CHAPTER 128

Strengthening Local Revenue Systems:
A Review of Property Tax Mechanisms in India

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ABSTRACT

Finance is the spine of any governing economy. For boosting the economic development of the country, finance and tax related impediments are highly essential which relates to the fiscal system of government and encompasses sectors like insurance, banking, economy, trades and business etc. Municipal finance in India has its roots merged with assessing and allocating its income through taxation. Property tax is the principal revenue contributor to the fiscal bodies in India and across the globe, but it has widespread gross undervaluation restraint. Since the antiquity of the application of duties, property taxes have been imposed. ULBs are limited in their ability to enact efficient property tax, especially the smaller municipalities and Nagar Palika's. Property tax rules are to be updated, ineffective exclusions would need to be removed, property registers are meant to be completed, more efficient valuation techniques should be implemented, and administration needs to be strengthened. This paper attempts to review and analyse the current system and its impact also if there is a need to create a model municipal law that will ease the creation of a far more robust property tax structure. The paper looks to highlight the previously unexplored aspects of municipal finance systems, particularly focusing on property tax and its alternatives. Often, this type of research is retrospective, driven by a lack of funding or challenges in data interpretation, which reveals new insights.

Keywords: Municipal finance; Income source; Revenue; Property tax; Finance; Urban local bodies; India.

1.0 Introduction

India, diversely brought together, with all the proactive components of systems, brings within the vital part of land and its probable nature of use. Investments being such a nature, are meant to secure a person 's wealth and increase it. Taxes reduce the investments by a margin (Oduor, 2015). Governments offer a range of facilities varying in education, health care, water, security, roads and social services to its locale. The funds used to provide these services come from the citizens in the form of Direct or Indirect taxes.

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Dependency on taxation, which profits the governing bodies, addresses the necessity of how it has grown and reformed in the past decades. Property tax regulations often grant extravagant exemptions for these governing systems.

Table 1: Countries Contributing to GDP

Country	Income Level	2014	2015	2016	2017	2018
India	Lower Middle	0.01	0.01	0	0	0.15
Japan	High	1.96	1.86	1.92	1.91	1.9
Afghanistan	Low	0.12	0.12	0	0	0

Source: (OECD, 2019)

Countries are diversely contributing to GDP in essence to growth and successive participation which is associated with the Income level. India still slacks with a Lower Middle Income level category as compared to other regions with Japan contributing the highest and Afghanistan to the lowest. India has a total tax-GDP ratio of 15.5 % comprising Direct Taxes to Total Taxes ratio of only 37.7 %, and the highest marginal income tax rate at 30 percent. This leaves a lot to be unexplored, especially in terms of the progressivity and tax base of the system (Prakash, 2013).

Figure 1: Municipal Revenue Sources in ULB's in India
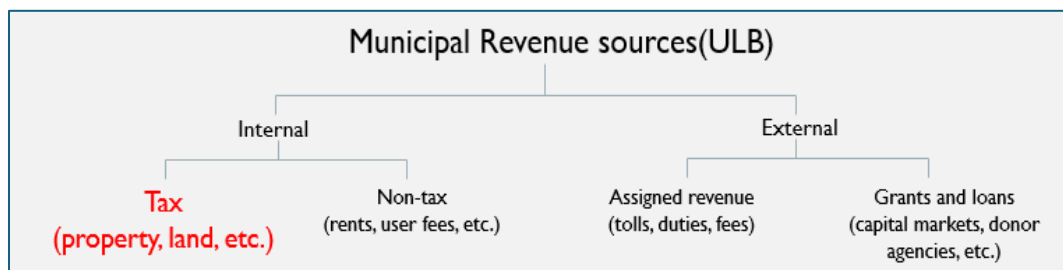
Source: Compiled by authors

