

**Identification of Drawbacks of the Present System of Assessment and
Collection of Holding Tax of Dhaka City Corporation**

by



Farhana Rahman

MASTER OF URBAN AND REGIONAL PLANNING (MURP)



Department of Urban and Regional Planning

BANGLADESH UNIVERSITY OF ENGINEERING AND TECHNOLOGY

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CANDIDATE'S DECLARATION

It is hereby declared that this thesis or any part of it has not been submitted elsewhere for the award of any degree or diploma

Farhana Rahman


Farhana Rahman

Roll No: 040315016 F

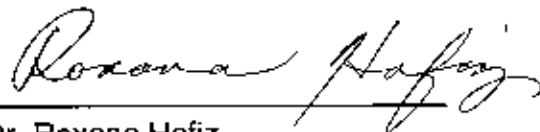
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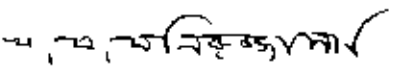
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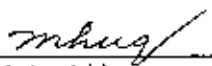
Dr. Sarwar Jahan Chairman
Professor, Department of Urban and Regional Planning
BUET, Dhaka



Dr. Roxana Hafiz Member
Professor and Head, (Ex-officio)
Department of Urban and Regional Planning
BUET, Dhaka



Dr. K. M Maniruzzaman Member
Professor, Department of Urban and Regional Planning
BUET, Dhaka



Mr. Mainul Huq Member
Former World Bank Economist (Expert on Holding Tax), (External)
House 196, 1st Floor, Road 2, Baridhara, DOHS, Dhaka

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List of Abbreviations

ADB	: Asian Development Bank
ARB	: Assessment Review Board
A.V.	: Annual Valuation
BBS	: Bangladesh Bureau of Statistics
BTTB	: Bangladesh Telephone & Telegraph Board
CEO	: Chief Executive Officer
CR	: Conservancy Rate
DCC	: Dhaka City Corporation
DESA	: Dhaka Electric Supply Authority
DWASA	: Dhaka Water and Sanitation Authority
FR	: Fire Rate
FY	: Fiscal Year
GIS	: Geographic Information System
GOB	: Government of Bangladesh
GR	: General Revaluation
HT	: Holding Tax
HBFC	: House Building Finance Corporation
KMC	: Kolkata Municipal Corporation
LGED	: Local Government and Engineering Department
LT	: Land Tax
MSU	: Municipal Support Unit
NBR	: National Board of Revenue
PDB	: Power Development Board
RAJUK	: Rajdhani Unnayan Karttripakkha
RS	: Remote Sensing
SPSS	: Statistical Package for Social Science
SR	: Street Light Rate
STIDP-II	: Secondary Town Infrastructural Development Project II
WASA	: Water and Sanitation Authority
WR	: Water Rate

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The local administration like City Corporation plays a vital role to generate internal revenue sources. Most modern governments also use taxes to fund welfare and public services. But due to the lack of proper management system, the local level institutions can't collect taxes and others revenue regularly. The population of Dhaka City is increasing at a high rate and urban authorities are forced to perform new functions. But the revenue sources are limited. "Holding Tax" is one of the priority sources of Dhaka City Corporation (DCC) revenue. It is a sum of the tax on the annual value of the buildings and lands, street lighting and conservancy rate. The City Corporation authority uses the income from the holding tax for the betterment of public services, legal supports for property owners, improvement of the economic structure, public works, social services and activities of the administrations itself. Although several studies are conducted on local municipal tax management in Bangladesh, but no extended study has so far been conducted considering causes and consequences of improper assessment of holding tax specially for Dhaka City Corporation. The study made an attempt to investigate the drawbacks of assessment and collection of holding tax of DCC. For conducting the study both the qualitative and quantitative methods of data collection were applied. A household owner's survey was done on a sample of 500 holdings in order to find out the actual rental values, their payments records, their satisfaction on provided services and experience with corruption and so on. Interviews were also taken from the tax assessors, tax collectors and other officials involved with holding tax management in the Dhaka City Corporation (DCC). Moreover, observation was a technique of data collection. This study revealed that current holding tax management systems of DCC is undervalued, complex for the tax payers and mixed up with corruption activities. Subjective approach of individually holding assessment, irregular assessment, self defeating political interest, non transparent exercise, discretionary power of assessors as well as corrupt practices, delay in the assessment process, underassessment, over assessment, lack of monitoring, fraudulence, inefficient staff, lack of assessors, limited outdoor fee for assessors and other officials involved with continuous field visits in revenue department and less satisfaction of tax payers regarding DCC services specially conservancy, lighting and road condition are the drawbacks of assessment of holding tax. Political influence was also found as a very important factor for irregular holding tax assessment. On the other hand, some people

are not habituated to pay their tax regularly, though they are directly and indirectly paying more. Moreover, some of the influential persons are not agreed to give their tax. The authority cannot take proper initiative to collect tax from them because of their political and social strength. Favouritism and gift-culture among the actors and their network influence mismanagement during assessment and collection of holding tax. Moreover, low collection, manually holding tax management system and lack of supporting staff, fraudulence, lack of satisfaction, lack of monitoring, opportunity of giving tax in zonal office and from home, only one bank for depositing money, inefficient staff, limited outdoor fee for tax collectors are also the drawbacks of tax collection. Several problems related with the tax base definition, as for example there was lack of computerized data base for record keeping and accounting, problems arise regarding tax mapping, property mapping etc and problems rose with proper documentation. Lack of awareness of the mass people regarding the existing laws and orders also creates space for illegal practice by the officials. After all, there is lack of transparency of the activities of DCC to the holding tax payers. The holding tax management system should be improved immediately and promote good governance. There is also need to changes in assessment, collection, tax base and others organizational attributes of the holding tax management system. But every change will be successful if general holdings owners are aware about their responsibilities and duties regarding holding tax management and concerned about the consequences of improper assessment.



1.1 Background of the study

The local administration like City Corporation plays a vital role to generate internal revenue sources. Most modern governments also use taxes to fund welfare and public services. But due to lack of proper management system, the local level institutions can't collect taxes and others revenue regularly. Dhaka City Corporation Ordinance, 1983 authorized the corporation to generate revenue resources through taxes, tolls, rates, and fees, such as trade licence fees, market tax, holding tax etc. Among them holding tax is the highest earning source of Dhaka City Corporation (DCC). DCC has fixed a revenue earning target of Tk 478.45 crore for the fiscal year '07-'08 and DCC targets the earning of Tk 230 crore from holding tax (DCC, budget-'07-'08). Holding tax refers to the combination of tax on the annual rental value of buildings and land (7%), lighting (3%) and conservancy (2%) (Dhaka City Corporation, 2007a).

An ADB report (2005) indicated that holding tax collection record in Bangladesh was characterized by persistent poor performance of pourashavas in terms of both current and arrears collection. Failure to adequately collect holding tax from private holding owner as well as government entities has aggravated considerable gap between revenue potential and revenue demand. In that report, ADB tried to assess the holding tax payment and gave possible recommendations to improve the system of pourashavas. The report examined the assessment system, reviewed the data management system and identified weakness of the system.

ADB (2005) also showed that private holdings were assessed at less than one third of what their holding tax should be. This finding appears to support Taleb's findings. Taleb (2004), in his study on Dinajpur Pourashava, found that private holdings were assessed nine times less of their actual holding tax. It is also observed from Taleb's study that the underassessment of holding tax gets even worse after the intervention of review board. Interestingly, the extent of underassessment in the case of government holdings is much lower. Moreover, over assessment of holding taxes in the case of government owned properties are not unheard of (Taleb, 2004). Over-assessing outsiders and under-assessing locals are not uncommon phenomena in other developed and developing



countries. This attitude stems from the fact that the government or the outsiders do not vote in the municipal election (ADB, 2005).

Taleb (2004) showed the degree of underassessment by surveying 93 holdings (samples), of which 19 was government or semi government, from Dinajpur Pourashava.

Mallick (2007) also showed municipalities in Bangladesh suffer from weak institutional and financial capacity and it contributes to poor service delivery and maintenance systems. Poor resources mobilization is also caused by the lack of timely assessment and valuation of property and inadequate revenue collection. Furthermore, the linkage between taxes and the receipt of services is extremely weak. It is also seen that during assessment and collection of holding tax, favouritism plays a vital role.

Ahmed (1986) in his study on Local Resource Mobilization showed that the pourashava could generate much more resource from land based taxes by correcting valuation of property and timely collection. Government grant could also be used to generate local resources if a portion of it is disbursed on the basis of revenue collection performance. His research was carried out along two lines-for a new relationship between the centre and the local entities regarding responsibility sharing and resource generation and for looking into new sources of financing and using existing tax and revenue devices more intensively keeping the existing arrangement unchanged.

Schroeder and Maniruzzaman (1983) studied on per capita revenue of different pourashavas. They showed that real per capita revenue for the pourashavas were not growing as revenue sources were not responsive to inflation and increased economic activities and due to slow growth of central grant for the pourashavas.

Alam (1977) studied on revenue collection by analyzing arrear and collection performances. She showed that most of the pourashavas collected much below their projected level. Dhaka pourashava collected on an average 42.82 percent of its demand of holding tax over the period 1964-65 and 1973-74 and the rate fluctuated between 29.85 percent and 58.77 percent per annum within this period (Alam, 1977, P-32)

A case study by Begum (1972) showed different types of income trend of Dhaka municipality for a period of 1965-66 to 1969-70. Income from different sources varied

from year to year. Tax income rose from 67% in 1965-66 to 74% in 1966-67 and fell to 71% in 1969-70.

Islam and Khan (1996) indicated that non-payment and tax fraud were resultant effects of DCC's inability to take punitive measures against the tax-evaders and its own officials who were involved in under-valuation of properties and resulting in faulty assessments.

Regarding this context, this study tries to identify the drawbacks of the present system of assessment and collection of holding tax of DCC and also societal consequences and other consequences due to improper assessment and collection.

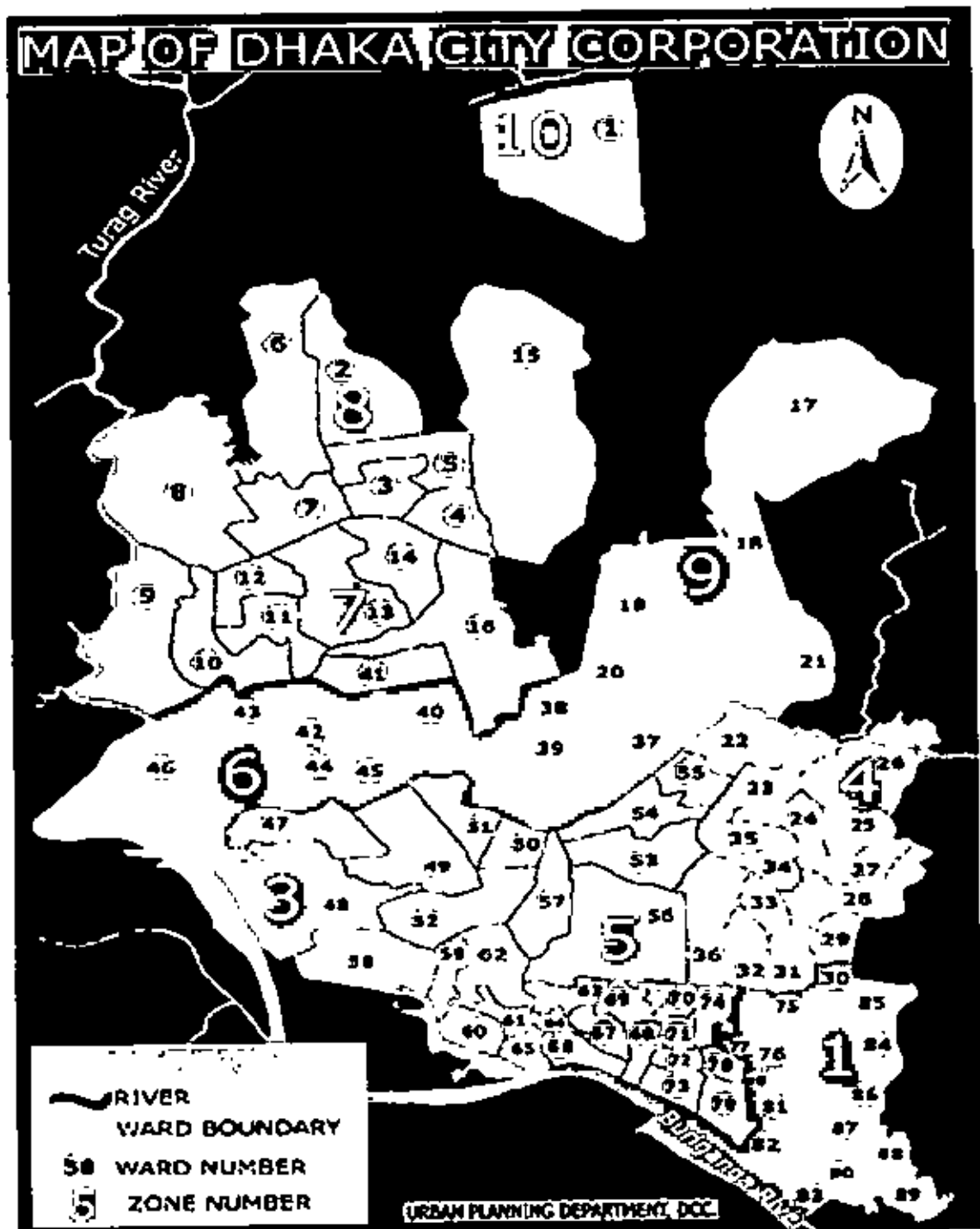
1.2 Description of Dhaka City Corporation

Dhaka is the capital of Bangladesh. It is an old city evolving from a town and is known to be in existence since the 7th century A.D. After the independence of Bangladesh, the city's population rose suddenly to about 15,00,000 (BBS,1974). The city began to expand in all directions including over the low-lying areas on the eastern side through the earth filling. In 1995, the new Master Plan for Dhaka was prepared for the further development of Dhaka City. The population had leapt to 3 million within one decade of the independence of the country and the city covered an area of about 70 sq. km. in 1980. The area of the City Corporation at present is about 360 sq. km. and the estimated population is 10 million (Dhaka City Corporation, 2007b)

Dhaka Municipality was established on 1 August 1864. After the independence in 1971, the city area was divided into 50 wards and election of Ward Commissioners was held in 1977 with the introduction of Pourashava Ordinance, 1977. In 1978, Dhaka Municipality was awarded the status of Corporation and the existing Chairman became the Mayor of the Corporation. In 1990, Dhaka Municipal Corporation was renamed as Dhaka City Corporation (Dhaka City Corporation, 2007b). The City area is now divided into 90 wards, each ward represented by one Commissioner, elected directly from the ward.

Moreover, there are 30 reserved seats exclusively for women Commissioners who are also elected by the local people of 3 designated wards (Dhaka City Corporation, 2007c).

Map 1.1:

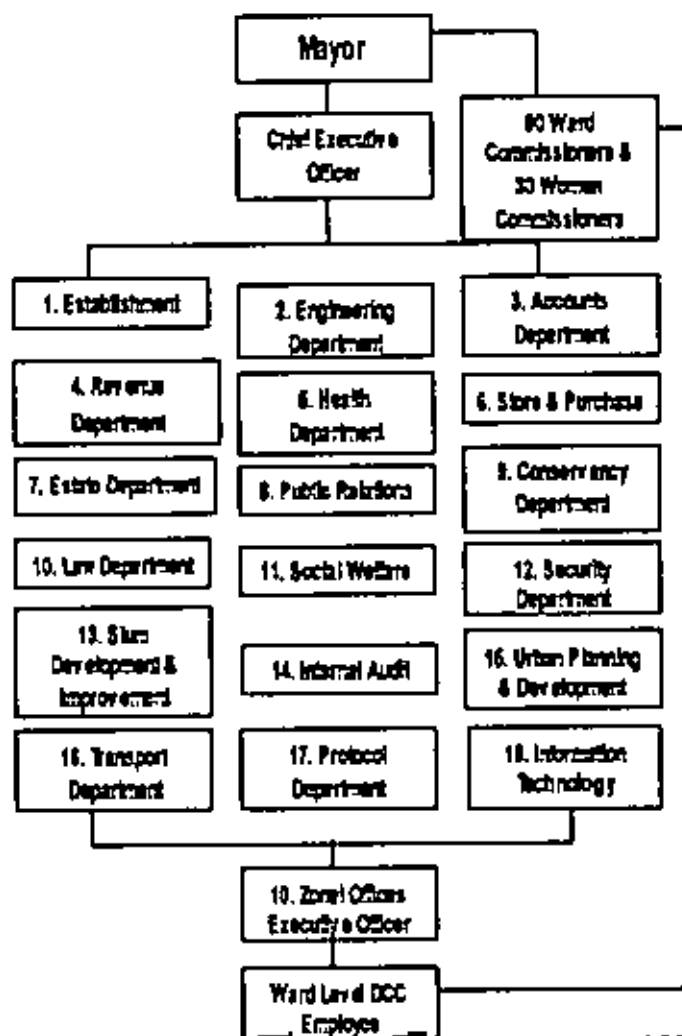


According to the existing law, the executive power of the Corporation vests in and exercised by the Mayor. The term of the elected body is five years. It meets at least once in a month for the transaction of business. The Corporation constitutes eight standing

committees and other committees to monitor and guide the diversified activities of the organization. The Mayor is assisted by the Chief Executive Officer, who in turn, is assisted by the Secretary, the Heads of Departments and Zonal Executive Officers (Dhaka City Corporation, 2007c).

In Dhaka City Corporation, there are 18 departments. Revenue department is the earning department of DCC which plays a vital role for holding tax collection.

Figure: 1.1 Organogram of Dhaka City Corporation



1.3 Objectives of the study

Aim:

The aim of this study is to identify the drawbacks of the present system of assessment and collection of holding tax of Dhaka City Corporation and explore avenues through which it would be possible to enhance revenue collection in the city corporation area.

