax payers. Out of 50 respondents, 37 (74%) respondents who are filled questionnaire are married and 13 (26%) respondents who have contributed to filling the questionnaire are not married so, they are students, single, or others respondents.

Table No.6 Type of property taxes respondents are paying

Types of tax payers	Respondents	Percentage
Personal Property tax	11	22.0
Land tax	4	8.0
Improvement made to land	10	20.0

Intangible property tax	9	18.0
All of the above	16	32.0
Total	50	100.0

Sources: field survey

Table No.6 Illustrate type of tax payers that out of 50 public respondents, 11 (22%) respondents were said we are personal property tax payers, 4 (8%) respondents are land tax payers in the Kalaburagi city, 10 (20%) respondents were improvement made to land tax payers, 9 (18%) respondents were Intangible property tax payers e.g. tuition fees, medical doctors fees, hotel service fees, job consultancy fees, etc., 16 (32%) respondents said all type of property tax there are paying to the Kalaburagi city Municipal corporation.

Table No.7 Last year of property tax remittance

Last year of property tax remittance	Respondents	Percentage
Before 2015	5	10.0
Between 2015 and 2020	7	14.0
In 2020	12	24.0
In 2021	16	32.0
In 2022	10	20.
Total	50	100.0

Sources: field survey

Table No.7 shows that Last year of property tax remittance, out of 50 respondents, 5 (10%) respondents were property tax remittance before 2015, 7 (14%) respondents were paid property tax in between 2015 to 2020, 12 (24%) tax payers paid property tax in the year of 2020, 16 (32%) respondents told in 2021 we paid property tax and 10 (20%) property tax payers are paying every year.

Table No.8 Reason for remitting the tax

Reasons for remitting the tax	Respondents	Percentage
Government insists	5	10.0
Tax receipt needed	6	12.0
It's a revenue source of government	8	16.0
Civic duty	3	6.0
No particular reason	11	22.0
Others	17	34.0
Total	50	100.0

Sources: field survey

Above table shows that about reason for remitting the tax 5 (10%) respondents were told because of Government insists (force) we are paying tax, 6 (12%) respondents told for receipt purpose we pay property tax, 8 (16%) respondents were reasoned it's revenue source of government so we are paying these people are in positive oriented against government, 3 (6%) respondents were said its civic duty of nation, 11 (22%) respondents not given any particular reasons and 17 (34%) respondents given other reasons for property tax paying to the Kalaburagi city municipal corporation.

Table No.9 KMC conducts any Awareness programs on the necessity of tax

KMC Conducts Awareness programs	Respondents	Percentage
Yes	10	20.0
No	11	22.0
Do not Know	29	58.0
Total	50	100.0

Sources: field survey

This table shows about KMC conducts any Awareness programs on the necessity of tax out of 50 respondents, 10 (20%) respondents told KMC is conducting awareness programs in our area, 11 (22%) tax payers said there is no any kind of awareness programs from KMC, and 29 (58%) maximum respondents told do not know about any Kalaburagi municipal corporation awareness programs. So it's showing in the city lake of awareness program people are not paying property tax in time.

Table No.10 Reassessment (Newly) of tax is needed

Reassessment (Newly) of tax is needed	Respondents	Percentage
Yes	14	28.0
Do not know	20	40.0
No comments	10	20.0
No	6	12.0
Total	50	100.0

Sources: field survey

The above table shows that out of 50 respondents, 14 (28%) respondents were agreed or said yes for reassessment of tax is needed, major 20 (40%) tax payers told don't know about property tax properly, 10 (20%) respondents no comments on the KMC property tax and 6 (12%) respondents not agreed or said need not to change reassessment (newly) in property tax from Kalaburagi city municipal corporation.

VI. SUGGESTION:

Suggestions mean the process by which a physical or mental state is influenced by a thought or idea. Followings are some important suggestion find out from findings.

- The Municipal Corporation should establish effective relationship and friendly behave with the public.
- The Municipal Corporation is extending different kinds of welfare events through different departments but many of these programmes do not reach the intended beneficiaries. The illiterates in the urban areas are unaware of these welfare programmes. The corporation should act as the information centre for activities so that the schemes should reach the intended beneficiaries.
- For calculating the Property Tax, income of the owner for residential properties and the turnover of the business for the non-residential buildings should be included as a criterion.
- KMC have to take initiatives to recheck the criteria of the Property Tax for every building after one year of getting the building number, and take necessary steps to add or deduct the tax if any changes had noticed. The preliminary Property Tax should be a tentative amount.
- Modified buildings should be reassessed after the direct visit of the KMC staffs.
- The possibility of Self-Assessment system for Property Tax can be explored at the local level.
- A committee for Property Tax reform should be formed at the state level.
- Accurate list of unauthorized buildings should be obtained by the KMC and necessary actions have to be taken.
- Subsidized rate of tax should be granted to eco-friendly buildings.

VII. CONCLUSION:

There is much to be learned from the research in this whether the property tax can be made to work. The underlying theme that runs through most of this paper is that the property tax is in a perpetual transition, and its policies and administration are always changing. Yet the feeling one gets from these analyses is optimism that the transitions are moving in the right direction. The public property tax for municipalities manifests itself in the form of huge revenue potential. It represents the autonomy and strength of local “self-government” and participatory democracy. It has tremendous potential to raise revenues for city services and development. However, the tax has been grossly neglected by cities in India for decades. Property tax has been subjected to under-exploitation due to systemic problems as well as inefficiencies in municipal tax administration. Property tax collection in India has not kept pace with the demands of urbanization and economic growth. It most significantly, with careful design and administration,

the property tax can be a key to strengthening local government finance, promoting rural development, and improving the fairness of the distribution of tax burdens.

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