Property Tax ascends as a vital source of revenue for the Indian government (Central and State), condensed around 6.7% of Gross Domestic Product (GDP) on the social infrastructure (like health, sanitation, education, and water) in comparison with 14% of GDP as an average for the OECD countries. To close the resource gap in ULBs' ability to raise money, a new method of property tax management has been deemed essential. Land, as a phenomenon, has and had gone through vital and governance changes from past till urbanization that is today. From Rural to Urban upbringing of social, economic and environmental factors describes the versatile strata of how land has evolved into many sub-categories to be dealt with. Nevertheless,

the potential of this parcel is very crucial to unfold with rates and uses to which it may constrain. Fiscal empowerment of the ULBs when approached upon in the context of the urbanization trends that India is faced with is no longer a matter of choice, but a necessity (Mathur, 2013).

However, fiscal dependencies come into picture as they must be administrated by statutory mechanisms. Built forms or properties on these land parcels are also managerial in the hands of such mechanisms in the form of property taxation. The finance of ULB's depend majorly by the contribution of property tax in India (England, 2013). The major aspect of property tax consists of its revenue generating potential because of its large and growing base (property values) (Badhopadhyay, 2013).

Property tax being the crucial source of governing and taxation benefits for ULB's for decades helps the system to upgrade and educate the revenue discrepancies. In fact, property taxes form an insignificant 0.2% of India's GDP. In contrast, the Organization for Economic Co-operation and Development (OECD) group, on average 1.1% of the group's GDP is contributed by property tax, which is six times more than India in terms of the amount total collected (Nair, 2018). Progressivity and optimization in tax rates, better service delivery and ratio of collection, better coverage, liveable standards and a more standardized but substantial property market are the vital factors contributing to excel performance in property tax collection and assessment.

1.1 Database

The study explains the current system, reviews and analysis of how property tax affects the exponential functioning of the country and its fiscal dependency, understanding its concepts by secondary data resources.

- *Global Property Tax Databases:* OECD Property Tax Database.
- *National Property Tax Databases in India:* Data from Ministry of Housing and Urban affairs (MoHUA).
- *Urban Local Bodies (ULB) Databases:* Property Tax Portal for various cities and Ready Reckoner Rates by State Governments.
- *Academic and Research Databases:* World Bank Data on Urban Development and Taxation, JSTOR, Google Scholar, and ResearchGate.
- *GIS and Mapping Databases:* Geographic Information Systems (GIS) Used by ULBs, National Remote Sensing Centre (NRSC), Digital India Land Records Modernization Program (DILRMP).

1.2 Schemes and provisions under property tax assessment

India's property tax framework involves policies, acts, and schemes developed primarily by municipal bodies, state governments, and central government regulations. Here's an overview of key elements influencing property tax:

1.2.1 Constitutional framework

- Article 243X falls under Part IX A of Indian Constitution: Empowers State Legislatures to authorize municipalities to levy, collect, and appropriate taxes, including property taxes.
- 74th Constitutional Amendment Act 1992: Decentralized governance, giving Urban Local Bodies (ULBs) autonomy to impose property taxes.

Under JnNURM, for the first time, digitization of properties, property tax calculations and its database using Geographic Information System (GIS) were automated. The participating cities had signed a Memorandum of Understanding (MoU) which made them liable to the following:

- To digitize properties using GIS which will lead to proper mapping.
- To promote and inculcate Self-Assessment System (SAS).
- To collect a minimum of 85% of the demand for property tax collection.

1.3 Effects of schemes and policies

Schemes like the Self-Assessment Scheme and GST Amnesty Scheme for property taxes have relieved the burden on the property owners and made it easier for voluntary compliance, which has shown better compliance rates and fewer defaults (LaPoint, 2022). Huge projects in urbanization are supported through increased property tax revenue through various missions like AMRUT and the Smart City Mission for ease in transportation, sanitation, and other basic amenities in cities. Promotion of Legally Compliant Property Deals Owners of properties are promoted to have legally compliant property deals with the help of automated record books and self-assessment.