The objectives of the present study are stated as follows,

1. Identify the drawbacks of holding tax assessment system
2. Identify the drawbacks of collection system of holding tax
3. Formulate policy options for proper assessment and collection of holding tax to enhance revenue

1.4 Justification of the Study

The population of Dhaka City is increasing at a high rate and urban authorities are forced to perform new functions. But the revenue sources are limited. "Holding Tax" is one of the priority sources of DCC revenue. It is a sum of the tax on the annual value of the buildings and lands, street lighting and conservancy rate. The City Corporation authority uses the income from the holding tax for the betterment of public services, legal supports for property owners, improvement of the economic structure (like roads, legal implications of the contract), public works, social services and activities of the administrations itself.

The World Bank (1997) reported that the performance of municipalities in tax management in Bangladesh is extremely limited and the base of the holding tax enormously undervalued, which stimulate the problems related with lacking of funds for the municipalities. According to the LGED (2006), the contribution share of holding tax in municipal income is 37 percent. Comparing this contribution ration with other developing countries municipal finance, it has been found that Bangladesh is relatively more dependent on holding tax as a revenue sources. In a large number of developing countries, the proportion has been found to vary between 5 to 25 percent (LGED, 2006).

Md. Abu Taleb (2004) had reported that the percentage of annual block grant for the municipalities provided by the Government of Bangladesh (GOB) rose from 15.5 percent

in 1978-80 to 48.8 percent in 1995-96, which indicates the increasing dependency of municipalities on the government fund.

Although several studies are conducted on local municipal tax management in Bangladesh, but no extended study has so far been conducted considering causes and consequences of improper assessment of holding tax specially on Dhaka City Corporation. Moreover, newspaper reports suggest that there is unfairness in assessing holding tax in DCC. But the extent is not shown. This study will focus the drawbacks of assessment and collection of holding tax, the possibilities of increased revenue generation from holding taxes and policy guide lines for realizing such possibilities.

1.5 Scope and Limitations of the Study

Through the study, it will be possible to have a comprehensive understanding of causes of holding tax under assessment or over assessment within DCC area. The study will also help to find out the inherent problems or gaps in the management system of collecting holding tax and possible solutions for proper assessment of holding tax by which the City Corporation would be able to enhance revenue significantly. Enhanced revenue will increase DCC's capacity to provide city dwellers with better services and reduce pressure on the central government in terms of budget allocation for meeting up the needs of DCC.

This study has been focused on the information on the spatial variation of house rent although rent variation depends on different type of factors which are not considered for selecting a holding. Moreover, autonomous bodies of the government are not surveyed for this study.

1.6 Organization of the Research

This study is organized into seven chapters.

Chapter 1 describes the introductory statement about the holding tax problem which consists of study background, objective, justification of the study, scope and limitations of this study and organization of the study.

Chapter 2 contains the methodology and design technique adopted for carrying out the study which consists of the selection of the study area, sample design, source of data processing and analyses

Chapter 3 discusses the system of holding tax of Dhaka City Corporation (DCC), two Pourashavas in Bangladesh and one City Corporation in India whose socio-cultural context is similar like DCC.

Chapter 4 deals with basic information of the respondents and description of their holdings.

Chapter 5 discusses the findings achieved from primary and secondary sources related to holding tax assessment and collection process

The drawbacks in the present system of assessment and collection of holding tax assessment in Dhaka City Corporation are shown in chapter 6.

The study ends with the chapter seven, in which the suggestions for the improvement of the tax administration is described.

2.1 Introduction

Methodology reveals the entire process that would be followed for the completion of the study and helps to conduct the study successfully. The focus of the study is the holding tax system of Dhaka City Corporation. The methodology used to carry out the research combines the qualitative and quantitative approaches.

The study analyzed, to the extent feasible, the drawbacks of holding tax assessment and collection of Dhaka City Corporation. The main source of this study has been a survey conducted at 10 wards of Dhaka City Corporation, review of literature, secondary data analysis and finally, observation of the DCC provided services and administration, and discussion with the key persons involved in this service. A schematic diagram of the methodology is shown in Fig 2.1. The following sections describe each of them.

2.2 Sources of Data Collection

To complete the study various types of data/information is necessary. Necessary data were collected both from primary and secondary sources. Some information/data were collected from secondary source and some were not found from secondary source which were needed to collect from primary source.

2.2.1 Primary Sources

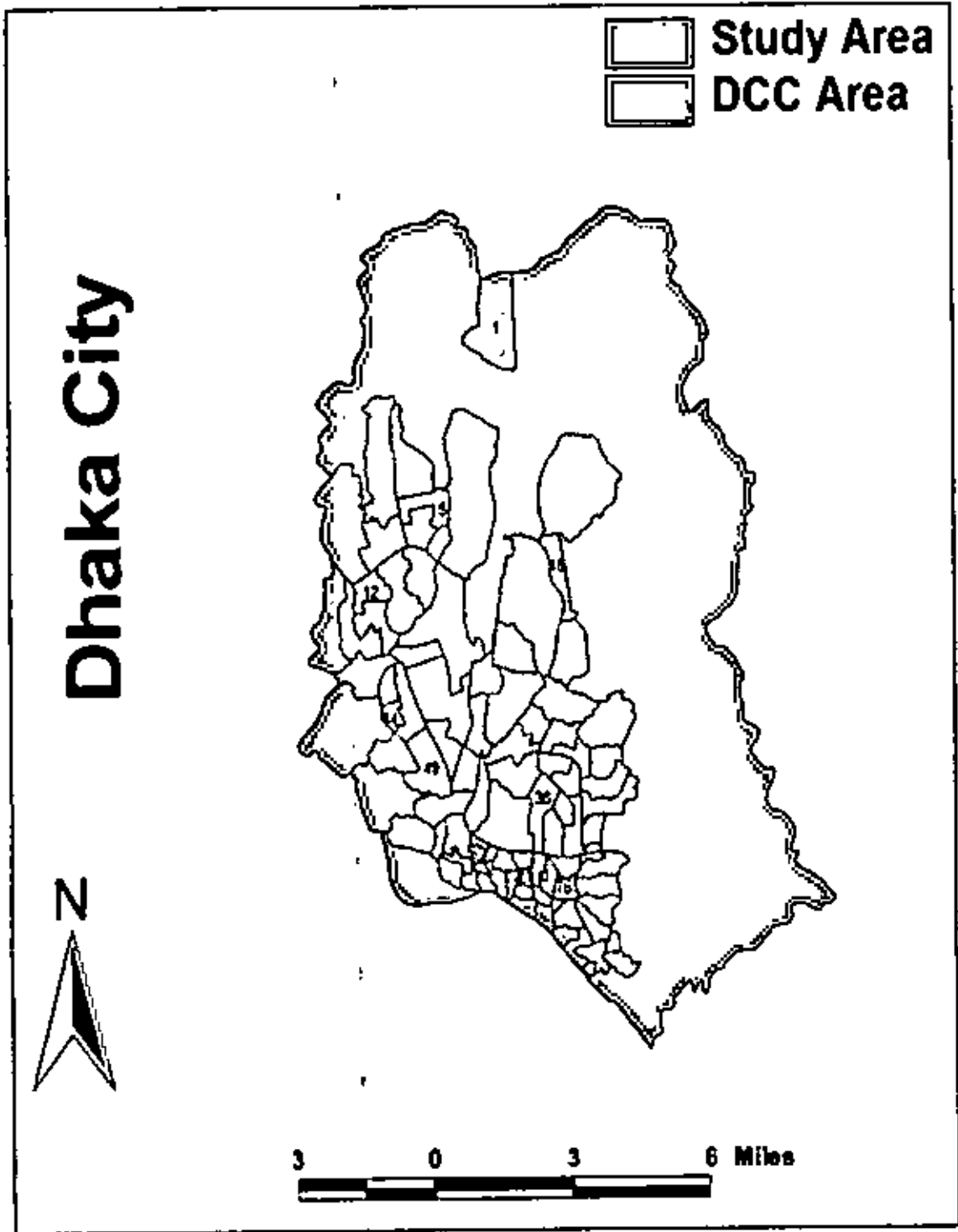
Primary data is collected using both the quantitative and qualitative data collection methods.

2.2.1.1 Selection of the Sample Area

Dhaka City Corporation is divided into 10 zones. One ward was selected randomly from each 10 zones. During selection process, spatial variation of rent structure of DCC area is also considered for proper representation. The important residential areas of Dhaka City which have been selected for this study are Ward 1-Uttara; Ward-5,12, Mirpur; Ward 18-Baridhara, Kalachandpur; Ward 36-Chamelibag, Purana Palton, Shanti Nagar Bazar; Ward 44-Mohammadpur; Ward 49-Dhanmondi, East Royer Bazar; Ward 64-Khaze Dewan, Horonath Ghosh Road, Urdu Road; Ward 71-Bangshal Road, Puraton

Mughaituli, Gotok Paul Lane; and Ward 76- Doya Ganj, Sharath Gupta Road, Shambag Lane, Karatitola Lane.

Map 2.1: Study Area of the Study



2.2.1.2 Sample Design and Survey

Sample design should be such that, it is in conformity with the objective of the study. The sample size was determined to acquire an output concerning the holding taxation system. Data was collected through a specially designed structured questionnaire survey among the holding tax payers to find out their perspective, demand and satisfaction. From this survey, the drawbacks of assessment and collection system have been identified. A total of 500 samples from 10 wards of 10 respective zones were selected by using multistage random sampling method. Firstly, 10 wards from respective 10 zones were selected randomly. Then 50% roads of the wards were selected randomly. The secondary information of holding tax and listing of all holdings from the 50% roads was collected from DCC. Then, 50 holdings from each ward were selected randomly from the selected roads of the respective ward. Two sets of randomly selected holding list were prepared to avoid missing samples. Then 50 holding's information regarding holding tax have been collected from each ward through questionnaire. The 500 samples were collected through a fifty days survey in 2007.

2.2.1.3 Questionnaire Preparation

The questionnaire (*Annex 1*) was developed on the basis of newspaper information, literature review of existing materials, and field visits to selected locations and discussion with different stakeholders.

Taking into consideration the various socio-economic parameters and other relevant factors influencing assessment, collection a questionnaire was designed and prepared for the survey. Questionnaire for the survey was set such a manner that it would extract data relevant to the purpose of the study.

2.2.1.4 Interview and Discussion

Interviews and discussions were done with Chief Revenue Officer, Deputy Chief Revenue Officer, Taxation Officers, Deputy Taxation officers, Revenue Supervisors, Tax Collectors, Accountants, Head Clark, Officials of other departments of DCC, Officials of RAJUK, WASA, PDB and common citizens to understand the management issue and to identify the drawbacks of the present system of assessment and the problems related to collection, to obtain their suggestions about the possibilities of improving the holding tax system. A structured checklist of talking point with officials was prepared (*Annex 2*) to collect this information. Apart from getting information from such multiple channels, the

objective here was also to triangulate information from different sources to verify and ensure the reliability of information.

2.2.1.5 Observation

A significant amount of information was collected through observation done in and around of Nagar Bhaban and DCC zonal offices. The observations were done for getting usual picture of DCC offices, how the private holding owners interacted with the DCC staff and brokers, the obstacles and harassment they faced while submitting notice of assessment, during assessment, appeal, and collection of holding tax.

2.2.2 Secondary Sources

Budget, manpower in DCC and salary of all permanent and temporary staff, rules and regulations of taxation system, holding tax information of randomly selected 10 wards of 10 Zones and other related reports have been collected from DCC and other organizations. Moreover, unpublished and published thesis, journals, BBS reports, types of related books, reports, newspaper reports etc. were collected from different libraries and various development organizations to extract relevant data.

2.2.2.1 Review of Literature

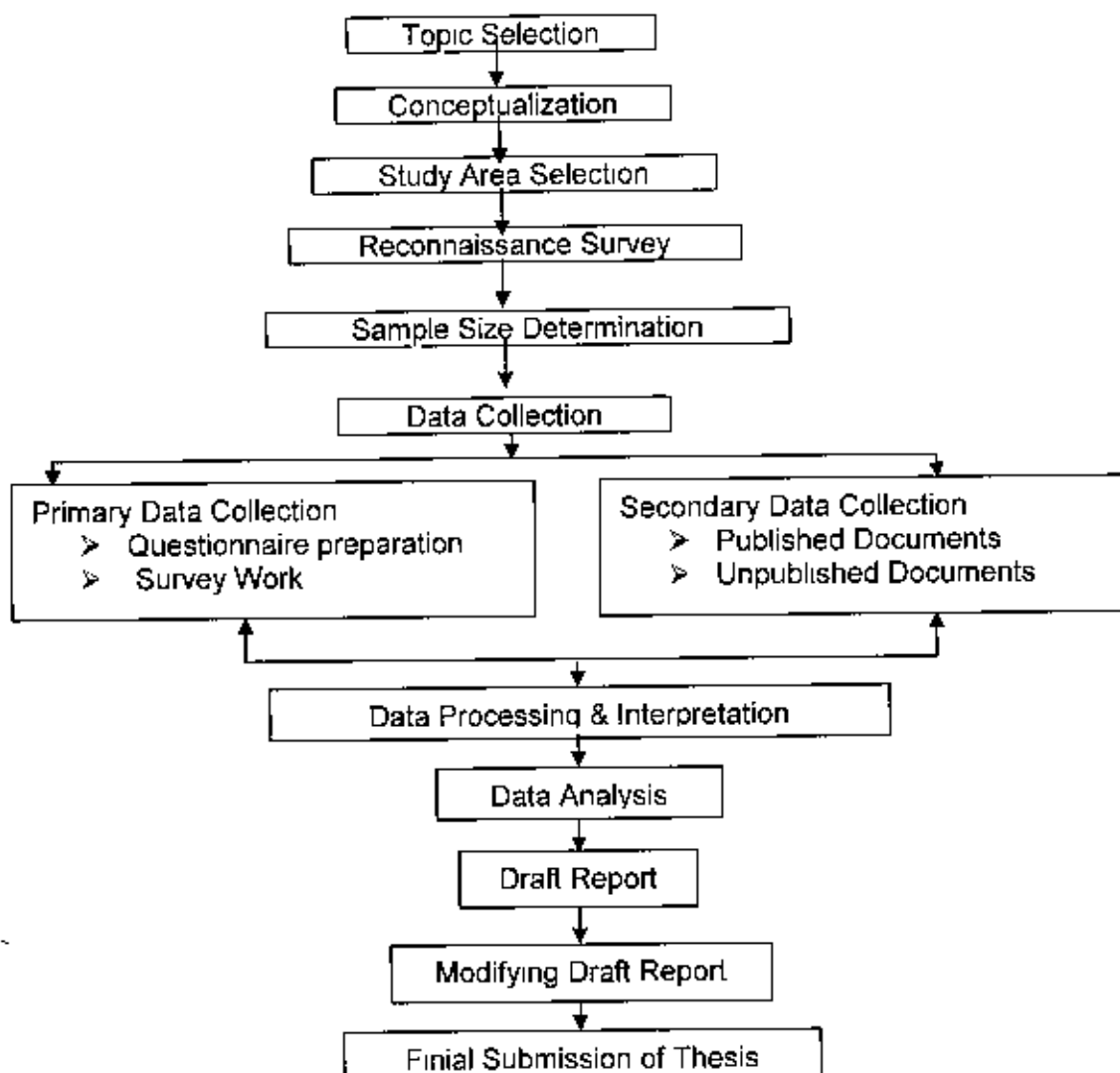
A large number of relevant literatures like published and unpublished thesis, journals, books, reports etc. on the existing system of holding tax have been carefully studied. The materials are specially on the strengths and the weakness of the current holding tax administration, assessment and collection procedure. Moreover, articles from different websites were also a part of literature review.

2.3 Data Processing and Data Analysis

The data collected from primary and secondary sources have been accumulated in a computer database and have been analyzed with database programs. The quantitative data were analyzed using the SPSS 13 software and Micro Soft Excel and was revealed by simple statistical methods such as cross tab analysis, co-relation, frequency and percentage analysis and graphical presentation (bar chart, pie chart, line diagram), etc. The compiled information both the quantitative and qualitative have been presented in tabular, graphical or in text form in the study. From the quantitative and qualitative analysis the drawbacks of holding tax assessment and collection have been identified.

Moreover, loss due to lack of monitoring¹ and financial loss² due to underassessment have been found out. The budget has also been reviewed keeping in mind the collection of revenue and level of conservancy services provided by DCC. Some policy recommendations have been formulated to overcome the drawbacks of the present system of assessment and collection of holding tax of Dhaka City Corporation.

Figure 2.1: Flow Diagram of the Study



¹ The difference between the potential demand and holding tax earning which incurred due to lack of monitoring considering building starting time, ending time of last construction, building description at first phase of construction and after some extension from survey and registrar data of DCC, amount of loan, loan taken time, loan last repayment time and yearly interest of loan

² The difference between the potential demand and holding tax earning at projected level.

Chapter 3: Review of Holding Tax System

3.1 Understanding 'Holding Tax'

In Bangladesh holding tax is defined as land or building tax plus the rate on conservancy, street lighting and water supply. The tax rate depends on the annual value of the land or house. Due to the varieties in construction of house and living standards in villages and cities, holding tax is applicable only for the urban area specially municipality or City Corporation. The villagers pay only the land tax; they don't pay any rates on water, street lighting and conservancy. Actually in Bangladesh the form of land tax varies due to urban amenities and other facilities. The city peoples have access on street lighting, water supply and conservancy facilities, and the communication facilities are also better than the rural areas; that's why the land value of urban areas is respectively higher than village areas. As the holding tax is imposed on the annual valuation of the land, the urban citizen should pay more tax on their land rather than rural citizen. Additionally the urban citizen should pay the rates on conservancy, water supply and street lighting facilities. So in Bangladesh, holding tax can be defined as the following formula:

$$HT = LT + CR + SR + FR + WR$$

Where, HT refers to Holding Tax, LT refers Land Tax, CR refers the rate on conservancy, SR refers the rate on street light, FR refers the rate of Fire rate and WR refers the rate on water supply facilities. The rate on water, conservancy and street light varies from different municipalities and city corporations.

3.1.1 Legal Basis for Holding Tax in Dhaka City Corporation

Current holding tax assessment and collection process for DCC has been defined according to the 'City Corporation (Taxation) Rules, 1986' which is enacted under the light of 'The Dhaka City Corporation Ordinance, 1983' [August 24, 1983].

