

BMC to miss revenue of ₹1,080 cr as state defers property tax hike

Decision to postpone tax hike is being seen with a political lens due to approaching BMC elections

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MUMBAI: The Brihanmumbai Municipal Corporation (BMC) is set to lose revenue of ₹1,080 crore as the state government has decided to defer property tax hike for yet another financial year. Property tax collection is one of the main sources of revenue for the BMC and according to the Mumbai Municipal Corporation (MMC) act, the rate of property tax is revised after every five years.

The last property tax hike was implemented in 2015, following which the next revision was due

in 2020. However, owing to the Covid-19 pandemic, the then Uddhav Thackeray-led state Maha Vikas Aghadi (MVA) government did not increase the tax rates in 2020, this decision was again repeated in 2021 after the second wave hit the city.

However, with the civic elections set to take place within the next few months, chief minister, Eknath Shinde on the last day of the state assembly on August 25 said that he has directed municipal commissioner Iqbal Singh Chahal not to increase the tax rates for yet another year.

"This year the property tax rates were supposed to be revised by 18% which means that the revenue could have increased by ₹1,080 crore. Last year we had a tax collection that was close to ₹6,000 crore and if the hike was implemented, then the tax collection could have touched ₹7,080 crore by end of this financial year," P. Velrasu,



Property tax is the second highest source of revenue for the BMC

additional municipal commissioner (Projects) told HT.

In the FY 2021-22, the BMC overachieved its property tax collection by ₹392 crore since it was able to recover ₹5,792 crore in property taxes against its annual target of ₹5,400 crores. The BMC in its 2022-23 budget had already set a target of acquiring ₹7,000 crore in property tax this year and had pro-

posed to revise the tax rates since it was due for the past two years.

"The final nod of revising the tax rates this year was yet to come from the state government. Therefore, it can be termed only as a notional loss because the BMC hadn't started to recover the tax amount yet," Velrasu said.

He also added that at present,

the property tax is the second highest source of revenue for the BMC, as the compensation from the state and central government in lieu of Octroi is the highest source of revenue that approximately amounts to ₹10,000 crore annually.

Ravi Raja, former Leader of Opposition (LoP) and corporator from the Congress, said, "I welcome this decision because the latest waiver will bring much-needed relief for them. Also, the BMC should now work towards recovering its outstanding ₹10,000 crore from various sectors in property tax which is meant to give a major boost to the civic body."

Meanwhile, political analysts have coined the decision of deferring tax hike as a political move. Milind Mhaske, CEO of Praja Foundation says that it's time that the administration needs to educate citizens about the importance of paying taxes.

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By [Pratip Acharya](#)

Mumbai: The Brihanmumbai Municipal Corporation (BMC) is set to lose revenue of ₹1,080 crore as the state government has decided to defer property tax hike for yet another financial year. Property tax collection is one of the main sources of revenue for the BMC and according to the Mumbai Municipal Corporation (MMC) act, the rate of property tax is revised after every five years.

The last property tax hike was implemented in 2015, following which the next revision was due in 2020. However, owing to the Covid-19 pandemic, the then Uddhav Thackeray-led state Maha Vikas Aghadi (MVA) government did not increase the tax rates in 2020, this decision was again repeated in 2021 after the second wave hit the city.

However, with the civic elections set to take place within the next few months, chief minister, Eknath Shinde on the last day of the state assembly on August 25 said that he has directed municipal commissioner Iqbal Singh Chahal not to increase the tax rates for yet another year.

“This year the property tax rates were supposed to be revised by 18% which means that the revenue could have increased by ₹1,080 crore. Last year we had a tax collection that was close to ₹6,000 crore and if the hike was implemented, then the tax collection could have touched ₹7,080 crore by end of this financial year,” P. Velrasu, additional municipal commissioner (Projects) told HT.

In the FY 2021-22, the BMC overachieved its property tax collection by ₹392 crore since it was able to recover ₹5,792 crore in property taxes against its annual target of ₹5,400 crores. The BMC in its 2022-23 budget had already set a target of acquiring ₹7,000 crore in property tax this year and had proposed to revise the tax rates since it was due for the past two years.

It also needs to be noted that the BMC had to forgo an additional ₹462 crore after the MVA government announced a tax waiver for properties that are smaller than 500 square feet. This concession was implemented on January 1, 2022, and nearly 16.14 lakh residential flat owners have benefitted from this.

“The final nod of revising the tax rates this year was yet to come from the state government. Therefore, it can be termed only as a notional loss because the BMC hadn’t started to recover the tax amount yet,” Velrasu said.

He also added that at present, the property tax is the second highest source of revenue for the BMC, meanwhile, the compensation that BMC receives from the state and central government in lieu of Octroi is the highest source of revenue that approximately amounts to ₹10,000 crore annually.

Meanwhile, political analysts have coined the decision of deferring tax hike as a political move. Milind Mhaske, CEO of Praja Foundation says that it’s time that the administration needs to educate citizens about the importance of paying taxes.

“It is evident that the decision of deferring tax hike has been made by keeping in mind the upcoming civic elections. However, this is not a good strategy because a shortfall in revenue clearly indicates that the development works will be affected. The administration now needs to educate its citizens about the importance of paying their taxes since it is with this money the administration builds civic infrastructure for us,” Mhaske said.

Ravi Raja, former Leader of Opposition (LoP) and corporator from the Congress, said, “I welcome this decision because now the BMC will start sending bills to the citizens for paying their outstanding dues and the latest waiver will bring much-needed relief for them. Also, the BMC should now work towards recovering its outstanding ₹10,000 crore from various sectors in property tax which is meant to give a major boost to the civic body.”

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