This creates positive incentives for legal property markets (Awasthi, 2020). ULBs Become More Accountable in Operations The online tax payment system hinders corruption since, once this system is enforced, intermediaries are eliminated while practicing their work through the computers, thus making city municipalities more accountable. Optimized Taxation Policies regarding property valuation strengthen the system from time to time so that property owners with higher value assets contribute appropriately to a more balanced taxation system (Prakash, 2013). Slow Change in Smaller Townships: Reforms like digital and GIS-based reforms benefit larger cities while smaller townships often do not have budgets or available resources in circumstances where uniform change would otherwise be possible (Khan, 2021).

Table 2: Regimes in Property Tax

Entity	Regimes for Property tax
Property Tax Acts at State Level	Each state has its own Property Tax Act, which provides the legal framework for property tax collection by municipalities and ULBs. For example, Maharashtra has the Maharashtra Municipal Corporations Act, 1949, which governs property tax collection in its municipalities. Other states, such as Tamil Nadu, Karnataka, and West Bengal, have their respective acts (e.g., the Tamil Nadu ULB's Act) that govern property taxation.

Municipal Finance Code	States have introduced a Municipal Finance Code or similar provisions, which standardize the revenue sources, including property taxes, for ULBs.
Self-Assessment Scheme (SAS) 2001	SAS is a common method especially in states of Karnataka and Maharashtra. It allows property owners to self-assess and calculate their property tax based on pre-defined parameters such as property location, built-up area, usage (residential or commercial), and age. Bengaluru was one of the first cities to implement this scheme, which streamlined property tax calculations and improved compliance.
Smart City Mission (SCM) and AMRUT Scheme 2015	Launched by the central government, these schemes incentivize ULBs to improve their property tax collection through digitalization and enhanced property tax bases. They aim to increase transparency, reduce evasion, and fund urban infrastructure projects.
Model Municipal Law 2003	The Model Municipal Law introduced by MoHUA to standardize urban governance across the country. It includes recommendations for property tax collection and valuation to make the process uniform across states.
GST Exclusion on Property Tax 2017	Under the Goods and Services Tax (GST) regime, property taxes are still outside the purview of GST as they are direct tax. This ensures that property tax is solely a major contribution to revenue sources for municipal governments.
Land Revenue Act 1966	States like Uttar Pradesh and Madhya Pradesh have Land Revenue Acts that help regulate land records, a critical factor in naming property for taxation.
The Indian Stamp Act, 1899	Governs stamp duty on property transactions, indirectly influencing property taxation.
The Transfer of Property Act, 1882	Regulates property ownership transfers, forming the basis for property registration and valuation.
The Income Tax Act, 1961	Recognizes property as an asset and specifies tax implications for rental income and capital gains.
ULCRA 1976	Though repealed, ULCRA influenced property tax policies by assigning limitations on property ownership, thus affecting the tax rate and its base.

Source: Compiled by authors

### 1.3.1 State-specific property tax acts

- *Maharashtra:*
  - Maharashtra Municipal Corporation Act, 1949: Governs property taxation in municipal corporations like Mumbai and Pune.
  - NAINA Act (Navi Mumbai Airport Influence Notified Area): Includes land pooling and valuation mechanisms affecting property tax.
- *Delhi:* Delhi Municipal Corporation Act, 1957: Specifies property tax regulations in the National Capital Territory.
- *Karnataka:* Karnataka Municipalities Act, 1964: Outlines property tax systems in the state, including Bengaluru's Unit Area Value Method.
- *Tamil Nadu:* Tamil Nadu District Municipalities Act, 1920: Guides property tax assessment for urban areas.
- *West Bengal:* West Bengal Municipal Act, 1993: Regulates property tax collection and valuation in the state.