3.1.2 Holding Tax in Dhaka City Corporation

Within the jurisdiction of Dhaka City Corporation holding tax is defined as land and building tax plus the rate on conservancy and street lighting. The tax rate depends on the annual value of the land and building. The city people have access on street lighting,

water supply and conservancy, and the communication facilities. But they are paying for the water supply facilities to DWASA as it is the supplier for water.

As Dhaka City Corporation is providing the street lighting and conservancy services to the city dwellers, the holding tax can be defined as the following formula for DCC:

$$HT = LT + CR + SR$$

Where, HT refers to Holding Tax, LT refers Land and Building Tax, CR refers the rate on conservancy, SR refers the rate on street light.

At present according to decision of DCC under the 'City Corporation (Taxation) Rules, 1986', the amount of tax payable is determined after final listing of Annual Valuation of land and building by following rates:

Holding Tax = 7% of the Annual Valuation
Conservancy Rate = 2% of the Annual Valuation
Lighting Rate = 3% of the Annual Valuation

Total Annual Tax = 12% of the Annual Valuation

Tax can be paid quarterly (3 months) basis which is one fourth of the total Annual Tax. There are some rebate (discount) arrangements for early payments of City Corporation Taxes.

3.1.3 Assessment/Valuation Process

3.1.3.1 Preparation of Valuation List

According to the Rule 20 of 'City Corporation (Taxation) Rules, 1986', the manner of determining the annual value of buildings and lands shall be as follows:

(a) For wholly let-out building (Fully Rented)

The annual value is determined by the gross annual rental minus two months rent as maintenance allowance. If the property be mortgaged to government or a House Building Finance Corporation (HBFC), a recognized Bank or any other institutions under registered instrument for searching funds for construction or purchase of the same, then the annual payable interest will be deducted on account of such mortgaged-debt. If the



monthly rental value of any building appears to be abnormally high or unusually low, the assessing authority while determining annual valuation may, have regard to the rent at which building and land of similar description and with similar advantages in the locality may be let out.

(b) For wholly occupied buildings (Wholly Owner Occupied)

The annual value shall be determined as per the probable annual rent at which the buildings and lands of similar description and with similar advantages in the locality may be let out or at 7 percent of the value of the building on the date of assessment plus ground rent for the land comprised in the building, whichever is less, minus the following:

- I. Two month's rent or one sixth of the annual value as the case may be, as maintenance allowance.
- II. 40% of the annual value after deduction of the amount at item (I) above
- III. If the property mortgaged to government, HBFC, a recognized Bank, or any other institution for securing funds for its construction, then the annual interest payable such mortgage-debt.

(c) For partly rented and partly occupied building

The annual value of the rented portion shall be calculated in the manner as specified in clause (a) above and the annual value of the occupied portion as in clause (b) above.

3.1.3.2 Return Requested for Ascertaining Annual Value

According to the Rule 20 of 'City Corporation (Taxation) Rules, 1986' DCC is required to develop a valuation list of all the holdings under its jurisdiction DCC will appoint an assessor for the assessment purpose. Using Form A (**Annex 3**) the assessor, in order to prepare the valuation list may ask the owners/occupier of the buildings for providing information within a week. After receiving notice owners/occupiers provide returns with true and correct information about rents or valuation and description of the building by using Form B (**Annex 4**) and the assessor may ask for additional information if required and has the right to inspect the buildings if necessary.

3.1.3.3 Preparation of Assessment List

An assessment list is prepared by using the Form C (**Annex 5**) shall contain the following particulars and any others which the City Corporation may think proper to include-



- (a) the name of the street in which the building or land is situated ;
- (b) the number of the building or land on the register ;
- (c) a description of the building or land ;
- (d) the annual value of the building or land ;
- (e) the name of the owner ;
- (f) the amount of tax or rate payable for the year (each tax or rate to be shown separately) ;
- (g) the amount of quarterly instalment ; and
- (h) if the building or land is exempted from assessment, a note to that effect.

3.1.3.4 Publication of Notice of Assessment

After assessment of all the holdings within City Corporation, an assessment list shall be prepared. The Mayor or, in his absence, the Chief Executive Officer shall authenticate the same (whether it is assessed first time or amended or passed through appeal petitioned by owner) by putting signature on each page of the assessment list and then shall cause it to be deposited in the office of the city corporation and shall give public notice of the place where the list may be inspected.

3.1.4 Appeal against Assessment

According to the Rule 7 of 'City Corporation (Taxation) Rules, 1986', any person, who is dissatisfied with the amount assessed upon him or with the valuation or assessment of any building or his liability to be assessed, may apply to the City Corporation on Form-P (*Annex 6*) to review the amount of assessment or valuation. No such application shall be received after 30 days have elapsed from the date of publication of the notice. An Assessment Review Board (ARB) shall be responsible for hearing which consists of the following:

- One ward commissioner of the city corporation (except the commissioner of the ward where the property is located) will participate as member
- One civil engineer who is not an employee of the city corporation will participate as member
- One advocate who is not an employee of the city corporation will participate as member. It is clarified in the ordinance that no commissioner who is the member of the review board shall hear an application for review if such

application relates to a property situated in the ward from which he/she has been elected.

The hearing of the petition shall be conducted in a summary manner which shall be completed within a period of four months from the date of first hearing and final decision of ARB shall be communicated to the applicant accordingly.

If any applicant aggrieved by an order made by ARB may, within sixty days from the receipt of order, prefer an appeal to Divisional Commissioner within whose jurisdiction the City Corporation is situated by depositing 75 % of the amount decided by the ARB

3.1.5 Restrictions on Imposition of Tax on Buildings

The tax on buildings, including conservancy rate, shall not be imposed on any building which is used exclusively as a place of worship to which the public have a right of free access or as a mortuary or which is duly registered as a public place of burial or cremation ground or exclusively for purpose of public charity. Where the annual value of a building within the City Corporation does not exceed two hundred taka, the tax on building shall not be imposed on such building.

3.1.6 Restrictions on the Imposition of Lighting Rate

The imposition of a lighting rate shall be subject to the restrictions, where the holdings lying beyond three hundred feet of the street lamp post.

3.1.7 Restriction on the Imposition of the Conservancy Rate

The imposition of the conservancy rate shall be subject to the restrictions that the rate shall not be livable in any area until the City Corporation makes provision for the cleaning of private latrines, urinals and cesspools and public streets within such area.

3.1.8 Billing and Collection Process

Bill book is prepared for the whole financial year & it is issued/delivered to the tax payer at his/her holding address or at any other address as desired by the tax payer. Bill Book is delivered within July of each fiscal year. There is a receipt part of the bill book. Bill is issued quarterly basis. But there is a provision of 5% rebate if quarterly tax is paid within 1st month of the quarter and 10% rebate for making payment of tax for the whole year within the 1st quarter, 7.5% rebate for advance payment of quarterly tax (more than one but less than 4 quarter at a time) within rebate date of current quarter. Bill book has 4

copy of each page. i.e Corporation's copy, Bank's Copy, Tax Payer's Copy & Office Copy. Tax can be paid through any of the following 3 ways:

1. Listed branches of Janata Bank.
2. Concerned Revenue Supervisor receives taxes physically in cash at the tax payer's site (Valid receipt is given upon payment).
3. Zonal Office

3.1.9 Duration of Assessment

Periodic or general assessment is supposed to take place once in every five years. Interim assessment is conducted on a regular basis in order to cover enlarged jurisdiction, change in the existing buildings, new buildings etc. For on time periodic or general assessment, City Corporation does not require any permission from ministry. However, any postponement of general assessment requires prior approval of the ministry, which, in view of widespread and long delay in conducting regular assessment, appears to be a routine affair

3.1.10 Income of Dhaka City Corporation from Holding Tax

It is observed that DCC's income from holding tax has been steadily increasing for last six years though FY 01-02 and FY 02-03 were marked as the most achievement against their targets. The average target achievement for last six years is 70.60%. Whereas, the contribution of holding tax is decreasing in respect of total income revenue of DCC which is averaged for last six years is 51.28%. The actual data are presented in the below given table and graph. However, holding tax revenue contributes 18.67 percent of DCC's total income in FY 2006-2007 and through FY '01-'02 to FY '06-'07 on average 20 percent.

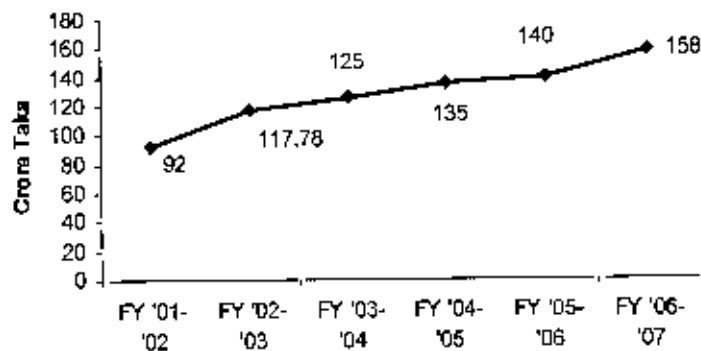
Table 3.1: Income from Holding Tax

TK in core

Holding Tax Income	FY '01-'02	FY '02-'03	FY '03-'04	FY '04-'05	FY '05-'06	FY '06-'07	Average
Holding Tax Target	125	160	170	200	210	230	
Holding Tax Income	92	117.78	125	135	140	158	
Achievement (%)	73.60	73.61	73.53	67.50	66.67	68.70	70.60
Total Revenue Income	155.72	195.45	238.21	271.61	311.78	383.2	
Achievement (%)	59.08	60.26	52.47	49.70	44.90	41.23	51.28

Source: DCC Budget

Graph 3.1: Holding Tax Income in DCC



3.2 Holding Tax Assessment System in Some Municipalities at Home and Abroad

Holding tax assessment and collection process is varied in different municipalities and City Corporations. Here three assessment processes and their general performance are stated to understand the position of DCC and compare with their practices. Two municipalities are chosen from Bangladesh and one from India whose socio-cultural context is similar to Dhaka.

3.2.1 Kolkata Municipal Corporation, India

a) Determination of Annual Valuation (A.V.)

KMC applies 'Reasonable Rental Method'. If the property is used by the owner himself, i.e. from KMC database and comparing with similar premises, expected rent per month, the property is capable of fetching, is determined, then it is multiplied by 12 and a 10% statutory maintenance allowance is subtracted to arrive at the Annual Valuation (round to nearest 10). If the property is tenanted, then the exact monthly rent (including service charges if any) is multiplied by 12 less 10% statutory allowance to arrive at the Annual Valuation. In case of Theatre/cinema halls, 7.5% of the Gross Annual receipts (excluding taxes) is fixed as Annual Valuation for the Hall.

b) Rates of Taxes

If the Annual Valuation as fixed above, does not exceed Rs.600/-, then the rate of tax is 11% of the Annual Value. That is if A.V. is Rs.500/- then the property tax per year is Rs.55/- plus Howrah bridge tax @ 0.5% of the quarterly tax is allowed if deposited in time.

If the Annual Valuation exceeds Rs.600/- but does not exceed Rs.18000/-, then taxation is the percentage of the A.V. worked out by dividing the A.V. of the premises by 600 and adding 10 to the quotient, the sum thus worked out being rounded off to the nearest first place of decimal. That is A.V of premises is Rs.1300/-, then $1300/600=2.16$. Hence property tax percentage is $2.16+10=12.2\%$ (rounded off). So the person has to pay Rs.158.60/- per year plus Howrah bridge tax @ 0.5% of A.V. and a further rebate of 5% of the quarterly tax is allowed if deposited in time.

If the Annual Valuation as fixed above exceeds Rs 18000/-, then the rate of tax is 40% of the Annual Value. That is if A.V. is Rs 20000/- then the property tax per year is Rs.8000/- plus Howrah Bridge tax @ 0.5% of A.V. and a further rebate of 5% of the quarterly tax is allowed, is deposited in time

For squatters, specified educational institutions, some statutory organizations the rate of tax is different.

For commercial/non-residentially used premises a surcharge @ not exceeding 50% of tax is levied additionally.

c) Duration of General Revaluation

KMC inspectors visit owner's premises and propose a valuation. Generally, for a residential property the Annual Valuation increases by a minimum of ten percent if no addition and alteration in use and nature of the premises has occurred and for non-residential premises the increment is of minimum 20%. Normally, the general revaluation happens after a gap of 6 years

Self-Assessment is tentatively planned to be implemented from April 2007, but the latest information regarding the implementation status is not known. However owner should inform KMC in writing regarding any sale/purchase of property in the jurisdiction of KMC and as well as regarding any change in nature and use of the building.

d) Appeal against Assessment

Each assessee is given liberty to appear before a Hearing Officer if he has any objection against the valuation proposed by KMC. Hearing Officer considers such objections (verbal/written) and fixes the Annual Valuation against the premises of the assessee.

The assessee has a further chance to appeal against such valuation too. He can appeal before Municipal Assessment Tribunal that consists of a Chairman and other members not exceeding five in number. However, the said tribunal entertains no appeal if the disputed tax is not deposited. Valuation as determined by the Tribunal is final and no proceeding shall lie in any Civil Court against the valuation as determined by The Tribunal.

e) Billing and Collection Process

The property tax schedule is printed in the bills. Installments are generally quarterly. Tax payer can deposit yearly property tax bills at any treasury counters of KMC as well as in stipulated banks as printed in the reverse of the bill. Fresh/Supplementary (F/S) bills are to be deposited in respective offices viz Head Office, Gariahat Office, SSU Office, GRU Office, Br. XI Office, Br. XII Office in respect of wards (Kolkata Municipal Corporation, 2008).

3.2.2 Jessore Pourashava, Bangladesh

Jessore, an A class Pourashava, is one of the oldest Pourashavas in the country. Its holding tax collection unit seems to be poorly staffed, specially in terms of quality of personnel aggravated by the fact that the post of Tax Collector is lying vacant. The current staff strength consists of nine Assistant Collectors. As Jessore Pourashava boasts 14,000 holdings in total, distributing tax bills and collecting holding tax house-to-house in time could be a formidable job. Fortunately, however, a sizeable number of tax payers physically visit Pourashavas and pay taxes at the Pourashava counter. Once the system of tax payment at commercial banks is introduced, as currently being planned to be implemented soon, work load on the collectors will be reduced. Increased availability of tax collectors could be then utilized in order to pursue habitual tax defaulters.

Jessore turned out to be one of the better performers in terms of overall tax collection, but inclusion of the Secondary Town Infrastructural Development Project II (STIDP-II) with its conditionally of better tax collection perhaps is one of the explaining factors for its better performance. One encouraging sign is that social "SHAME" in a small town setting such as Jessore has been harnessed to prompt payment of holding tax. Apparently, newspaper coverage forced large defaulters, specially politicians, to pay arrears and remain up to date in terms of holding tax. As for habitual hardcore defaulters, the threat of attachments and subsequent auctioning of movable properties along with police

presence at the gate of defaulting holdings was enough to realize arrear amounts in cash. There was no need to execute the threat. The success rate was 100 percent as reported by the CEO of the Pourashava. However there were three such cases in the last two years.

It has been observed from a survey that varies few people have had any clear idea as to how the holding tax amount is calculated, which clearly points to the need for awareness building among the tax payers. The good news is the tax payers are not oblivious to the fact that smaller amount of collected tax might lead to even poorer performance by the Pourashava.

The most interesting aspect of the present findings is that not many tax payers have actually given bribe to the assessors. Nonetheless, one finds out that the extent of under-assessment is substantial. One obvious reason is that the tax is based on the basis of rental values calculated several years ago. Another reason could be that the rental figures supplied by the holding owners are quite low compared to the actual values. And the assessors, living in a small town and with poorer background, apparently could not summon up enough courage to challenge the figures provided by the socially respectable citizens. Another similar problem lies with the Pourashava itself, which is reluctant to pursue holding tax collection for fear of losing popularity among the Pourashava voters.

The officials of the Pourashava felt that the tax rate needs to be substantially reduced in order to discourage evasion. Furthermore, the whole calculation method needs to be simplified and, instead of individual rental valuation, fixed rate of rent of per unit of measurement by neighborhood needs to be introduced in order to diminish discretionary power of the assessors. They also felt that computerization of holding tax information base and linking the base with GIS maps of the town will lead to better management of the tax administration at Jessore (ADB, 2005).

3.2.3 Nilphamari Pourashava, Bangladesh

Nilphamari, a class B Pourashava, is the districts headquarter of Nilphamari District. The Pourashava is a relatively poor one, with little industrial and/or commercial activity to support the town populace. In 2002-2003, the Pourashava has received around Tk. 2 million (mn) from the government at the center as development grant. Its own sources

generation was Tk. 4.99 mn (including revenue from water supply), 42.3 percent of which came from holding, conservancy and lighting tax.

Nilphamari Pourashava charges 7 percent of holding, 4 percent of conservancy, and 3 percent tax for street lighting on the assessed tax base. There is no water tax, in stead of fixed monthly rate is charged on water connection. For ½", ¾" and 1" connection, monthly charge is Tk 100, 200, 400 respectively. The minimum charge was Tk 40 per month which has been raised to Tk. 100 and that did not seem to have any impact to the voters who re-elected the Chairman for 4th consecutive terms

The last overall tax assessment was undertaken in 1993-94, but actually completed only in 1996. The one before the last one was undertaken in 1986. However, the Pourashava periodically undertakes assessment of annual rental values for the new holdings. After the re-assessment in 1996, almost one-third of total holding out of approximately six thousand holdings appealed against the assessment. In stead of considering case by case, which would have entitled huge workload for the officials, across the board reduction of 40 percent was granted

The reality of having no tax assessors has forced the Pourashava to hire a lawyer on contract basis to work as Tax Assessor. Assistant Tax Collectors help the lawyer in the assessment. Their efforts to get at least an assessor failed due to no response from the ministry.

Collection department, however, has one Tax Collector and seven Assistant Tax Collectors, three of whom are on the master roll. Officials of the Pourashava pointed out that a town like Nilphamari does not have many pucca buildings to levy holding tax on. The problem of tax collection is exacerbated by reported reluctance of the government offices, sometimes due to ignorance, sometimes due to lack of resources, to pay holding tax. It seems that one of the biggest defaulters is the police department.

