



GOVERNMENT OF KERALA

CIRCULAR

No.49590/RC2/2011/LSGD

Local Self Government (RC) Department

Thiruvananthapuram, dated 12-4-2012

**Sub: LSGD- Exemption from the payment of property tax in respect of the buildings of recognised unaided educational institutions- instructions to Local self Government institutions - reg**

Both the Kerala Municipality and the Kerala Panchayat Raj Acts of 1994 set apart provisions for exempting the buildings owned and occupied by the educational institutions, recognized by Government and registered with a local body and used for teaching and also libraries open to the public from the payment of property tax. This provision continued to be in force until the amendment Acts of 2009 were brought into force w.e.f 7-10-2009. The amendment stipulates that buildings exclusively used for educational purposes or allied purposes under the ownership of educational institutions owned by the Government or functioning with the financial assistance of the Govt. and the hostel buildings where in the students of the said institutions reside shall be eligible to be exempted from the payment of property tax. To be precise the buildings of unaided recognised educational institutions are not eligible for exemption from the payment of property tax with effect from 7-10-2009.

Ever since the above amendment Acts of 2009 were introduced, Govt have been in receipt of a lot of representations from unaided educational institutions, some requesting to extend the benefit since enjoyed by them and some seeking clarification on the date of applicability of the said amendment Acts of 2009 and also the criteria deciding the class of institutions eligible for tax exemption. Local self Govt institutions were also seen wrongly guided in certain cases when it came to the question of assessment and demand of tax in respect of unaided educational institutions on the basis of the relevant clauses in the Kerala Municipality and the Kerala Panchayat Raj (Amendment) Acts of 2009.

As stated above, the buildings of unaided recognized educational institutions became liable to be assessed for tax from 7-10-2009 in the light of the provisions in the amended act. But in the absence of any rules or norms applicable for their assessment w.e.f. 7-10-2009, these buildings cannot be assessed from 7-10-2009. These buildings are liable to be assessed for property tax only from 14-1-2011, the date on which the Kerala

Municipality and the Kerala Panchayat Raj (Property tax, service Cess and Surcharge) Rules came into being, treating them as new assesseees.

In view of the above, all Local Self Govt institutions are instructed that the assessment of property tax in respect the buildings of unaided recognized educational institutions shall be made w.e.f 14-01-2011 in accordance with the relevant provisions of the amendment Acts of 2009 and the Kerala Municipality and the Kerala Panchayat Raj (Property Tax Service Cess and Surcharge) Rules 2011. Since the above said buildings are eligible for exemption till 13-01-2011, the assessment and demand of tax for any period till 13-01-2011 is not in order and such sums as may have been collected by way of tax during this period from the institutions of the kind mentioned above shall be either refunded or adjusted towards the payment of tax to be made in future by them.

James Varghese

Principal Secretary.

To

The Director of Panchayat, Thiruvananthapuram

The Director of Urban Affairs, Thiruvananthapuram

The Principal Accountant General (Audit) Kerala, Thiruvananthapuram

The Senior Deputy Accountant General, LSG (Audit),

Thiruvananthapuram

The State Performance Audit Officer

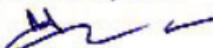
The Director, Local Fund Audit, Thiruvananthapuram

All Local Self Government Institutions (Through Director of Panchayat and Director of Urban Affairs)

Information Kerala Mission (for publishing through website)

SF/OC

Forwarded/By Order



Section Officer