1.4 Gaps in current property tax system

Historical experience highlights the significance of central government policies that encourage local public bodies to adopt these measures, such as providing model documents and offering financial incentives to those local bodies that implement value-capturing policies (UN-Habitat, 2011). In several OECD countries, including Canada, the United Kingdom, and the United States, property tax revenues make up to only approximately 3% of their GDP. The 74th Constitutional Amendment, enacted in 1992, set up ULB's as the third tier of government. With severe constraints, financing services and infrastructure in urban settlements adequately possesses a wealthy obstacle. The deficit in infrastructure for urban areas is enormous and expanding. Recent analysis by the Planning Commission shows that 34% of urban households do not have water taps inside the premises (Collier, 2018). However, 26% of them do not have toilets. Further, 70% of waste receives no treatment before disposal, and untreated sewage and unregulated discharge from industries are a major source of water pollution. Altogether, as late as 2004, only 63 percent of the population living in towns had access to sewerage and sanitation facilities, according to the draft Eleventh Five Year Plan document. Urban transport problems are also much the same (Wadhwa, 1989). The public transportation is congested and inefficient.

Again, housing is a problem since 21% of the urban population lives in slums (Bird, 2010). To make the reforms come to reality, efforts should be made like updating property tax laws, removing exemptions that serve very little policy purpose, finalizing property titling, and introducing valuation methods that are more realistic besides strengthening administration (Rao, 2009). One important question that would be asked about political acceptability of property tax is whether the former is fair and equitable. Normally, fairness would relate to whether burdens of taxation fell on people based on their capacity to pay (Kim, 2003).

Figure 2: Property Tax Revenue Percentage Across G20 Countries
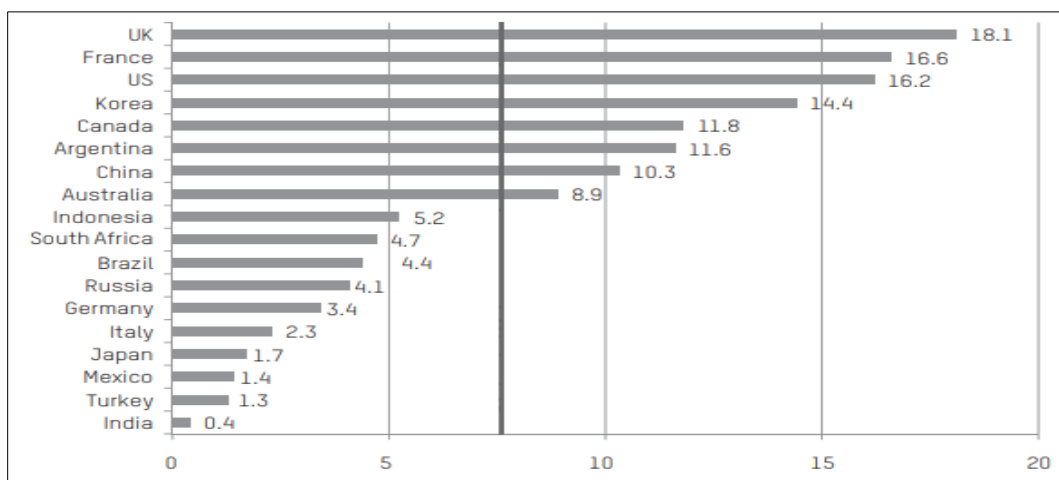
Source: Compiled by authors

On the other hand, equality would relate to commensurate properties being subjected to similar rates of property taxation. In fact, developing countries don't often do incidence studies to test the former pattern of equity, nor do they do self-assessment studies to test the latter. It is left to speculate about whether the general patterns are progressive or regressive, and about sales-assessment inequities (McCluskey, 2013). Administrative factors fall into two groups: tax base administration factors which include coverage and valuation and those related to treasury functions such as billing, collection, and enforcement. There exists interaction between the policy and administrative factors to influence property tax mobilization in terms of efficiency and equity. Policy factors mainly revolve around the structure of the tax base as well as the tax rates which determine the legal tax capacity. The administrative factors help realize tax capacity through improvement in tax base coverage, valuation and collection ratios.