One can pay holding tax through commercial banking system as well as at the Pourashava counter. However, as tax payers, in absence of prodding from tax collectors, started to default in greater numbers, door- to- door cash collection system is being continued as well.

The Pourashava is somewhat reluctant to use the power to attach movable property in order to collect arrear tax. As a matter of fact, no auction took place in the last year. Few years ago, the Pourashava adopted an innovative idea to collect arrear holding tax. The Pourashava started to demand holding tax payment slip before issuance or renewal of any trade license, which resulted in a distinctive jump in the amount of collected tax. However, the program was later abandoned as it became clear that for the fault of holding owners, business owners are being punished.

It seems that the Pourashava officials are not against computerization of their offices. Indeed, they have received 6 computers under MSU project, two of which are being used in the tax department. Due to lack of proper training they could not use the computers to store holding tax information and retrieve them when needed (ADB, 2005)

3.3 Various Methods of Valuation System

According to conventional wisdom, there are four basic forms of property or holding tax assessment.

- I. Annual Rental Value System
- II. Capital Value System
- III. Site Value System
- IV. Area Based/Unit value System

3.3.1 Annual Rental Value System

In an annual rental value system the base is defined as the expected or notional value of a property. The major problems are arbitrariness in determining net rent and infrequent reassessment system. Under this system, both the landlord and the tenant are required to produce a rent payment receipt. If the assessor feels that the stated rent is not fair, the estimated average market rent for the neighbourhood is used. The neighbourhood average estimated based on a sample of properties on which market rent data are available, and the judgment of the assessor play a major role as these data are combined to reach a neighbourhood average. In case of assessment of commercial establishments, offices, industries, educational institutes, hospitals, etc., the capital value is estimated and covered to net annual rent with some arbitrarily chosen discount rate. The arbitrary discount rate is inevitably too low; hence net rents tend to be underestimated.

There is usually a wide divergence between assessed annual value and net market rent. Though assessment-sale ratio studies are rarely done, some available evidence suggests the extent of underassessment (Taleb, 2004).

3.3.2 Capital Value System

While ARV reflects the income from a property in its current use, capital value reflects the market's assessment of the income to be derived from a property in future including income generated by more intensive use of the property. The use of capital value, which is the price that a property would realise if sold in the open market, as a basis for assessing a dwelling has the advantage that an assured and increasing volume of market evidence is provided from the buying and selling of owner-occupied houses. All the professional bodies concerned with valuation support this view. Rating is a means of distributing the burden of taxation among ratepayers in proportion to the benefit they enjoy each year from the property they occupy. Rental values have an obvious relevance, since they are a direct measure of the annual value of occupation. Given the absence of adequate rental evidence, however, we must consider whether capital values could be made to serve the same purpose and whether they would be capable of being applied uniformly and fairly over the whole range of housing.

The assessment of capital values for both owner-occupied and tenanted property and for both public and private housing poses some problems. Housing is affected by a variety of selective subsidies, relief and allowances which make it impossible to compare the benefit derived by householders in different sectors from the occupation of their property with what they actually pay for it. If capital values are adopted, the basis of valuation, including the common assumptions to be made as to tenure and state of repair, would need to be specified by statute. Capital values are more volatile than rental values and this volatility has several implications for the practical working of a system which uses them. It is impossible to be precise about the effects, which a change to capital valuation would have on the incidence of rates (Taleb, 2004).

3.3.3 Site Value System

Under this system, tax is levied only on the capital value of the land, the structures are not taxed. Its chief merit is its potential in improving the efficiency of urban land use. Secondly, the administrative task is simplified, as valuation of structures is not involved.



The main disadvantage of the system is that it narrows the tax base and requires a higher tax rate to produce the same revenue. It presents major difficulties in overcoming the restrictions on owners created by long leases and other encumbrances. It would require land registration to be completed for the whole country. It would also require the precise identification of the permitted development of every plot of land; such identification has become more difficult in recent years with the replacement of detailed development plans by structure plans indicating only the broad policy for development, and local plans which fall short of providing comprehensive coverage (Taleb, 2004).

3.3.4 Area Based/Unit value System

Apparently attractive are suggestions for assessing houses on a points system which would involve setting up a tariff of values relating to standard features of housing such as size, age, equipment, amenity, location and environmental features. There may be difficulties in deciding the weight to be attached to the less tangible factors. More crude are suggestions for basing rates on measurement that is on the quantity rather than the value of housing. But the benefit which people derive from their housing-and what they are prepared to pay for it-is not proportional to its size (Taleb, 2004).

4.1 Socio Economic Status of the Respondents

Dhaka City Corporation is divided into ten zones consisting 90 wards. These 90 wards are encompassed with different category of people with different socio-economic status. For representing all groups of people, a survey is conducted in 2007 to find out the scenario of holding tax during assessment and collection. From the survey data, it is revealed that about forty two percent of the holding owners are businessmen and mean age of the respondents is 52. The age category of owners is shown in the table no. 4.1. From the table, it is illustrated that the majority of the owner is within age limit of 41-60.

Table 4.1: Distribution of Owners of Holding by Age Category (N=500)

Age	Percent
Up to 30	5.0
31-40	19.8
41-50	28.3
51-60	22.1
More than 60	24.8

From the survey data, it is acquainted with that most of owners (30.9%) have primary education and 57.3 percent have more than primary education. Only 1.4 percent is illiterate, 1.8 percent can sign only and 8.6 percent have non formal education. Survey data also shows that 11.2 percent have secondary education, 26.5 percent have higher secondary education, 18.4 percent graduate and 1.2 percent has post graduation. Table 4.2 shows the percentage of the profession of owners.

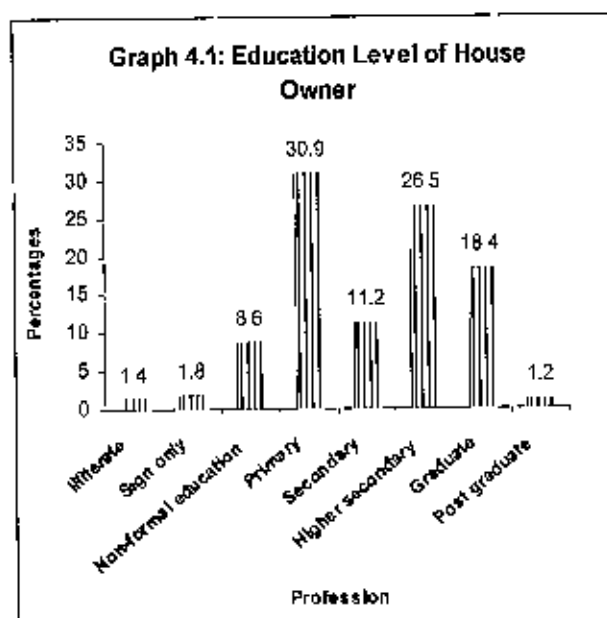


Table 4.2: Distribution of Owners by Professional Level (N=491)

Profession	Percent
Business	42.16
Household works	18.33
Retired	17.72
Government Service	10.59
Private Service	2.44
Doctors	2.44
Teacher	1.22
Engineer	0.81
Lawyer	0.61
Workers	1.02
Others	2.64

4.2 Holding Type of the Owners

In the Dhaka City, there are 41.5 percent pucca building, 30.2 percent kutchra building and 41.5 percent semi-pucca building and 8 percent jhupri (BBS, 2001) Holding number consists of one or more than one building. Moreover, it may

be a flat of a building. From survey data, it is examined that 72.9 percent holding are fully pucca, 15.6 percent holding are semi-pucca and only 0.8 percent holding are kutchra. There is also mixed type of these three categories of buildings. Of this type, some holdings are pucca and kutchra; some are pucca and semi-pucca; and some are semi-pucca and kutchra. And above all, some are comprised of all three categories. The holdings are of different storey. Most of the holdings (51.1 percent) are comprised of one to two storeys. Table 4.3 shows the percentage of the storey occupied by the holdings.

Graph 4.2: Holding Type of the Owners

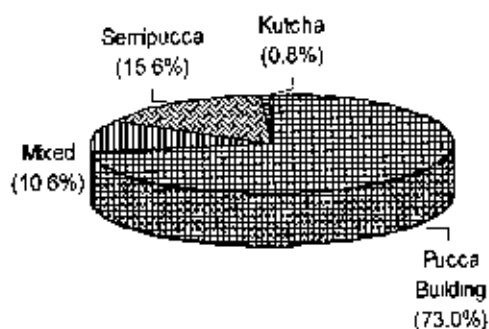
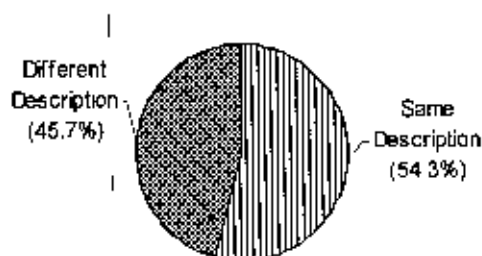


Table 4.3: Storey of the Holding

Storey	Frequency	Percent
One	136	27.3
Two	119	23.8
Three	82	16.4
Four	73	14.7
Five	33	6.6
Six	53	10.6
Seven	2	0.4
Twenty Two	1	0.2

The descriptions which the author gets from survey data are not all same according to DCC registry khata. Only 54.3 percent holding have same description according DCC registry khata. Survey data shows that 76.8 percent of the holding is fully complete, 17.8 percent of the holding is incomplete and 5.4 percent holding is incomplete but those holdings are rented.

Graph 4.3: Description of the Holding According to Registrar Book



4.3 Helping Body for Erecting the Holding

Household owners erected their holding not only with self finance but also taking loan from outside, i.e., Bangladesh House Building Corporation, Bank, Micro Finance Organizations, etc. From survey, it is revealed that 59.5 percent constructed their holdings by fully self finance. The remaining constructed their holdings taking loan from outside irrespective of self finance. Out of 499 respondents, 9 respondents take loan from two bodies. Moreover, 9 respondents live in government-owned house but taking lease.

Table 4.4: Responsible Body Helping for Erecting the Holding

Helping Body	Percent of Cases
Fully Own Fund	59.5
Bangladesh House Building Loan	18.6
Bank Loan	10.8
Loan from Other Organizations	2.2
Loan from Friends	5.4
Others*	5.2

* Government lease, loan from tenant, prepared by developer, by giving add of the developer, from office, donation from father in law

4.4 Building Occupation

500 Holdings are surveyed. Of them nine holdings (1.80 percent) are leased by the government, 63.93 percent holdings are partially or wholly rented and the remaining (34.27 percent) are wholly occupied holdings. Out of 63.93 percent partially or wholly rented buildings, 4.21 (21 holdings) percent holdings are wholly rented.

Chapter 5: Findings from Primary and Secondary Sources

5.1 Collection of Revenue and Level of Conservancy Services

Holding Tax is a very important source of own generated revenue of Dhaka City Corporation. Within holding tax, conservancy tax is incorporated which is two percent on the annual value of buildings and land. By taking this tax, it is a duty of DCC to provide better conservancy service.

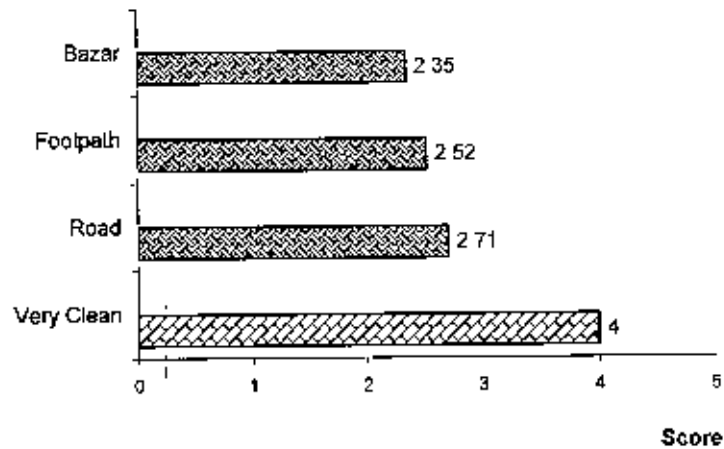
In Dhaka city 3500 metric tons wastes are generated per day (Dhaka City Corporation, 2007d). At present about 3000 tons garbage is collected and disposed by DCC. Moreover, DCC has given lease to collect wastes form door to door in some areas and even due to limited number of trucks and increasing garbage due to escalating population, it has given lease to four private organizations for providing conservancy services in Zone 9 and 10.

In FY year '07-'08, DCC earns Tk 158 crore of holding tax of which one sixth should be used for conservancy services. But analyzing budget, it is shown that only Tk 5 35 crore is employed in conservancy services program.

Within 500 samples survey, about cleanliness of road, footpath and bazar 498, 285 and 399 responses are obtained. From those responses, it is observed that 4.2 percent people answered road are very clean, 67.1 percent people answered roads are moderately clean, 23.7 percent answered roads are dirty and 5 percent answered roads are very dirty. In the case of footpath, 5.3 percent responses are very clean, 47.7 percent moderately clean, 40.7 percent dirty and 6.3 percent responses very dirty. In case of bazar, 1.8 percent responses are very clean, 45.4 percent moderately clean, 38.3 percent dirty and 14.5 percent responses very dirty.

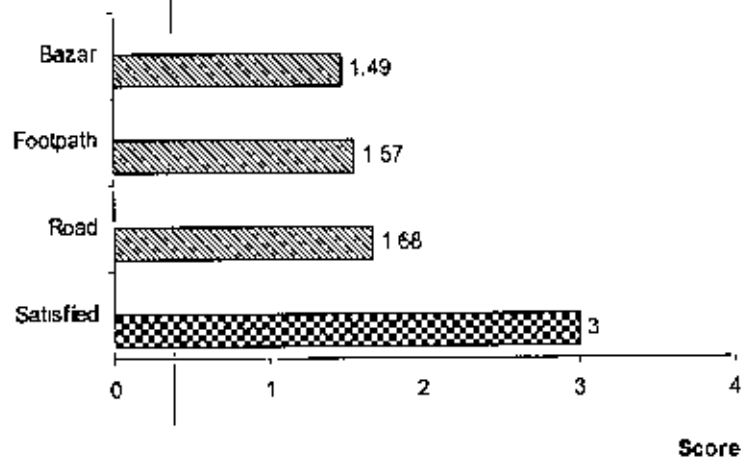
Converting the data into index in the scale of 4, it is found that the scores are within 2-3 range which revealed that the respondents found the cleanliness of roads, footpath and bazars as 'Moderately Clean'. Whereas, the maximum score of the graph 4 has been set, whose legend is given as 'Very Clean'. To make the score in 4 point scale, have to convert very dirty as '1', dirty as '2', moderately clean as '3' and very clean as '4'.

Graph 5.1: Index Score of Road, Footpath & Bazar according to Cleanliness



Regarding satisfaction of road, footpath and bazar 6.3 percent, 7.7 percent and 4.3 percent people are satisfied respectively, 54.9 percent, 41.1 percent and 40.1 percent people are moderately satisfied and about dissatisfaction 38.8 percent, 51.2 percent and 55.6 percent people are unsatisfied respectively. In the indicator of satisfaction level of road, footpath and bazar 490, 287 and 399 responses are obtained. Again if the data is converted into index in the scale of 3, it is found that the scores are within 1-2 range which revealed that the respondents were moderately satisfied. Whereas, the maximum score of the graph is 3 which is given legend as 'Satisfied'. To make the score in 3 point scale, have to convert unsatisfied as '1', moderately satisfied as '2' and satisfied as '3'.

Graph 5.2 Index Score of Road, Footpath & Bazar according to Satisfaction Level

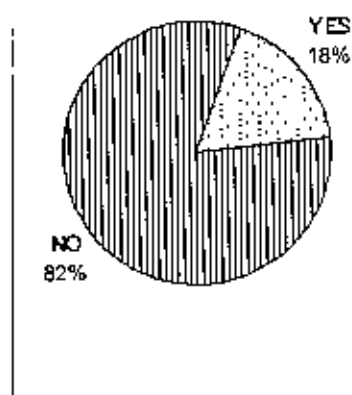


From graph 5.1 and 5.2, it is clear that there is clear relation between cleanliness of road, footpath and bazar and satisfaction of those.

Table 5.1: Responses about Stagnation of Road and Cleanliness of Drain

Particulars	Response	Percent
Water Stagnation after Raining (N=499)	Positive	63.7
	Negative	36.3
Water obstructing Road spilling over the Drain (N=485)	Positive	58.8
	Negative	41.2
Cleaning of Drain (N=487)	Positive	17.9
	Negative	82.1

Graph 5.3: Response regarding Cleaning of Drain



From table 5.1 and graph 5.3 reveals that drain is not cleaned regularly and for this reason there is stagnation after raining and spilling over the drain affects the people's satisfaction.

Table 5.2: Responses about Sweeping of Road, Footpath and Bazar

Responses	Road (Percent) N=497	Footpath (Percent) N=277	Bazar (Percent) N=355
Daily Sweeping	42.5	35.0	41.7
Sweeping after two-three days	27.4	25.3	26.5
Sweeping after five-seven days	8.5	7.9	8.1
Sweeping after more than seven days	3.0	2.9	1.4
Irregular Sweeping	18.7	28.9	22.3

From table 5.2, it is shown that most of the people (42.5 percent) said that roads are daily swept but more than half of the respondents said roads are not daily cleaned. In the case of footpath and bazar sweeping same scenario prevails.

Cross tabulation between satisfaction level and cleanliness times of road, footpath and bazar are attached in **Annex 7, 8 & 9**. Within 42.21 percent those who said roads are daily swept of them only 4.71 percent people are satisfied, 27.25 percent people moderately satisfied and even 10.25 percent people are unsatisfied. From this point, it is clear that though roads are regularly swept, it is not cleaned properly. The same scenario also exists in the case of footpath and bazar.

One of the DCC's main responsibilities is to collect wastes from dustbins of every area. So it has to provide dustbin in each ward so that people can put the garbage into the dustbins. But in all areas the dustbins are not installed at suitable locations for putting the garbage as it is far from some holdings. Moreover, there is not sufficient number of dustbins. Sometimes people are unable to put the wastes in the dustbin. From survey data it is revealed that only 11.2 percent put the garbage by the family members. 69.7 percent people said that private organizations collect waste and 19 percent said that they put the wastes by the help of people of City Corporation, workers engaged by ward commissioners and by the community people.

