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President, Navi Mumbai
Arvind Goel

Ref. No. MCHI/PRES/14-15/143

March 19, 2015

To,
Hon'ble Shri Sitaram Kunte (I.A.S.)
Municipal Commissioner,
Municipal Commissioner of Greater Mumbai
Mumbai - 400 001.

Sub : Rationalization for Assessment Tax for land under construction.

Respected Sir,

Our members are in receipt of bills for Assessment Tax relating to land under Construction for the period 1.4.2010 till 31.3.2015 (Period of 5 years).

Following issues emerged from the bills which are raised on our members:-

1. Capital value of the land is being calculated on the basis of the construction area proposed on said land. We strongly feel that the area to be taken for the purpose of calculating capital value of the land under construction should be the plot area and not the proposed construction area. When the Corporation calculates the land value on basis of proposed construction/FSI area, it is actually calculating the value which is even not built.
2. Water tax and sewerage tax are being levied in bills of Assessment Tax for LUC. The properties under construction, the properties always have a metered water connection for drinking water and also extra water charges and extra sewerage charges are paid for construction area with respect to such property. Wherever, property has metered water connection or in respect of property, where water charges are paid, neither water tax nor sewerage tax can be levied. Also Corporation does not give any water for construction and hence also no water tax or sewerage tax should be levied in case of properties which are under construction.



MCHI-CREDAI (ISO 9001:2008)

Maker Bhavan II, 4th Floor, 18, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020.

Tel.: 4212 1421, Fax : 4212 1411 / 407 • Email: secretariat@mchi.net

Website : www.mchi.net

3. **The loading factor** which determines the tax liability, on capital value of the property is fixed at much higher rate than even that of the built property. This is unjust and needs to be rationalized immediately, to a level which is less than built up area.
4. In case of levying of LUC for the **lands involved in Rehabilitation Schemes** under DCR 33 (5) to 33 (10), the valuation of the land should be taken as 25% of Ready Reckoner Rate.

The above issues has resulted in Assessment Tax multiplying many times compared to Assessment Tax which was levied under the ratable value regime. Examples of which will be submitted shortly.

The revised bills for 5 years have been received in last 2 or 3 months and department is threatening disconnection of water and/or attachment of the property in case of none payment before March 2015. Considering multiple time increase in the demand and also the financial year ending, it is highly improbable for any developer to make provision for such huge demand and pay for the same. It is also stated by the department, if the payment is not received by 31st March 2015, then the tax will be enhanced by 40%.

Considering all the above **we request for following:**

- a. The payment of Tax should be differed by 24 months, during which Developer shall pay such tax in 8 equal installments.
- b. While granting the deferment of Tax payment, the **40% enhancement** should also be waived off.
- c. While granting the deferment of Tax payment, no interest should be charged.
- d. The Water Tax and Sewerage Tax in case of Land Under Construction should not be levied at all. The land area should be the basis for calculating value for the land under construction and not the proposed construction/FSI area.

- e. The multiple factor should be much below the factor which applies to constructed building.
- f. In case of levying of LUC for the lands involved in Rehabilitation Schemes under DCR 33 (5) to 33 (10), the valuation of the land should be taken as 25% of Ready Reckoner Rate.

Thanking you,

Yours faithfully
For MCHI-CREDAI



Vimal Shah
President

PLEASE NOTE:

With reference to our today's meeting with Hon'ble Municipal Commissioner, Shri Sitaram Kunte, related to subject of Rationalization for Assessment Tax for land under construction, we are forwarding this representation for your necessary consideration.

CC to :

Shri Sanjay Mukharjee (IAS)
Addl. Municipal Commissioner (Projects)
MCGM
Mumbai

Shri S. S. Shinde
Joint Municipal Commissioner
MCGM
Mumbai

Shri Ramesh Arote
Assessor & Collector (Independent Charge)
MCGM
Mumbai



स. आ. / आ. व्य.
स्वाक्षरी -
दिनांक - 20.3.15