2.0 Literature Review

Urbanization has reached a figure of merely 33% in India to date as depicted by the World Bank, with a population of about 429 million, running into figures greater than other countries. Though positive developments have been shown, rapid urbanization also comes with a host of challenges (Bandyopadhyay, 2013). This will cause an increase in private vehicle use, crowded roads, an increase in pollution, public safety issues, and finally, increased household spending in an already growing India. A growing population is putting pressure on our cities, which are already struggling with their infrastructure and services (Roy, 1968). The authorities of the Indian cities should plan for urbanization and growth because the current infrastructure cannot support the existing population including financial reforms for sustaining the urban phenomenon which eventually affects the revenue generation as well as the expenditure model of the municipalities. The capital generated and distributed deliberately coincides with the tax paid by the users in the country.

The empirical evidence on the impact of tax structures on economic growth is mixed in India. The 1991 report of the Tax Reform Committee was considered one of the most productive policy recommendations in the recent decade (Gaur, 2020) stating that the global Property Tax Services market size is valued at USD 3241.2 million in 2023 (Singh, 2022). Alone, it is said that the property Tax is the highest, raising a fifth or around 20% of local revenues while the octroi forms a highest percentage as far as Indian Local municipalities collection goes for revenues and cuts it through as between 20 %and 50% to get revenue from municipal corporation (Lyytikäinen., 2014). Despite the strong economic rationale for Property Tax, it often generates low revenue in many instances, primarily due to inadequate administration, ineffective tax policies, and deficiencies in the Land and Property Information System (Sarkar, 2001). The property tax base, which refers to the number of assessed properties subject to property tax, has remained limited in most Indian cities and has not seen significant growth over time. This stagnation is largely due to the slow pace at which municipal bodies in India identify

both uncovered and new properties and conduct regular assessments, especially in peripheral areas. Additionally, municipal bodies often do not revise property tax rates regularly, as this process requires approval from the council of elected representatives, which can be challenging due to political resistance, as well as the consent of the State government. There are also organizational inefficiencies within municipal governments related to timely property assessments, tax calculations, issuing tax demand notices to property owners, collecting taxes at various outlets, addressing tax arrears, and establishing channels for grievance and dispute resolution.

2.1 Elements used in property tax assessment

Governments must deal with different dimensions of property taxes like policy design – choosing what must be included or excluded from the tax base, appraisal of properties, and tax levies on properties under various tax regimes administering the property tax system although the aspect is different in unusual places.

Table 3: Tax Base used for Calculating Property Tax

Tax base	Definition	Measure used	Examples of countries
Market/Capital value	Price that would be agreed between a willing buyer and seller	Comparable sales, depreciated cost, or income method	Australia, Canada, Indonesia, Japan, United States, South Africa, India
Site value	Value which would be calculated based on adjacent property prices	Comparable sales subtracting improvements value from total property value	Jamaica, Kenya, New Zealand
Rental value	Value in current use	Net rental income	France, Morocco, parts of India
Unit value	Sales price as per the unit of the property	Square meters/feet of land and building area, adjusted	Armenia, Czech Republic, Israel, Poland, Russia, Slovakia Estonia, Latvia
Self-assessment	Combination of area and market value	Determined by owner of property	Peru, Turkey
Transitional or mixed systems	Combination of area and market value	Market-priced zones for land or land and buildings	Estonia, Latvia

Source: Compiled by authors

Below are the steps used to rectify fiscal property tax system in India:
- *Determining the tax base:* Tax base is correlated with the rate of tax which will decide the future percentage of change in property value tax.
- *Assessing properties:* Assessment of properties, registered and non-registered with the ground truthing of data available and collection of such beliefs in the formatting method.

- *Conducting analysis:* Analysis of the data received to rectify if it is suitable for further reform, or regenerating and developing surveys for lost or irrelevant data.
- *Setting the tax rate:* Decorating the tax rate based on various above factors which will lead to an equitable, transparent and accessible tax regime.
- *Running the system:* Implementation and Monitoring of the orientation passed based on studies and new agenda for uploading the system.