Moreover, for collecting wastes from holding to dustbin, individuals have to pay money. Out of 497 responses, 88.73 percent people paid money to collect wastes from their house. From the survey data, it is

Expenditure (Tk)	Response (Percent)
10-50	36.1
51-100	31.3
101-200	22.2
201-300	6.8
301-500	2.5
More than 500	1.1

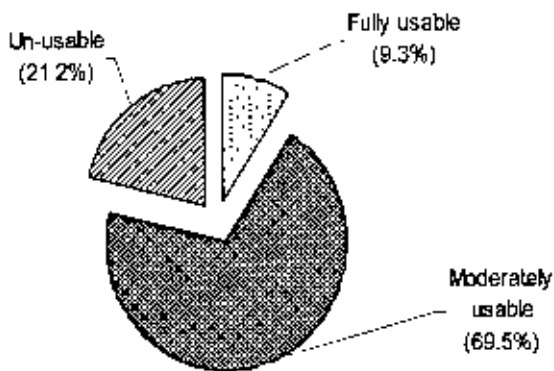
revealed that people have to pay Tk 10 to Tk 1200 for one holding's garbage collection. The highest expenditure Tk 1200 occurred due to large holding. Most of the people (36.05% respondents) paid Tk10-50.

Within 248 responses, 39.9 percent people gave responses about daily cleaning of waste from dustbin but 60.1 percent people gave responses about irregular cleaning. Within 60.1 percent responses, 40.7 percent gave responses that dustbins are cleaned after two-three days, 12.1 percent after five-seven days and 7.3 percent people gave responses after more than seven days.

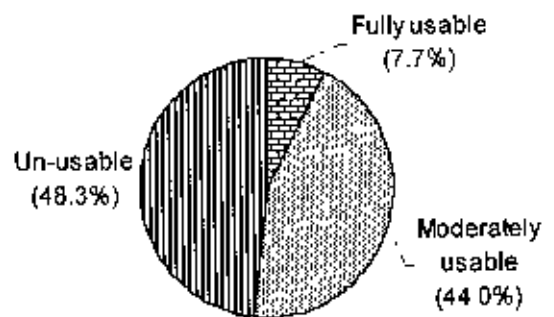
From the above findings, it is concluded that people are moderately satisfied regarding conservancy services provided by DCC which are related with roads, footpaths, bazars, drains and dustbins sweeping and cleanliness.

Moreover, road's and footpath's satisfaction of the inhabitants is related with the surface condition. Regarding road condition, most of the people's response is moderately usable. 69.5 percent (out of 496 responses) people admit with the moderate usable condition of road whereas 48.3 percent respondents (out of 298 responses) disclose the unusable condition of footpath of the holding owner's neighbouring area.

Graph 5.4: Road Condition



Graph 5.5: Footpath Condition



Converting the percentages into index in the scale of 3, the score is 1.59 for footpath and 1.88 for road condition which reveals that the condition of road is better than the condition of footpath but in both cases the condition is moderately usable according to people's response. To make the score in a 3 point scale, have to convert un-usable as '1', moderately usable as '2' and fully usable as '3'

By analyzing the conservancy services and the condition of road, it is brought about that people are moderately satisfied regarding the service of DCC.

5.2 Holding Tax and Lighting Facilities

Holding Tax contributes 41.23 percent of the corporation's own fund in FY '06-'07. It incorporates lighting tax which is three percent on the annual value of buildings and land. By taking this tax, it is a duty of DCC to provide better lighting services. Survey data reveals that 49% respondents out of 496 holdings claims there is not sufficient lighting in the owner's neighbouring area and 51% claims about sufficient lighting in his/her area. Those who give positive response about sufficient lighting of them 24.5% indicates lights put on properly, 72.7 percent indicates sometimes lights do not put on and 2.8 percent claims some of the lights never put on. Generally, out of 498 responses, 13.7 percent claims lights in the street put on regularly, 75.3 percent claims sometimes not putting on and 11 percent claims never putting on.

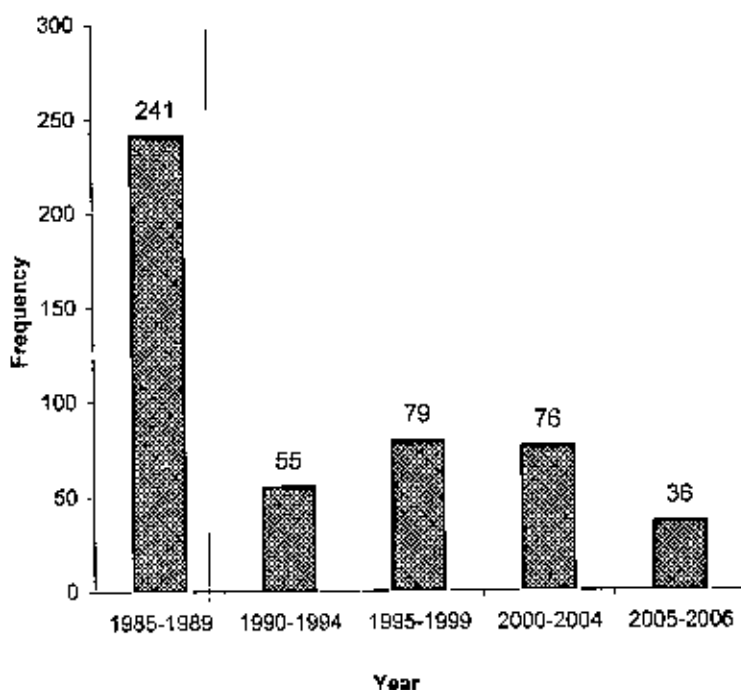
According to the Holding Taxation Rule 1986, the lighting rate is imposed only on holdings lying beyond 100 yards of the street lamp post. But survey data indicates that out of 496 cases, 10.3 percent cases lamp post or street lights is not available but tax is imposed for lighting which is known from DCC registry khata. Whereas, 89.7 percent cases (445 no. holdings) street light is available. But within these 445 holdings, in 9 cases lighting tax is not imposed. Among them two holding owners respond that they give 12 percent of their annual rental value and the figure of holding tax which they claim is higher than the value written in DCC registry khata.

5.3 Holding Tax Assessment

Holding tax assessment starts by preparing valuation list. In DCC, there are few assessors to assess individual's holding assessment. The assessor assessed the building by following City Corporation (Taxation) Rules, 1986. From the survey, 487 respondents gave response about their last assessment year of assessing holding tax. The following graph shows the number of assessed holdings as last assessment in different periodical years.

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Graph 5.6: Number of Holdings in Different Assessment Year



Though the general system of tax imposition is 12 percent on the annual rental value of buildings and land, the secondary data of zone 1 and 2 shows there is also imposition of tax at 15 percent; even in the survey data in 9 cases same scenario is found out which proves the inefficiency of the assessors.

The secondary data from DCC registry of different wards selected for survey shows five open spaces or constructing buildings. But from survey it is informed that 4 building's construction is completed and they are constructed in 1996, 1998, 2001, 2005 respectively and one building whose construction is half done but that is rented. Moreover, in zone 5 out of 3074 cases, the author finds in 99 cases which are shown as open space or constructing building in DCC registry khata but most of them are constructed earlier but tax is not imposed. Moreover, 11360 holdings data related to tax are collected for selection of 50% roads of 10 wards. From these holdings the author finds in 201 holdings there is no description or 'owners not found' is written in DCC registry khata but practically by observing some of them found that owners are available

and also informed that tax collectors collect tax which are not deposited to DCC fund which indicates fraudulence in the assessment.

From survey data, minimum assessed holding tax which is fixed for open space is TK 27 and the maximum rate of holding tax (Tk 513360) occupied holding consists of 15 flats. According to the registry khata the amount of tax which is prevailed at present and selected for the survey are shown in table no. 5.4. In the survey, 6 holdings were also selected which were not assessed by DCC but there is holding number in DCC registry khata. Three of them are

written in the DCC registry khata as 'owners not found' and for three holdings there are no description. But from survey it is informed that all are completed before 2005 and DCC faced loss due to lack of monitoring.

Holding Tax	Percentage
TK 27-500	7.3
TK 501-2000	36.6
TK 2001-5000	19.3
TK 5001-10000	19.7
TK 10001-20000	9.8
TK 20001-50000	6.1
More than TK 50000	1.2

Moreover, three holdings are selected which have also no information in the registry khata but from the survey, it is informed that their assessment process are going on. One under process but the owner has given documents to DCC in 2004 and another given documents in 2006 but up to January 2007, tax not assessed which proves delay in the assessment process.

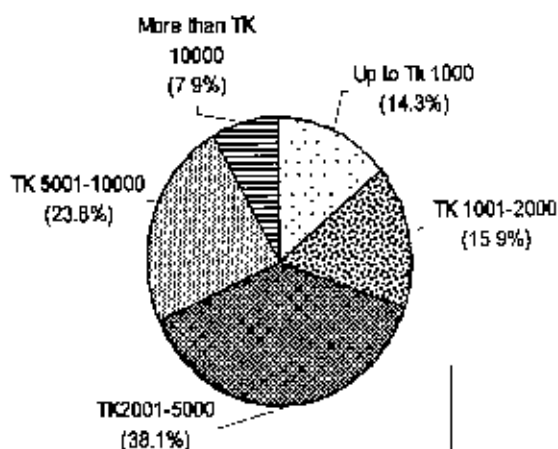
From the survey, it is declared that assessment always not take place by the inspection of the supervisor/concerned officials. Only 75.5 percent respondents disclose that assessor inspects their holdings during last assessment. According to interview it is informed that, limited number of supporting staff and less outdoor fee is also responsible for less inspection.

Periodic or general assessment should take place in each five year. Interim assessment is conducted on a regular basis in order to cover enlarged jurisdiction, change in the existing buildings, new buildings, etc. But at present DCC does not follow periodic or general assessment. After 1988-1989, such type of assessment does not take place. The inherent logic of not making reassessment is the political influence. One of the contributing factors of Mayor's victory in the 1994 DCC election was his declaration that he would not increase holding tax during the next five years. It was a political strategy,

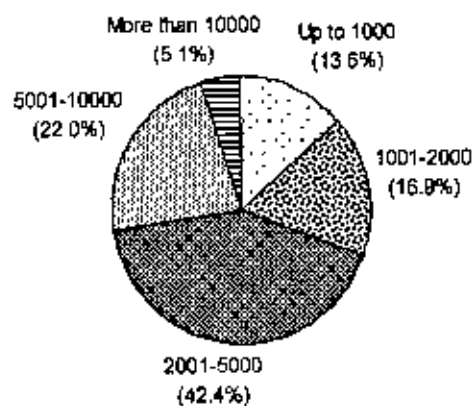
which adversely affected DCC's capacity to mobilize local resources. Moreover, interim assessment is also affected due to limited outdoor fee of the assessors and the collectors. The monthly limited fee of Tk 60 creates difficulties to the concerned persons to monitor all holding's changing condition. The data collected from survey observes that out of 241 responses, whose last year of assessment is 1988-1989, 53.11 percent holding's description is not consistent with the description of DCC's registry khata. These holdings must face interim assessment. But DCC was not able to do the assessment because of lack of monitoring and existence of corruption.

From the survey data, the extent of corruption is also found out. Out of 432 responses, only 28.2 percent people claims that officials expected bribe to fix the holding tax. It is also found from observation that about 100 percent cases officials expect bribe. But in some cases, they are unable to achieve their expectation because of the owner's honesty and responsibility to local government. Earlier in the year of 1989, officials expect little amount of bribes but at present their expectation has been high. In the survey data, minimum amount of bribe is Tk 200 and maximum amount of bribe is Tk 50,000. The mean bribe is Tk 5990 whereas standard error of mean is 884 and median bribe is Tk 5,000. The respondents admitted about the bribe but most of them did not give any response of the figure of bribe. However, only 51.64 percent gave response. Figure 5.7 shows the percentage of responses about the bribe expectation and the figure 5.8 shows the bribe paid by the owners. Those persons who gave responses about the expectation of the assessor/officials regarding bribe, of them 72.8 percent gave bribe. The finding appears to support the observation of the author. The data expesed from survey illustrates that the mean bribe given by the individual owners is Tk 5455.93 and the standard error of mean is Tk 883.

Graph 5.7: Expected Bribe to Fix the Holding Tax



Graph 5.8: Payment of Bribe to Fix the Holding Tax



Case 5.1: Bribe of Tk 50,000 to fix Holding Tax during Assessment

The owner lived in a posh area. He had a three storied building. Two storeys were rented whose monthly rent was TK 24000. His living storey's monthly rental value consistent with his speech was TK 12000. So, according to the holding tax rule, his tax would be Tk 37,440. So the owner gave the bribe to lessen his tax consistent with inspector's expectation. After payment of bribe, his tax was assessed of Tk 21,960. Again he made appeal to reduce the tax. After his appeal his tax was reduced to Tk 3072.

Correlation between expected bribe by the supervisor and payment of bribe by the owner is significant at the 99 percent confidence level³. Very few times, there is difference between expected bribe by the officials and payment of bribe by the owner. Sometimes it shows little bit difference but the difference is not significant. Most of the times whatever the assessor/officials expecting, the payment is alike.

From the survey data it is also revealed that there is no relation of bribe to reduce holding tax during last assessment with education and age. Every education category and every person of different age category has given bribe to reduce their tax which shows the discretionary power of DCC officials. There is little relationship between profession and bribe to reduce tax during last assessment. From the survey it is observed that business people (44.1%) gave bribes more whereas the percentage of giving bribe in case of doctors, engineers, journalist, workers and construction workers is not so high

5.3.1: Perceptions and Satisfaction about Assessment Process and Holding Tax Rules

Survey data reveals that only 18.5 percent (out of 480 responses) people only knows about the process of assessment. Within 413 responses, 57.4 percent are not satisfied about Holding Tax Rules, 1986 claiming the reasons

1. Services of DCC is not satisfactory—roads are not repaired regularly/ Service is not appropriate considering the tax
2. Tax can be assessed without the presence of owner
3. Economical Condition is not considered

³ 2-tailed test where p value is .000 and Pearson correlation value is .996

4. Building depreciation cost is not counted
5. Double taxation-Income and holding tax considering the same holding

67.5 percent respondents affirm that the assessment system is not equal to all and not done properly claiming the reasons

1. During assessment, officials want bribe
2. Holding tax is differential in the same size of holding who made their house with own money only (not taking loan from bank or other organizations)
3. If bribe paid, no document is required
4. Appeal does not work without giving bribe
5. Files are blocked if bribe not given
6. Takes long time if bribe not given
7. Tax can be assessed without the presence of owner

Out of 492 responses, 83.9 percent respondents admit that they can increase the amount of providing holding tax if DCC provides better services. The respondents say that strong monitoring, changing the habit of taking bribe and introducing new initiatives for effective holding tax collection, DCC's revenue will be increased and DCC will be able to provide better service.

5.3.2 Appeal against Holding Tax Assessment

If a holding is assessed for the first time or assessed amount is changed, the owner or occupier of the property would also be given notice by the DCC authority. Any person who is dissatisfied with the assessed tax amount may apply within 30 days to ARB for review the assessment or exempt the person from the assessment. The petitioner has to state on which ground the revision is warranted. From the survey, it is observed that out of 487 responses, 68 percent applied for appeal to reduce their tax. Minimum assessed value before last appeal was Tk 180, median value Tk 5,600 and maximum Tk 82,800. After making appeal 92.7 percent cases tax is reduced, 6.4 percent cases tax is not reduced and 0.9 percent (3 no.) cases appeal process has not been finished.

After making appeal the reduced amount of tax is Tk 72 to Tk 42,240 which is on an average 37.72 percent to assessed tax. Mean value of the reduced money is Tk 3447 whereas standard error of mean is 291. This appeal process increases the amount of underassessment.

Case 5.2: Reduced Amount of Holding Tax of Tk 42,240 after Appeal

There is no reason behind lessening this amount of tax as according to rental value, tax would be same or more. Before appeal from FY1992-93 to FY2000-01 the owner's tax was Tk 48240 but after appeal in FY 2000-'01 his tax was settled on only TK 6000 effective from FY 1992-93. But the owner did not admit the amount of bribe for reducing tax

Table 5.5: Reduced Tax after Appeal (N=307)

Amount of Lessening of Tax after Appeal	Percent
Up to 500	14.0
501-1000	20.9
1001-2000	20.5
2001-5000	23.5
5001-10000	13.0
10001-20000	6.5
More than 20000	1.6

Table 5.6: Bribe paid during Last Appeal (N=52)

Bribe paid during last appeal	Percent
Up to 500	9.6
501-1000	15.4
1001-2000	23.1
2001-5000	25.0
5001-10000	15.4
10001-20000	7.7
More than 20000	3.8

For reducing tax, petitioners had to pay bribe. Survey data shows that out of 52 cases, 23.1 percent people gave bribe of Tk 1001-2000 and 25 percent gave Tk 2001-5000. Mean bribe was Tk 4792 whereas standard error of mean was 817. Maximum bribe was Tk 30,000. Though from the survey only 52 cases out of 331 cases bribe data have been obtained, observation and interview of DCC officials prove for all cases to reduce tax petitioners have to pay bribe. It is also observed from the data that there is highly relationship between lessening tax and bribe. It is significant at 99% confidence level⁴. Moreover, it is known from Key Informant interview that for not paying bribe, sometimes owners are not able to make appeal.

Case 5.3: Bribe of Tk 42,240 during Appeal to Reduce Holding Tax

During appeal owner gave tax collector TK 30000. But after taking this amount only Tk 1704 was reduced. Before the appeal, during his assessment, supervisor wanted TK 20,000 as bribe. But the owner did not give the amount. So, his tax was assessed according to process whereas the amount was high in same type house in the owner's area. So, he applied in DCC to reduce the tax by an appeal. But according to his bribe, very little tax was lessened whereas for lessening more tax, less money was taken. From this scenario it is clear about the discretionary power of the employees of revenue department in DCC.

⁴ p value is .002 and value of Pearson Correlation is .432.