Table 4: Departments and their Functions Related to Property Tax

Departments	Year	Functions
Department of Revenue and Forests	mid 19 century	The primary department responsible for the land and property records in Maharashtra. It oversees land management, property tax records, and administrative process.
The Land Records Department	1880	Under the Department of Revenue, this department handles detailed land records and its maintenance, including cadastral maps, property ownership details, and mutation records. It runs the online platform *Bhulekh* (also known as *Satbara Utara, the 7/12 extract*) for public access to land records (Virkar, 2013).
Real Estate Regulatory Authority (RERA)	2016	The regulatory body oversees and ensures transparency in real estate property transactions. It supports a database of registered real estate projects and agents, helping property buyers verify project details and legal clearances for each state.
Municipal Corporations, Councils and Urban Local bodies	1687	Municipal bodies like the Brihanmumbai Municipal Corporation (BMC) in Mumbai and Pune Municipal Corporation (PMC) manage property tax records, building permits, and property assessments within urban areas.
Maharashtra Registration and Stamps Department	1864	The department manages property registration, ensuring legal ownership transfers, and supporting sale deed records. It also collects stamp duty, crucial for land and property transactions.
City Survey Offices	early 20th century	Found in various cities, these offices update property boundaries and ownership records within urban areas, often conducting surveys and updating maps.
National Informatics Centre (NIC)	1976	NIC provides technological support and supports online portals like *MahaOnline* and *e-Mojani* for property-related services, facilitating access to digital land records, map-based searches, and geographic information systems (GIS).
Revenue Courts	19th century	These courts address disputes related to land ownership, tenancy, and other property matters, ensuring the legal integrity of land records and resolving conflicts over ownership and boundaries (Abhay Pethe, 2005).

Source: Compiled by authors

Exemptions and deductions in property tax: Property tax exemptions and deductions reduce the taxable value of a property, lowering the overall tax liability for eligible property

owners. These benefits vary by jurisdiction but typically aim to support homeowners, specific groups (e.g., veterans, seniors), or encourage land uses (e.g., agriculture, conservation). These systems are the efficient and effective strata of strategies through which property tax has come into play, answering and accountable to the government and its citizens about the performa and diligence of the same. Below are the two vital systems which help govern the judicial epitome of taxation:

- The Land Information System.
- The Property Tax Computation System.

2.2 The land information system

The Land Information System relates to the statutory composition by which property tax is levied in India. These frameworks help in negotiating and build upon the regulation to identify, pay, collect and revise the former systemic platform.

2.3 The property tax computation system

The Property tax computation system helps in verification of the levied tax and its method used by various states in the country. The system is technically adjacent with the building permissions and regulations depending upon the location of the property and its confined uses.

Figure 3: Computation Systems of Property Tax in India
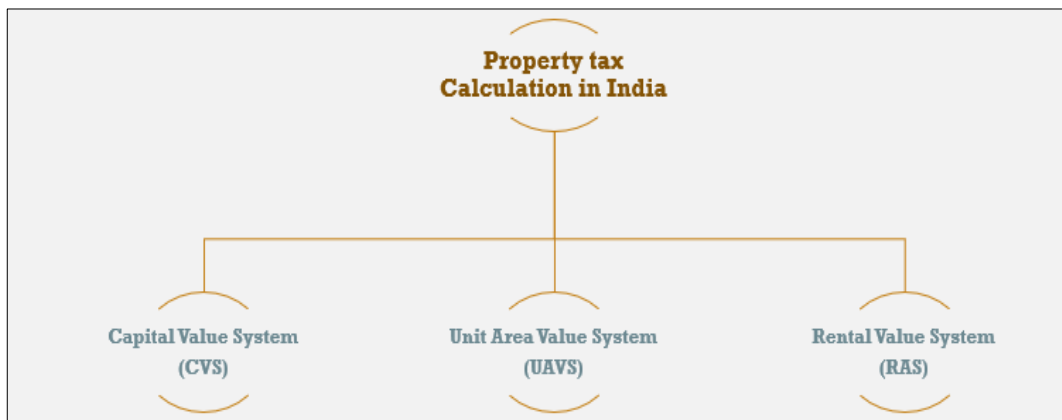
Source: Compiled by authors

Property tax structure: Property tax is calculated based on factors like property type, location, usage (residential, commercial, or industrial), area, age of property, and its built-up area (Deichmann, 2012).

- *Annual rental value method:* The ARV Method calculates property tax based on the rental income a property would generate if it were rented out, regardless of whether it is rented or owner-occupied. This "notional rent" is an estimated figure set by the local municipality.
- *Capital value-based method:* The Capital Value-Based Method calculates property tax hinge on the market value of the property, as assessed by the local government or a valuation authority. This method considers the overall capital value of the property rather than rental income.
- *Unit area value method:* The UAV Method assesses property tax based on the built-up area of the property multiplied by a pre-determined value per unit area (e.g., per square foot), which varies by factors such as location of the property, property usage, and its age.

Each of these methods is the basis of calculating any property tax value of a zone or an area, depending on the system of that area (Ahuja, 2018).

Assessment and Calculation: Maximum states or cities in India currently implements Capital Value-Based Assessment System for evaluation, where the tax amount is calculated as a percentage of the property's capital value (Awasthi, 2020). The capital value is derived based on government-determined Ready Reckoner (RR) rates, which represent the market value of the property as per location and type - A general formula for calculating property tax (though exact percentages vary by municipality) is:

Property Tax = Capital Value × Rate of Tax

Where, Capital Value = Built-up area of the property (sq. ft. /sq.m.) × Ready Reckoner Rate (area-wise) × Construction type factor (based on building quality and usage).

Note: Rate of Tax varies depending on the municipality and property usage.

Ready Reckoner Rates: The RR rates are updated annually and published by the state government, reflecting the approximate market values of properties across different areas. These rates are crucial in figuring out the capital value of properties, which in turn impacts property taxes. These are also called Annual Statement of Rates or Circle rate.

Digitalization of property tax system: Online Payment Portals, Property Tax Apps (PMC Care of Pune Municipal corporation), GIS and Digital Mapping, Unique Property Identification Numbers (PID), Digital Grievance Redressal, Integrated systems and Single window clearance. The use of online services helps reduce errors, improve transparency, and increase collection efficiency (Orville F. Grimes, 2001).

Property tax is a variable separated by location, vicinity, land use, land-cover, character and financial stability. Both levels of government, Central and State in India have seen changes in the economic structure. Recent studies write down that alterations in the tax structure have significant implications. The performance of growth is influenced by work-leisure behaviour, investment decisions, and overall productivity which leads into the accordance of renaissance. (Gaur, 2020). Cities in India vary on different levels of implementation of reforms in the valuation of properties starting from purely Annual Rental Value and Value based on unit area characteristics. Quite a few studies may be referred to which have been based on the discussion

of what can be best used. Numerous reform agendas also recommend changing over to unit area characteristic values. A review of property tax reforms by NIUA, 2010 based on 10 selected cities viz. Ahmedabad, Bangalore, Bhubaneswar, Chennai, Hyderabad, Indore, Kolkata, Ludhiana, Patna and Pune reveals that cities like Patna, Indore, Chennai, Hyderabad, Bangalore and Ahmedabad have already moved to the "unit area assessment system" while Kolkata and Bhubaneswar are yet to implement the unit area system although the municipal laws have been amended. Patna and Ludhiana have followed the ARV method. In Bangalore, a sharp increase in the collection of property taxes can be noticed after adopting the unit area-based approach. In Ahmedabad, technical input has been helpful by using the GIS system. Thus, the maximum number of properties assessed per 1,000 population has been there in Ahmedabad.