5.3.3 Underassessment or Over Assessment

Underassessment is occurred in the survey data when the difference between assessed holding tax (potential demand according to present rules) and actual holding tax is positive and over assessment is occurred when the value is negative. Out of 499 surveyed cases, underassessment is occurred in 94.39 percent cases, over assessment is occurred in 3.82 percent cases and projected assessment value and actual holding tax are same in 0.8 percent cases. Assessed holding tax is about three times than the actual holding tax and underassessment is on an average 180 percent.

In case of pucca holding the underassessment is 166 percent, for semi-pucca holding the underassessment 471 percent and for kutcha and semipucca holdings underassessment is 380 percent.

Out of 19 overestimated cases, holding tax figures become negative in four cases because of the imposition of annual interest for loan. For such type of cases DCC should provide minimum amount of tax of Tk 600 which are decided by a resolution. But review board did not reduce their holding tax as they did not give any bribe.

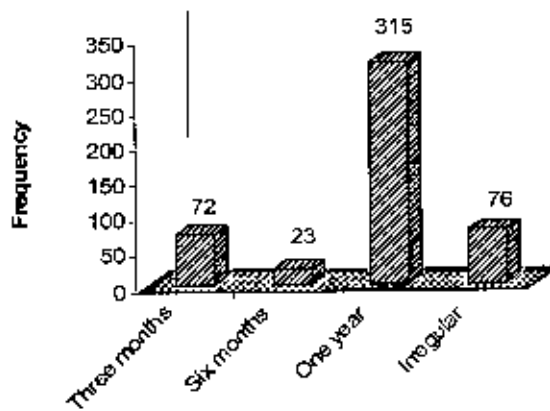
5.4 Billing and Holding Tax Collection

Holding tax collection starts with the process of billing. It is a lengthy process consisting of huge task as the system is almost manual. The process of preparing about two lacs of tax bills in the first month of fiscal year is not always possible. Moreover, sometimes some bills are missing. As a result owners have to come at zonal office to collect his/her bill and for payment. Officials take this opportunity for getting tips. They take money from the owners for writing the bill book and for depositing the money. Moreover, if they should get rebate for giving the tax in advance, they do not get it practically. Though the payment slip was prepared following this rebate but the collectors took the rebate money. Very few people coming in the zonal office for giving the holding tax are escaped from giving tips or bribe.

The general tendency of people about paying tax is to pay annually. Out of 486 responses about 65% gave taka for one year as it is time consuming for owner to give tax in four times and another cause behind this, is the opportunity of getting 10 percent rebate.



Graph 5.9: General Tendency of Tax Payment in Different Schedules



Moreover, it is obvious from the survey data that there is tendency of individuals of not paying the tax or giving the tax irregularly due to dissatisfaction about DCC services. Somebody thinks that their tax is more than the others of same type of holdings. Some are unable to pay the amount because of the lengthy process of appeal. Out of 464 responses, 30.2 percent failed to pay the tax in time. Of them 52 percent respondents gave positive response about hanging the owner's name in DCC's notice board for 30 days for being failure to pay the holding tax during schedule time.

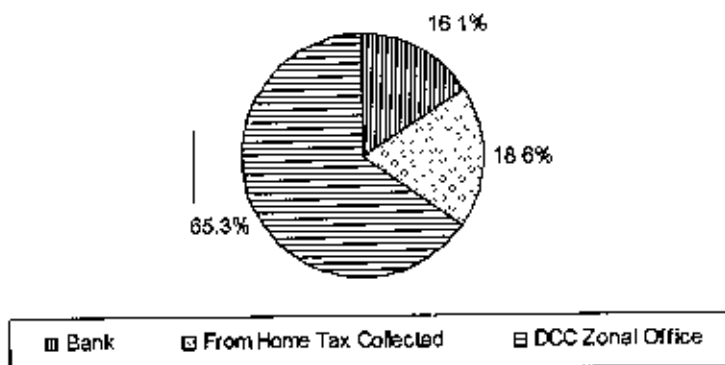
Out of 499 responses, the author gets 13.63 percent responses who are sometimes defaulter to pay tax. Of them 4.41 percent becomes defaulter in FY '00-'01, 4.41 percent in FY '01-'02, 13.24 percent in FY '02-'03, 17.65 percent in FY '03-'04, 23.53 percent in FY '04-'05, 33.82 percent in FY '05-'06 and 2.94 percent in FY '06-'07.

Latest Tax Payment	Percent
27-500	9.5
501-2000	41.9
2001-5000	23.2
5001-10000	11.5
10001-20000	7.7
20001-50000	5.2
More than 50000	1.0

Table 5.6 shows the amount of holding tax payment in FY '06-'07. Of them 16.8 percent gave tax for three months, 6.0 percent gave for six months, 62.5 percent gave for one year and 14.7 percent gave more than one year which are consistent the general tendency of paying tax. In the graph 5.10, the location of tax payment is shown. DCC's each zone has one scheduled bank where the owners have to pay their tax. Those persons who gave their tax in bank, they do not face any problem after the payment but

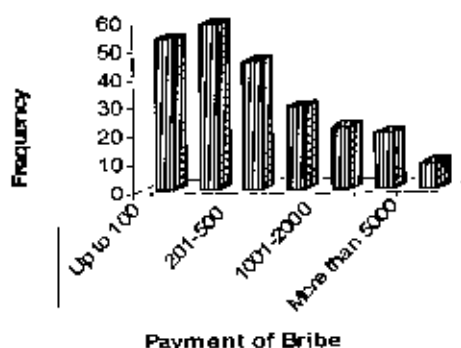
due to one bank during payment, they have to stay for long time by following a long que which is troublesome for busy people. But those who pay tax from home or going zonal office faces lots of problems. Sometimes after payment, they get warrant which may indicate that they do not pay the tax amount. Moreover, sometimes they face fraudulence (Annex 11).

Graph 5.10: Location of Tax Payment



The survey data shows in 51 percent cases (out of 471), DCC official expects bribe during tax payment. Of them 99.2 percent gave the amount. Graph 5.11 shows the amount of bribe paid by the owners during tax payment.

Graph 5.11: Amount of Bribe during Last Tax Payment by the Owner



Mean bribe is Tk 957 where the standard error of mean is 124. Maximum bribe is Tk 12994. The percentage of cross tabulation between unethical money given during tax payment and tax payment place is attached in **Annex 10**.

Case 5.4: Bribe of Tk 12,994 during Holding Tax Collection

By informing the owner high tax but writing in registrar khata low tax, money was taken from the owner but not deposited in the holding tax fund. It is the common scenario in DCC to make fraud in this way. (i.e., in one zone one official has been suspended for making fraud). As the tax not being deposited in the owner faces case and becomes bound to give tax again.

From the survey, it is informed that out of 476 cases, 57.8 percent paid the amount of tax in advance. Of them 12.73 percent gave advance for 3 months, 8.37 percent gave for 6 months, 1.45 percent gave for nine months and 77.45 percent gave advance of tax for one year.

Everybody who paid tax in advance has got schedule rebate but not all got the rebate in hand, only in the receipt. The DCC officials took some or whole of the rebate amount during payment of tax. Only those who have given the payment of tax in Bank, they have got full rebate and not faced of giving any bribe. But those who have given the payment from home have not got the rebate.

Some Case Studies to find out the Drawbacks of Assessment and Collection

Case 5.5: Extent of Corruption and Underassessment

Mr. F karim (Pseudo name) lives in an apartment building of a posh ward. He was a retired person. In 2000, he got the flat 6/B. In that year supervisor came to that building for assessment. The supervisor said that he could lessen the holding tax if he and others owners gave them a fruitful amount like Tk 1,20,000. Every apartment building gave money to lessen their tax by collecting money from all owners. So they with the help of chairman and secretary of the apartment, collected Tk 1,00,000 (5,000 Tk each from 20 apartments) and gave to the supervisor. He also said that as one person of that building was outside the country and there was nobody to give his money, his tax was assessed at Tk15,600 and those who dealt with them directly, their assessed value were very lower. His assessed tax was Tk 9360 during assessment of holding tax. So he appealed to DCC for reducing money. For reducing tax Tk 1800, he had to pay the supervisor Tk 3000. According to current rental value, his apartment's annual rental value will be TK 96,000 and according to that annual rental value, his tax will be Tk 11,520. So, Dhaka City corporation losses every year from his apartment Tk 3960 at present time and DCC will not get any chance of making any reassessment without change.

Case 5.6: Lack of Monitoring, Bureaucracy, Dishonesty and Overestimation

Mr. Mofarsher Alam Chowdhury (Pseudo name) lives in a middle rented area of a posh ward. He is a retired person. In 2000, he completed his 3rd floor. After completion of his building, no supervisor came to his house. From this point, it is obvious that there is no monitoring body. For lack of monitoring, DCC's revenue loss was Tk 66,600 $\{(29400-7200) \times 3\}$ for the FY 2001 to FY 2003 according to his holding's present assessed tax by DCC. In early 2006, supervisor with another person came to his house by getting information from outside about extension of his house. They noted the description of his house. They said to Mr. Alam to give them some money for taking sweets. If he gives them some money about Tk 8000-10000, they will lessen his tax Tk 12000-15000. But the owner disagreed to give them money and said he could entertain them with sweets or he could invite his family in his house. He also informed that his neighbor also extended his house and he informed it to the supervisor but DCC's supervisor did not reassess his neighbor's holding. Mr. Alam's tax was up to date up to FY 06. According to DCC's rule, book for holding tax has to be reached from July to August to any holding. For FY 07, he did not get any book. So he went to the Zonal office. Going to zonal office he was astonished that his tax was increased from Tk 7200 to Tk 36,960. Head Clark of that ward said, the owner might get a book with an amount of Tk one lac (approximately). He disagreed to accept the tax as it was over estimated. During that time the Head Clark proposed to give them some money for taking sweets and advised him to apply for appeal. Then Mr. Alam applied for appeal and agreed to give them some money for taking sweets if his tax is lessened. At last he found a person. With the help of that known person his tax was lessened to Tk 7560. Mr. Alam did not go to the zonal office at the hearing date. His son went to the zonal office and gave the Head Clark Tk 2000 for taking sweets according to the owner's commitment. Mr. Alam said that his tax was also overestimated after the appeal as he got rent only from second floor TK 9000 and his two floors rent would be Tk 18,000 and all of the floors had same square feet. So at best his annual rental value would be Tk 198,000. So according to current rent value his tax would be Tk 23,760. So he has to pay each year Tk 5,640 more due lack of monitoring, bureaucracy and dishonesty.

Case 5.7: Faulty Description and Fraudulence in Assessment and Collection

Md. A Chowdhury (Pseudo name) lives in Khaze Dewan. He is a business man. In 1997 he started his building and in 1998, he completed his 3rd floor. According to his speech, after completion of his building, supervisor came to his house and assessed his tax. He said that his assessed tax is Tk 3500. So every year, he has to pay that amount to tax supervisor from his house. But from DCC registry book, it is shown that his holding is vacant and assessed TK 27 in 1997 when his building was started. So, from this point, it is obvious that there is no monitoring body in DCC. For lack of monitoring, DCC's revenue loss was Tk 1,69,717 (21,215X8) for the FY 1998 to FY 2006. Moreover, as he was not aware that his holding is shown vacant and his money of TK 28000 which is given by him as tax has turned into bribe. He also said that he had to pay TK 5000 as bribe during his assessment.

Case 5.8: Faulty Description in DCC Registry Khata and Extent of Corruption

Mr. A Rahim (Pseudo name) lives in a middle rented area of a posh ward. He is a retired officer. In 1969 he bought a building that means there prevailing a building from 1969. But in DCC registry book, it is shown that no owner was found in that holding. From 1996, the building is four storeyed and there are 8 units in that building. According to his speech, his building was assessed first in 1981 and 3 times assessed and from 1996, he gives every year Tk 12000 as holding tax from his house to the supervisor of that ward. But no amount is deposited in DCC as there was no description of the building in DCC ledger book. So, DCC supervisor every year deceives that amount for his own interest. As the building construction was completed at 1996, though a building existing from 1969, loss due to lack of monitoring from FY1996-'97 to FY2001-'02 is Tk 14,373 and after FY2001-'02, as his loan was repaid at 2001, loss due to lack of monitoring upto FY2006-'07 is Tk 2,16,000. So the total loss from FY 1996-'97 is Tk 2,30,373. But if we think that DCC assessed his value is Tk 12,000, which amount the supervisor deceives from FY 1996-'97, the total loss due to lack of monitoring will be Tk 1,20,000.

Case 5.9: Faulty Description and Extent of Corruption

Mr. K Ahmed (Pseudo name) lives in a middle rented area of a posh ward. He is a business man. He had semipucca-4 rooms before 1998. In 1998, he started for the existing two storeyed building's construction and that was completed in 1999. He had a shop in his ground floor. But in the registry book it is shown that holding has semipucca-4 rooms, which was assessed in 1989. The owner said that from 1999, the building was assessed and he gives every year Tk 4320 as holding tax from his house to the supervisor of that ward. But only Tk 764 is deposited in DCC. So, DCC supervisor every year deceives Tk 3456 amount for his own interest. As the building was not assessed in due time, DCC lost TK 85,709 from 1999. Moreover, It is the general situation in all over the Dhaka City that holding has shop but not shown in DCC ledger book. For this holding, it is also proved

Case 5.10: Delay of Assessment & Fraudulence

Mr. S Ahmed (Pseudo name) lives in Mirpur. He is a business man. In 1997, he started his building of biscuit factory and in 2000, he completed the factory. In 2000, he needed a trade license. But as his building was not yet assessed he was unable to make his license. He went to DCC for his building assessment but DCC officials took five years as he did not agree to give bribe. After five years, his building was assessed and a corrupt official said that his tax was Tk 6000 but it is shown from DCC registry khata that his tax is Tk 2640 and in description portion it is kutchra although originally it is semipucca. From FY05-06 that official took Tk 6000 from him and gave document but only Tk 2640 was deposited in DCC revenue fund and the official took Tk 3360 in his pocket.

Case 5.11: Unable to Appeal for Compelling to Give Bribe

Md. F Rahman (Pseudo name) lives in Mirpur. He is a Teacher of Private College. According to his speech, his tax was high as he did not give any bribe to tax assessor. After his assessment, he went to DCC for appeal. But he is unable to appeal as he did not give any bribe. He went three times for making an appeal but unable to do that.

Case 5.12: Delay in the Assessment Process

Md. M Rahman (Pseudo name) lives in a posh ward of Dhaka City. He is a business man. In 2001, he started his building and in 2005, he completed 4 floors of his building. According to his speech, his official went to DCC for their building assessment but supervisor wanted Tk 50,000 for assessment. As he did not give the money, his assessment delayed. Even when he was interviewed, his building was not shown in the registry book and shown as open but for open space, yearly tax of Tk27 was not assessed.

Case 5.13: Holding Tax Rule do not Consider Economic Condition of the Owner

Md R Badshah (Pseudo name) lives in Mirpur. He is a service holder. According to his speech, tax assessor came to his house for reassessment. Tax assessor said that they would not assess the holding if he gives some extra money to the tax collector every year for his one room extension. As his present rental value is high, Mr. Badshah thought that his tax would be high which would be unbearable for him. He also said that the present taxation system did not think the economic condition of the owner. As a result, he was compelled to give commitment to the assessor that he would give extra money of Tk 500 during tax collection. He also said for this reason he is unable to pay the tax in Bank. Either he had to pay the tax from house or going Zonal office.

Case 5.14: Bribe Given to Reduce Arrear Tax

Mr. A Hossain (Pseudo name) lives in a middle rented area. He is a business man. He said that after giving tax in the same rate regularly he got an arrear tax of Tk 93,000. When he went to DCC, officials said that 5 years ago inspector had gone to visit his house and by making conversation with an outsider and taking the outsider's signature, assessed his tax. To reduce the arrear he had to pay Tk 15000 and his arrear tax was reduced to Tk 45,000. But according to his opinion, his tax was high and he appealed to reduce his tax. For that purpose, he had to give Tk 2000 more as bribe.

Chapter 6: Drawbacks of Assessment and Collection of Holding Tax

6.1 Introduction

The author has found some drawbacks of the present holding tax assessment and collection system of Dhaka City Corporation (DCC) from primary and various secondary data. The drawbacks are defined in 6.2 and 6.3.

6.2 Drawbacks of Assessment

6.2.1 Subjective Approach of Individually Holding Assessment

One of the fundamental problems with the current assessment procedure is that each holding is assessed individually using self judgment by the assessor. This discretionary power of assessor leads to create opportunity of corruption and make under/over assessment.

6.2.2 Irregular Assessment

Periodic or general assessment is supposed to take place once in every five years. Interim assessment is conducted on a regular basis in order to cover enlarged jurisdiction, change in the existing buildings, new buildings. But after 1989, there is no periodic or general assessment taken place. Moreover, interim assessment is also found irregular. The data collected from survey observes that out of 241 responses, whose last year of assessment is 1988-1989, 128 cases (53.11 percent) of holding's description is not consistent with the description of DCC's registry khata. These 53.11 percent holdings must face interim assessment.

6.2.3 Self Defeating Political Interest

One of the contributing factors of Mayor's victory in the 1994 DCC election was his declaration that he would not increase holding tax during the next five years. At the same time he promised to ensure increased urban facilities as well as to raise the standard of living for the destitute. This type of political strategy, even now continuing, adversely affects DCC's capacity to mobilize local resources. This type of politically

motivated act is self-defeating in the sense that decreasing internal revenues and increasing dependency upon the Centre for finance is bound to weaken the strength and independence of an autonomous body like DCC.

6.2.4 Non Transparent Exercise

The complexity of the method of assessment caused by applicable discounts, not being the tax rule open to all and lack of enough publicity as how the tax figure is arrived at made the assessment procedure a non-transparent exercise. During the survey covering holding owners conducted for this study, only 18.5 percent holding owner was found who could tell the process of assessment. Apparently, the process is completely non-transparent to the holding owners, and, as such, subject to discretionary power of the assessors.

6.2.5 Discretionary Power of Assessors as well as Corrupt Practices

From all steps of assessment the author finds discretionary power as well as corrupt practices by the assessors, ARB, other officials of holding tax unit of revenue department. The data illustrated from survey, it is informed that the mean bribe given by the individual owners is Tk 5455.93 during assessment and Tk 4792 during appeal. Moreover, there is no relationship with age, profession or amount of assessed tax.

6.2.6 Delay in the Assessment Process

The assessment system is very slow. Specially for not giving bribe, the assessment process delayed which is found out from the primary sources. Long delays in general assessment results in substantial drop in revenue possibilities of DCC as new buildings are not assessed, improvements of holdings are not recorded. Moreover, delay in the assessment process creates scope of large number of appeals. And delay in ARB results in sharp rise of the payable amount.

6.2.7 Underassessment

The current system of determining annual rental value of holdings is susceptible to manipulation. Clearly, the holding owners have strong incentive to understate the rental value of taxable buildings. In absence of proper legal documentation, assessors, either for personal gains or in absence of proofs, under-assess the property value. In the case

of wholly owner occupied holdings, the ill-trained assessors compute the rental value solely on his judgment. This system of valuation creates scope of corruption.

Under-assessment of the holding tax appears to be common in the system. The survey of this study, covering only private holdings, indicates that holdings are assessed about one third of what their actual holding tax (2.80 times) should be. This finding appears to support ADB's findings. ADB (2005) indicates that private holdings are assessed less than one third of their assessed holding tax. Moreover, the underassessment gets even worse after the intervention of the Assessment Review Board (ARB). On an average 37.72 percent reduced to assessed tax by the ARB. Due to under-assessment of holding tax DCC's financial loss⁵ is two billion seventy nine crore sixty eight thousand four hundred and forty five taka only per year.

6.2.8 Over Assessment

Over assessment is also occurred in DCC. Out of 499 surveyed cases, 19 overestimated cases are found.

6.2.9 Lack of Monitoring

Under assessment also occurs due to lack of monitoring. It is found that 45.57 percent descriptions of the holdings differed from the same of DCC registry khata. For a long time DCC faces loss due to inadequate monitoring. In about 29.40 percent of the cases the author observes loss due to lack of monitoring. Due to lack of monitoring DCC's financial loss⁶ is approximately eighty six crore sixty one lacs eighty four thousand taka per year. This loss occurred due to alteration of the existing holdings which are not

⁵ The difference between the potential demand and holding tax earning at projected level. Financial loss due to underassessment=Mean value due to underassessment*percentage*total holding numbers
=13710*0.9439*215601= Tk 2,79,00,68,445

⁶The difference between the potential demand and holding tax earning which incurred due to lack of monitoring considering building starting time, ending time of last construction, building description at first phase of construction and after some extension from survey and registrar data of DCC, amount of loan, loan taken time, loan last repayment time and yearly interest of loan

After completing the building the annual rental value is assessed and then loss due to lack of monitoring is determined by subtracting the actual holding tax (written in DCC registry) from the assessed holding tax. If the physical change occurs after DCC's assessment and it is more than five years, then rental value is considered two third of the present value. Financial loss due to lack of monitoring=Mean value due to lack of monitoring *percentage*total holding numbers =13665.09*0.294*215601= Tk 86,61,64,607

assessed. Proper monitoring is also difficult to carry out due to manual holding tax management system.

6.2.10 Fraudulence

Manual holding tax management system creates the scope of fraudulence. 11360 holdings data related to tax are collected for selection of 50% roads of 10 wards. From these holdings the author finds that no description or 'owners not found' is written in DCC registry khata in 201 holdings but practically by observing some of them found that owners are available. Moreover, it is found that revenue supervisor going to their house takes money as holding tax. Some of the owners also claim that assessment take place long times ago. But no money is deposited in DCC's fund.

6.2.11 Inefficient staff

DCC is characterized by ill-trained assessors. For this poor human resource, sometimes underassessment, sometimes over assessment occurs. Even some times the imposition of tax rate according Holding Tax Rule, 1986 on holdings is not followed. Sometimes 15% or sometimes 9% tax (though there is no restriction) is imposed whereas 12% should be imposed.

6.2.12 Lack of Assessors

The most striking feature of the current assessment regime is severe deficiency in human resources for proper assessment.

6.2.13 Limited Outdoor Fee for Assessors and Others in Revenue Department

DCC allocates Tk 60 as outdoor fee for the employees who work outside. With this limited amount it is not possible to monitor all holdings of a ward.

6.2.14 Less Satisfaction

People are moderately satisfied in conservancy and lighting facilities and other services given by DCC which insist them not to increase their tax. 83.9 percent people admit that they can increase the amount of providing holding tax if DCC provides better services.

6.2.15 Lack of Coordination with Internal Departments and Autonomous Organizations

Lack of coordination with internal departments of DCC as well as other government organizations like RAJUK, WASA, and PDB is also responsible for improper monitoring. DCC has urban planning department which prepares maps by using GIS. If there is coordination between revenue department and urban planning department and other autonomous organizations, the description of holdings will be alike written in the registry khata.

6.3 Drawbacks of Collection

6.3.1 Low Collection

In terms of collection efficiency, defined as ratio of collection (current plus arrears) over total demand, the result is not so attractive considering its expenditure and dependency to Government (more than fifty percent). In terms of total demand in FY2006-'07, 68.70 percent is collected. The problem of using total collection efficiency is that some portion of the arrear component may not be collectable at all for variety of reasons. As a result, the efficiency level using total demand and collection level may fail to portray a more representative picture

6.3.2 Manually Holding Tax Management System and Lack of Supporting Staff

The whole process of billing and recording in ledger book is fully manual in DCC although in Zone 10 (Uttara) DCC introduces computerized program using GIS map which emphasizes their capacity of bill book sending and record keeping. There is no computerized database in other zones. The whole process of billing is a huge task as the system is still manual. The process of preparing tax bills and delivering them door to door in proper time is not matched by the supporting staff. For this manual system and lack of supporting staff, DCC losses revenue as sometimes bill books are missed to prepare and to reach to the owners' holding. Moreover, due to recording in the ledger books also create problems. For this manual system, after paying tax, revenue is not deposited in DCC fund for not putting the entry in the ledger book. Sometimes, some persons also get notice after paying the tax.



6.3.3 Non Tax Payment and Fraudulence

Different governmental agencies and affluent section of the urban society have made it a habit of either not paying the holding tax on a regular basis or in collusion with corrupt DCC officials undervalue their holdings. Non-payment and tax fraud are resultant effects of DCC's inability to take disciplinary measures against the tax evaders and its own officials who are involved in under valuation of the properties, resulting in faulty assessments and fixation of low tax rates. Bangladesh Railways, RAJUK, Press club are the major tax defaulters of DCC. Such non-payment of tax by concerned government autonomous agencies adversely affects the initiative of DCC to undertake their regular day-to-day activities.

6.3.4 Irregular Payment and Lack of Satisfaction

It is obvious from the survey data that there is tendency of individuals of not paying the tax due to dissatisfaction about DCC services. Moreover, somebody thinks that their tax is more than the others of same type of holdings. Some are unable to pay the amount because of the lengthy process of appeal. These are the inherent causes of irregular payment.

6.3.5 Lack of Monitoring

Monitoring in the collection process is not possible for manual holding tax management system. Moreover, in DCC there is no such type of unit in the revenue department for monitoring holding tax. Due to lack of monitoring, DCC is able to collect more revenue. Moreover, sometimes fraudulence occurs.

6.3.6 Opportunity of Giving Tax in Zonal Office and from Home

Door to door cash collection has some serious problems. As cash is being handled, it clearly engenders corruption and misuse of collected tax. For example, the author was informed when visiting Uttara that one collector was suspended due to manipulating the actual value in the registrar khata. He collects the actual amount from the owner of his designated area and gives them receipt accordingly but in DCC, he deposits the manipulated amount (manipulating in the registry khata) by submitting same amount of receipt. Moreover, those persons who went to zonal office, of them 56.19 percent gave bribe. Those who pay tax from home or going zonal office faces lots of problems. Sometimes after payment, they get warrant that they do not pay the amount.



6.3.7 Only One Bank for Depositing Money

In each zone DCC has one designated bank for depositing money which creates difficulty to owners to deposit the money as they have to stand up for long time following a long queue.

6.3.8 Discretionary Power of Assessors as well as Corrupt Practices

From all steps of tax collection the author finds discretionary power as well as corrupt practices by the collectors, other junior officials of holding tax unit of revenue department. The data illustrated from survey, it is informed that the mean bribe given by the individual owners is Tk 957 during collection. Even to reduce the arrear and during payment of arrears they take extra money from the owners. Moreover, sometimes they make fraudulence and the author gets a figure of fraud money per year is Tk 2,08,359 from 53 holdings (One example of fraudulence during tax collection is attached in **Annex 11**). These figures are calculated by taking the value during collection of holding tax.

6.3.9 Inefficient staff

DCC is characterized by ill-trained collectors and ledger book writers. For this poor human resource, sometimes some persons get notice even after payment of tax.

6.3.10 Limited Outdoor Fee for Tax Collectors

DCC allocates Tk 60 as outdoor fee for the employees who work outside. With this limited amount it is not possible to monitor all holdings of a ward for collection.

Considering all fact-findings from the primary and secondary data and literature review the author of this report is able to recommend some policy level recommendations, which may be considered as options to enhance the productivity of holding tax assessment and the efficiency of holding tax collection process, those will ultimately enhance the holding tax revenue of Dhaka City Corporation. More detail recommendations may be formulated under the light of below stated recommendations, which will be subject to separate comprehensive and detail research scopes.

7.1 Restructuring Some Parts of current Assessment Process

Some reforms are required to enhance the holding tax revenue of DCC, which would be pragmatic as well as tested in long-term buoyancy potential. The proposed reforms should be fair and equitable in terms of the tax payers' perception that they could participate in the entire processes of restructuring and make it successful to achieve DCC's holding tax revenue demand as well as help to provide desired service to the tax payers.

7.1.1 Introduction of Self-Assessment for Valuation

From the survey findings it has been found that subjective judgment of the tax assessors and their discretionary power creates the opportunity of corruption in the assessment process that ultimately leads to under assessment and dissatisfaction among the tax payers. Current practice of valuation done by DCC officials creates the scope of doing the aforesaid corruption that makes failure to tap a lot of opportunity of tax revenue as well as causes for a large number of appeal in the office of Assessment Review Board (ARB). These large numbers of appeal reduce the efficiency of the assessment and collection process of DCC.

Thus it is recommended that from next General Revaluation (GR), Self-Assessment method may be adopted by DCC to make valuation list. It will be participatory and transfer the onus of the valuation to the tax payers that will also give opportunity to make tax payers more accountable for valuation and tax payment as well. Self assessment system will also help reduce the number of appeal in the ARB and make the assessment

process more effective and efficient. It will also reduce pressure on the exiting work load of the concern DCC officials as they need not visit each individual.

In 2006-2007 National Board of Revenue of Bangladesh has introduced the self assessment method for income tax return and proved the feasibility of the method in our socio-economic context. However DCC had taken an attempt to lodge self-assessment for making valuation but failed due to agitation from tax payers. Tax payers were against the concept that time because of four main reasons i) the proposition was lack of provision of making appeal, ii) form designed for assessment was asking some unnecessary information, iii) tax payers felt lack of adequate services of DCC and iv) current 'City Corporation (Taxation) Rules, 1986' does not have provision for self assessment (Chowdhury 2005). This time it is recommended to eliminate all of the deficiencies laid in the earlier proposition by keeping provision of appeal and self assessment in the existing rules and designed an effective form with the suggestion of all stakeholders of DCC.

Self Assessment has been also adopted in some cities in India like Ahmedabad, Bangalore, Hyderabad, where Area based method is used for valuation. Self-assessment system has shifted the onus of reporting the assessable value of the property in terms of the parameter provided under the system and the tax payable there on. Since the owners have to file the self-reporting forms within a specified time, the level of compliance has increased and in turn increased revenue. The self-reporting system has reduced municipal staff's onerous task of service of the property tax bills. Even collection of tax has been made simpler by increasing the number of collection centers and also facilitating payments at commercial banks. The negative aspect of the self-reporting scheme is that it could result in wrong reporting and consequently result in lower taxes. However, strict enforcement is required to prevent such attempts. On the positive side, the citizens have found that the self-reporting scheme has reposed faith in them and secondly, for the first time they have been made aware how to compute the valuation of their property for property tax and that such valuation is no longer at the discretion of the revenue staff. For these reasons, the area based system has found immediate acceptance not only by the citizen but also the judiciary who has found the new system not injurious to public good. Another positive side to the area based system is that in the valuation process it has included both the locational data and building quality information (National Institute of Urban Affairs, 2008b).

7.1.2 Preparation of “Minimum Rental Valuation Chart” as Minimum Basis of Rent

By recommending the Self-Assessment method the onus of the assessment has already been shifted to the tax payers, but tendency of tax evasion and falsification in statement is very common phenomena in our socio-cultural context.

Thus to maintain a minimum standard of valuation and make it productive, a “Minimum Rental Valuation Chart” will be prepared by DCC after an in-depth research, which would be prepared by following area-base/ unit value system principles. Minimum rent will be fixed for each unit floor space considering upon location, accessibility, available utility services, security, age and design of building/house, construction and interior materials, furniture and fixtures, usage etc.

Thus, *Minimum Rent = F (location, usage, accessibility, utilities, securities, age of construction, construction materials, furniture & fixtures)*

Copy of this chart will be available for the tax payers as a guideline to fix minimum rental value of their building/house. However, they will provide the actual rental value in their assessment but the valuation can not be less than the DCC’s prescribed minimum rental value in any way. In the self-assessment form owner will provide the usage information in addition to the address, holding number, floor space and total rental income.

The monitoring officials of DCC will check the authenticity of the self-assessment in random basis physically and they will make 100 percent visit of those cases, where the self-assessments are made less than the DCC's prescribed minimum rental value. In case of falsification, strict and effective penalty will be enforced.

“Minimum Rental Valuation Chart” shall be updated in reasonable frequency that will reveal the realistic rental value data. This update shall be a continuous process that will reflect the contemporary market rental value of Dhaka City. However the minimum frequency of update shall be five years and completed before the each General Revaluation.

In Ahmedabad, Bangalore, Hyderabad, Patna of India have introduced Area based method for valuation. Self assessment has been used there for collecting valuation data. The reforms have no doubt achieved some initial success. In short, it suggests that major reforms need to be incremental. The impact of these reforms can be summed up

as follows: i) successful in the short run, ii) revenues have increased significantly, iii) the problem of a badly outdated valuation roll has been addressed, iv) the taxpayer acceptance of the reform measures (National Institute of Urban Affairs, 2008b).

7.1.3 Maintain the Regular Frequency of General Revaluation (GR)

According to the 'City Corporation (Taxation) Rules, 1986, the General Revaluation shall be done in every five years which seems very useful to enhance tax revenue. But in reality the defined frequency is not followed that causes a large amount of revenue loss for DCC.

Thus it is recommended to enforce with all political and administrative power to conduct the General Revaluation in every five years of regular interval. Next GR is recommended to be done with self-assessment method and supported by "Minimum Rental Valuation Chart".

7.1.4 Reduce the Existing Rate of Holding Tax for Next General Revaluation (GR)

Last general revaluation was done in the year 1988-89. The average rental value in Dhaka has been increased significantly within this ~20-year period. So, general tax payers will normally resist the new valuation system from the fear of sudden jump in their holding tax expenditure. Meanwhile, the prevailing inflation in the economy put city dwellers in additional expenditure pressure. In such situation, DCC has to take an effective measure to increase holding tax revenue. DCC shall make an income analysis that will be based on projected valuation from proposed self-assessment against current tax rate structure (i.e. total 12%) as well as a reduce rate structure. It is obvious by considering current tax collection rate (68.7% of the demand) and composite holding tax rate (12%), the revenue will increase very significantly.

However, it is recommended to reduce composite holding tax rate in a level that will project in the total revenue increase of DCC during next General Revaluation with the level of average holding tax revenue growth rate for last six years (11.74% from FY 2001-2002 to FY2006-2007). The reduce rate may be 8% in stead of 12%. In a rough estimation by using total under assessment value, it has been found only at 6.06% composite rate, holding tax may help to exceed the actual present revenue collection against current rental values, revenue growth rate and collection rate consideration (*Annex 12*).

This reduction will create most positive impact on the tax payer's mind and keep them out of fear of tax expenditure increase. This approach will help to avoid the possible resistance of tax payers for not conducting the next General Revaluation

After completion of the next GR successfully, DCC may think to increase of holding tax rate gradually considering contemporary economic and political situations

7.2 Entire Tax Collections through Banking System

The system of tax collection through the commercial banks is recommended. No cash collection should be permitted at all, except in the cases, where attachment of movable properties are about to take place. Once a new assessment is done, the holding owners are notified about the amount they have to pay as holding tax and each holding should be assigned a unique code (may automatically generated from computerized data base system) The payment should be made at designated bank branches against the code. City Corporation would send reminders to the defaulters only. Non-receipt of reminders, the holding owners should clearly understand, they would not absolve any obligation and need not protect them from penalties

Door to door reminder may be needed but no cash collection should be allowed. In addition to reminders from monitoring officials, cost-effective publicity, using suitable media, should be widely used to remind the tax payers of their tax obligations. To make the system truly workable, reward and punishment system may have to be further simplified and effective.

7.3 Computerize the Data-base, Billing, Collection and Monitoring System

Holding tax administration, with its huge database, regular need for updating information and routine need of billing and notice issuance is a natural candidate of computerization. Maintaining a fiscal cadastre with information on lacs of holdings and updating it with the latest change in status such as tax payment and arrears in itself is huge task. In addition, the task of identifying errant tax payers on a regular basis under the current manual system is next to impossible. Once the identification is done, the next step is to send a reminder letter or writing notice as needed. This routine administrative activity is near to impossible to carry out with limited human resources, when the system is manual. Hence, one can justifiably expect that introduction of computers in managing holding tax

administration should work wonderfully well in improving the efficiency of holding tax management.

Each holding should be assigned a unique code. The system of assigning unique code to each holding is invaluable once the computer is introduced in data management system. International experience suggest that mere introduction of computer aided data management system significantly improves current collection, reduce arrears, and perceptibly facilitate smooth running of holding tax administration.

It is also recommended to use modern remote-sensing images for identification of new holdings and facilitate better tax administration by linking GIS base data with satellite images (**Annex 13**).