2.4 Impediments in implementing property tax

The recent reforms in property tax collection, particularly through acts such as the Self-Assessment Scheme (SAS) and the initiatives under the Smart City Mission, have significantly enhanced municipal revenue. These reforms have made the process of paying property tax more straightforward and transparent for citizens, thereby encouraging compliance (Afonso, 2015). Coupled with better urban infrastructure funding, ULB's now have the financial means to enhance public services and maintain infrastructure, directly helping the quality and standard of life in peri urban and urban areas. Additionally, policies promoting standardization, such as the Model Municipal Law, have harmonized property tax rates and collection methods across states, streamlining the entire taxation process (Krupa, 2013). Furthermore, by empowering citizens through self-calculation of taxes and the facilitation of online payment portals, transparency is significantly improved, reducing tax evasion, and increasing accountability.

Embracing digital governance initiatives not only streamlines tax assessment and collection but also minimizes reliance on intermediaries, making property tax data more accessible to the public. Overall, these concerted efforts are paving the way for a more efficient and fair tax system that empowers both citizens and local government bodies (Knebelmann, 2022). Notably, public resistance to property tax increases remains a prominent barrier, particularly in regions where revisions are irregular, stalling the ability of ULBs to adjust rates in line with current market realities (Turley, 2022). Compounding these challenges is the shortage of trained personnel equipped to manage digital assessments and GIS mapping, which is essential for accurate property valuation and implementation of digital reforms. Finally, insufficient enforcement mechanisms leave many high-value properties vulnerable to non-compliance, especially those owned by influential individuals, ultimately resulting in arrears that undermine the effectiveness of the tax system.

3.0 Results

While ongoing reforms are beneficial, structural challenges like better valuation, increased tax buoyancy, and building taxpayer confidence need to be addressed to ensure

sustainability in property tax performance. The findings suggest that while property tax can stimulate housing development, the unintended consequences of rent control may negate some of the benefits (Bird E. S., 2015). Municipal financial data enhances decision-making of public resources by providing efficiency, accountability and transparency in the managerial domain. This data enables municipalities to develop more responsive budgets and improve public services through better resource allocation. Inconsistent property valuation practices lead to disparities. Implementing a uniform assessment method could help standardize valuations, yet some areas are slow to adopt these systems (V, 2018).

Studies suggest that when taxpayers see tangible improvements in local services, their compliance increases. Providing visible benefits and clear communication can boost tax morale (Jha, 2015). Property taxes are often regressive in practice, affecting lower-income property owners more heavily, especially when rates or penalties are high. For example, higher rates for luxury properties and lower rates for economically weaker sections can provide relief to lower-income groups while supporting revenue.

4.0 Conclusion and Recommendations

Study concludes that while urban land taxes can serve important purposes, their effectiveness is enhanced when employed as part of a comprehensive urban planning framework. Well-structured tax on property regimes can become a for urban planners to curb sprawl and promote sustainable urban growth. The implementation of GIS-based property tax assessments in India can lead to more efficient, transparent, and accurate tax collection. It reduces manual errors, speeds up tax evaluations, and ensures a fair assessment based on property location and characteristics.

GIS analysis tools would be used to assess properties based on their location, size, and value. The methods may include spatial analysis techniques such as buffering, overlay, and network analysis to ensure exact property assessments. Data can be collected through a combination of image analysis and door-to-door ground surveys.

The geo-database will be developed using various attributes including the type of property, its size, and other relevant factors for taxation purposes. This method will ensure a comprehensive, correct collection of property information. These implications bolster the argument that property law, in relation to urban space and housing development, focuses on obligations as much as it does on rights. This includes enhancing enforcement mechanisms, motivating ULB's to strengthen their property tax bases, and fostering citizen engagement to boost compliance and satisfaction. By adopting a combined approach to property rights and responsibilities through land readjustment regulations, we can better manage initiatives undertaken by landowners and commercial investors, ensuring they play a more significant role in developing public infrastructure. Implementing differential tax rates based on property size, usage, or location could improve equity. This approach may also address some of the stagnation

issues that arise when trying to develop new housing, a challenge that persists in many countries beyond just India.

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