Bhrammonbaria Pourashava has launched computerized and GIS base information system for holdings in 2006 with the support of LGED. After the computerization, their holding tax revenue enhanced, billing and collection system has expedited significantly. They have collected Tk. 25 38 lacs more revenue in FY 2006-2007 comparing to FY 2005-2006, which is exceptional and possible due to the computerization.

Meanwhile, DCC has taken a project of computerization at Uttara Zone in early 2007. They have used CS maps for GIS base information system which has yield satisfactory results. They have also conducted a physical survey with GPS system to precise the information. The software providers also trained the DCC officials for successful operation. Lately, they have found the number of holdings is increased near about one thousand comparing to previous statistics (**Costing for GIS based Computerization and Revenue Earning from Number of Increased Holdings in Uttara Zone is attached in Annex 14**). Billing and collection process becomes easier for them. They can produce and send all bills earlier than given time-frame which was not possible in manual system.

7.4 Restructure the Holding Tax Unit of DCC

Job specialization through the specific job description for different natures of job and related training will help to increase efficiency in the activities of holding tax unit of DCC. In doing this, three separate wings may be structured as i) Valuation, ii) Billing & Collection and iii) Monitoring. Competent and adequate officials will be designated in distinguish manner for each wing.

Valuation wing will be responsible for preparing "Minimum Rental Valuation Chart" and scrutinizing the self-assessment information during GR. They will also be responsible for conducting the interim assessment taken place case to case basis in future. They will also provide feed back to Monitoring wing to make physical verification under regular random sampling and in the cases of faulty self-assessment.

Billing wing will prepare timely and accurate billing through computerize system and make listing of irregular payment and provide feedback to Monitoring wing to make physical prodding to defaulter.

Monitoring wing will execute all sorts of contact with holding owners regarding any irregularities and make them understand or enforce to regularize or resolve the issues by any means, i.e. awareness, reward and/or penalties.

The main philosophy of this separation is to reduce the conflict of interest among the DCC officials that will lead to transparency and accountability in service provision.

7.5 Effective Monitoring System (Reward & Penalty for Tax Payers)

Effective monitoring system will be designed for proposed Monitoring wing with the help of other two wings. Information of the defaults and faulty valuations should be provided with speed and accuracy to the Monitoring wing. And to support the monitoring system adequate awareness program should be undertaken. In addition, a well design rewards and punishments system is essential for effective performance of self-assessment and tax collection. Reward can be introduced in the form of rebate/incentive for paying tax in time, which is already prescribed in the Rule 10 of 'City Corporation (Taxation) Rules, 1986'. It is recommended to make further research on effectiveness of the prescribed incentives.

Provision for punishment in case of falsification in the statement of self-assessment should be enacted in the present rule of DCC. Furthermore, notice should not be given more than two times to defaulters for payment regularization by paying surcharge. After second notification, DCC will enforce attachment and auction of the movable property to realize the arrears. DCC should uphold its image as a strict and transparent organization to the tax payers.

7.6 Motivational Program for Employees

In view of making more specialized and efficient officials for the system, motivational program should be taken by DCC. It has been proved by the scientific management theories that monetary motivation is the most effective to make skill and efficient human resources, which is followed by skill development and providing opportunity for doing something prestigious. Here is given some specific recommendations,

7.6.1 Introduction of Performance based Incentives

Special increment in the salary can be provided upon the performance of the officials in their respective jobs and achievement against the given targets. A portion of the realized arrear can be provided to the concern officials as incentives.

7.6.2 Effective training

A continuous program for training should be taken for continuous improvement of the skill and knowledge of the officials. Specific training can be provided on the computerize system, Self-Assessment valuation, Minimum Rental Valuation Chart, Effective Communication Skill with tax payers etc.

7.6.3 Reasonable Compensation for Outdoor Activities

A realistic 'Outdoor Fee' is recommended for the officials to visit tax payers or their holdings for the purpose of valuation, reminder, monitoring and other holding tax related activities. The idea is here to deter the officials from taking extra money from tax payers to realize their cost of visit. It will help them to uphold their dignity and keep away from corruption.

7.7 Awareness/Training Programs for Honorable Tax-Payers

Continuous and multi-fold awareness program should be taken for holding owners. Awareness program may include training on the self-assessment system, regular and arrear bill payment system, ways of receiving incentives, causes and implementation of the penalties, etc. Tax payers should be considered and treated as honorable stakeholder of the city corporation. DCC can use various mass media to aware and informed the holding owners regarding the necessary issues. They can undertake various campaigns to educate the tax payers regarding the critical and technical matters of the holding tax system. Easy-reading printed materials may be circulated to tax payers to inform about various holding tax related queries.

A well designed feedback and satisfaction assessment system should be introduced at DCC. In doing this friendly, knowledgeable and helpful enquiry desk, hotlines and interactive website, may be considered in more numbers. In a reasonable interval satisfaction/feedback survey may be conducted among tax payers to understand the DCC position in their mind. It will help DCC to formulate effective planning for future by providing significant information.

7.8 Enhance Integration among Related Departments of DCC and other Agencies of GOB

Integration among the related departments of DCC is must for successful holding tax system. The responsibility for integration can be vested upon the top officials of DCC. In doing so, 'Management and Progress Review' meeting should be arranged among related departments at reasonable time intervals. Specifically, during the implementation of GIS-based holding information system the Urban Planning Department can assist significantly.

DCC should also take initiative for proper coordination among various government agencies like DESA, WASA, Titas, BTTB, etc which are excavating the roads inside Dhaka city for extending or repairing their utility lines. Coordination is very much required to reduce city dwellers' hazard by carrying out all excavating activities in a specific time of the year, preferably in winter. Excavation works usually done throughout the year create huge suffering for city dwellers and make a negative impact on payment of holding tax

7.9 Conclusion

Clearance form the ministry after following all procedures should be taken before implementation of the reforms activities of DCC. It will help to avoid any unwanted and unanticipated impediment in implementation of reform activities. Thus to rationalize the prescribed level of holding tax to the tax payers, DCC has to improve its service level. DCC may formulate new policy for improving services and put more effort in implementation. In the preliminary stage, DCC should emphasize on improvement in conservancy, drainage system, street lighting, maintenance of road, frequent excavation of road, mosquito control etc.

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বাংলাদেশ প্রকৌশল বিশ্ববিদ্যালয়

BANGLADESH UNIVERSITY OF ENGINEERING AND TECHNOLOGY

নগর ও অঞ্চল পরিকল্পনা বিভাগ

ঢাকা সিটি কর্পোরেশন: অগ্রহণযোগ্য হোল্ডিং ট্যান্ড নির্ধারণের কারণ ও ফলাফল
(বাড়ির মালিকদের জন্য প্রশ্নমালা)

ক্রমিক নং:

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ওয়ার্ড:

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তথ্য সংগ্রহের তারিখ:

ক. তথ্যদাতার ওপর সাধারণ তথ্য

☛ নাম: _____

☛ ঠিকানা: _____

☛ বয়স: _____ বছর

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☛ শিক্ষাপ্ত যোগ্যতা: _____

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১=নিরক্ষর ২=সাক্ষর ৩=প্রাথমিক ৪=মাধ্যমিক বা সমমান ৫=উচ্চমাধ্যমিক বা সমমান ৬=স্নাতক বা সমমান
৭=স্নাতকোত্তর বা সমমান ৮=অন্যান্য

☛ পেশা: _____

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১=সরকারি চাকুরী ২=বেসরকারি চাকুরী ৩=ব্যবসা ৪=চিকিৎসক ৫=ইঞ্জিনিয়ার ৬=শিক্ষক ৭=আইনজীবী
৮=শ্রমিক ৯=মিল্লী ১০=অবসরপ্রাপ্ত ১১=আত্মকর্মজীবী ১২=গৃহকর্ম ১৩=তত্ত্বাবধায়ক ১৪=ঠিকাদার
১৫=শিল্পপতি ১৬=সাহাবাদিক ১৭=অন্যান্য ১৮=নিরক্ষর

খ. বাড়ি নির্মাণ সংক্রান্ত তথ্য

১. আপনার বাড়ির/ফ্ল্যাটের হোল্ডিং নং: _____

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বাড়ির/ফ্ল্যাটের ধরণ

২. আপনার বাড়িটির/ফ্ল্যাটের নির্মাণ কাজ:

শুরুসাল

শেষসাল

ক্রয়সাল

সর্বশেষ নির্মাণ কাজ.....সাল

৩. আপনার বাড়িটি কত কন্সার্বেশন: তলা

৪. আপনার বাড়িতে (বাড়িওয়ালার ব্যবহৃত ফ্ল্যাটসহ) ফ্ল্যাটের/ ইউনিটের সংখ্যা :

(কিঞ্চারিত বর্ণনা

৫. বাড়ির কাজ: ১ = সম্পূর্ণ, ২ = অসম্পূর্ণ, ৩ = অসম্পূর্ণ কিন্তু ভাড়া দেওয়া

৬. আপনার বাড়ি কার সহায়তায় তৈরি (একাধিক উত্তর হতে পারে):

১ = পুরোপুরি নিজের অর্থ, ২ = বাংলাদেশ হাউজ বিল্ডিং থেকে ঋণ, ৩ = ব্যাংক থেকে ঋণ, ৪ = অন্যান্য সংস্থা থেকে ঋণ,

৫ = আত্মীয়/বন্ধুদের কাছ থেকে ঋণ, ৬ = অন্যান্য (কিঞ্চারিত)

৭. ঋণের টাকায় বাড়ি করলে:

	বাংলাদেশ হাউজ বিল্ডিং থেকে ঋণ	ব্যাংক থেকে ঋণ	অন্যান্য সংস্থা থেকে ঋণ
ঋণের পরিমাণ (টাকা)			
ঋণ গ্রহণের সাল			
ঋণের মেয়াদকাল শেষের সাল			
পরিশোধিত ঋণের পরিমাণ (টাকা)			
বাৎসরিক সুদের হার (টাকা)			

গ. এলাকার রাস্তাঘাট / হাট-বাজারের অবস্থা

৮. আপনার এলাকার বর্তমানে রাস্তাঘাট বা ফুটপাথে চলাচলের উপযোগিতা:

রাস্তা	
ফুটপাথ	

১ = সম্পূর্ণ উপযোগী ২ = মোটামুটি উপযোগী ৩ = একটুও উপযোগী নয় ৯৯ = নিরুত্তর

৯. আপনার এলাকার রাস্তা, ফুটপাথ, বাজার কি পরিকার পরিচ্ছেন্ন

রাস্তা	ফুটপাথ	বাজার

১ = খুব পরিকার পরিচ্ছেন্ন ২ = মোটামুটি পরিকার পরিচ্ছেন্ন ৩ = নোংরা ৪ = খুব নোংরা

৯৯ = নিরুত্তর

১০. আপনার এলাকার রাস্তা, ফুটপাথ, বাজার পরিষ্কার পরিচ্ছন্ন রাখার ক্ষেত্রে সিটি কর্পোরেশনের ভূমিকায় আপনি কি সম্ভব?

রাস্তা	ফুটপাথ	বাজার

১ = সম্ভব ২ = মোটামুটি সম্ভব ৩ = অসম্ভব ৯৯ = নিরুত্তর

১১. আপনার এলাকায় পয়ঃনিষ্কাশনের অবস্থা : ১ = হ্যাঁ ২ = না ৯৯ = নিরুত্তর

পয়ঃনিষ্কাশনের অবস্থা	
বৃষ্টি হলে রাস্তায় পানি জমে	
নালা উপচে রাস্তায় পানি আসে	
ড্রেন নিয়মিত পরিষ্কার করা হয়	

১২. আপনার এলাকার রাস্তা, ফুটপাথ, বাজার কি নিয়মিত পরিষ্কার করা হয়?

রাস্তা	ফুটপাথ	বাজার

১ = প্রতিদিন পরিষ্কার করা হয় ২ = দুই-তিন দিন পর পরিষ্কার করা হয় ৩ = পাঁচ-সাত দিন পর পরিষ্কার করা হয়

৪ = সাত দিনের চেয়ে বেশি দিন পর পরিষ্কার করা হয় ৫ = অনিয়মিতভাবে পরিষ্কার করা হয় ৯৯ = নিরুত্তর

১৩. আপনার বাড়ি থেকে আবর্জনা অপসারণের পদ্ধতি:

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১ = নিজে ফেলে আসতে হয় ২ = কোন সহস্থা সংগ্রহ করে (সহস্থার নাম.....)

৩ = অন্যান্য (কিওয়ারিত.....)

১৪. কোন সহস্থা সংগ্রহ করলে, আবর্জনা সংগ্রহের জন্য মাসিক খরচ: টাকা

১৫. আপনার এলাকার আর্বজনা কতদিন পরপর ডাল্টবিন থেকে অপসারণ করা হয়:

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১ = প্রতিদিন করা হয় ২ = দুই-তিন দিন পর করা হয় ৩ = পাঁচ-সাত দিন পর করা হয়

৪ = সাত দিনের চেয়ে বেশি দিন পর করা হয় ৫ = কখনও করা হয় না ৯৯ = নিরুত্তর

ঘ. বাড়ির কর সংক্রান্ত তথ্য

১৬. আপনি কি আপনার বাড়ি/ফ্ল্যাট থেকে ভাড়া পান: ১ = হ্যাঁ ২ = না ৯৯ = নিরুত্তর

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১৭. বাড়ি / ফ্ল্যাট থেকে ভাড়া পেয়ে থাকলে মাসে কত টাকা ভাড়া পান:

	ভাড়ার খাত (মাসিক)	ইউনিট / ফ্ল্যাট-প্রতি ভাড়া	মোট পরিমাণ (টাকা)
১	মূল ভাড়া		
২	বিন্যূৎ		
৩	পানি		
৪	গ্যাস		

১৮. বাড়ি / ফ্ল্যাট থেকে ভাড়া না পেয়ে থাকলে এই এলাকায় আপনার বাড়ির/ফ্ল্যাটের মতো অন্যান্য বাড়ির/ফ্ল্যাটের ভাড়া ইউনিট প্রতি কত? টাকা

১৯. বর্তমানে অবস্থিত বাড়ির/ফ্ল্যাটের ওপর:

- ক) সর্বপ্রথম কর নির্ধারণ করা হয়: সালে
খ) এখন পর্যন্ত কর নির্ধারণ করা হয়েছে: বার
গ) সর্বশেষ কর নির্ধারণ করা হয়েছে: সালে
ঘ) সর্বশেষ কর নির্ধারণ করা হয়েছে: টাকা

২০. সর্বশেষ কর নির্ধারণের সময় ইমপেটর কি আপনার বাসায় এসেছিল?

১ = হ্যাঁ ২ = না ৯৯ = নিরুত্তর

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২১. কর নির্দিষ্ট করে ধরার জন্য কিংবা কমিয়ে ধরার জন্য ইমপেটর কি কোন টাকা চেয়েছিল?

১ = হ্যাঁ ২ = না ৯৯ = নিরুত্তর

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২২. টাকা চেয়ে থাকলে টাকার পরিমাণ: টাকা

২৩. পরবর্তীতে কর কমানোর জন্য আপনি কি আপিল করেছিলেন?

১ = হ্যাঁ ২ = না ৯৯ = নিরুত্তর

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২৪. আপিলের আগে কত টাকা কর নির্ধারিত ছিল: টাকা

২৫. আপিল করে থাকলে কর কমিয়েছিল কি? ১ = হ্যাঁ ২ = না ৯৯ = নিরুত্তর

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২৬. কর কমিয়ে থাকলে:

ক) কত টাকা কমিয়েছিল: টাকা

খ) কর কমানোর জন্য কত টাকা দিতে হয়েছিল: টাকা

গ) কাকে কাকে দিতে হয়েছিল (সংশ্লিষ্ট কর্মকর্তার পদের নাম):

২৭. সর্বশেষ সময় ছাড়া অন্য কোন সময় ডিসিসির কর্মকর্তা বা ইমপেটরকে কত টাকা দিতে হয়েছে?

ক) কর নির্ধারণ টাকা

খ) আপিল টাকা

গ) অন্যান্য টাকা



২৮. কাকে কাকে দিতে হয়েছে (সংশ্লিষ্ট কর্মকর্তার পদের নাম)?

২৯. আপনি কত দিন পর পর নুহায়ন কর দেন?

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১ = তিন মাস পর পর ২ = ছয় মাস পর পর ৩ = বছরে এক বার ৪ = অনিয়মিত

৩০. অনিয়মিত কর দিয়ে থাকলে সর্বশেষ কবে কর দিয়েছিলেন? সালে

৩১. সর্বশেষ কত টাকা কর দিয়েছিলেন? টাকা

৩২. কত দিনের কর দিয়েছিলেন?

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১ = তিন মাসের ২ = ছয় মাসের ৩ = এক বছরের ৪ = এক বছরের বেশি

৩৩. কোথায় কর জমা দিয়েছিলেন?

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১ = সরাসরি ব্যাংকে ২ = বাসা থেকে সংগ্রহ করেছে ৩ = ডিসিসি জোনাল অফিসে

৩৪. কর জমা দেওয়ার সময় ইলেক্ট্রনিক / ডিসিসি কর্মকর্তা কোনো অনৈতিক সুযোগ সুবিধা চেয়েছিল কিনা:

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১ = হ্যাঁ ২ = না ৯৯ = নিরপত্তর

৩৫. টাকা দিয়ে থাকলে টাকার পরিমাণ: টাকা

৩৬. আপনি কি কখনও আগাম কর দিয়েছেন? ১ = হ্যাঁ ২ = না ৯৯ = নিরপত্তর

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৩৭. আগাম কর দিয়ে থাকলে :

ক. কত মাসের আগাম কর দিয়েছেন: মাস

খ. কত টাকা ছাড় পেয়েছিলেন? টাকা

৩৮. কর নির্ধারণ কিভাবে করা হয় তা জানেন কিনা: ১ = হ্যাঁ ২ = না ৯৯ = নিরপত্তর

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৩৯. বাড়ির ওপর কর আরোপ নীতিমালায় আপনি কি মন্তব্য? ১ = হ্যাঁ ২ = না ৯৯ = নিরপত্তর

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৪০. মন্তব্য না হলে কারণ:

৪১. হোল্ডিং ট্যাক্স নির্ধারণ বা পুনঃনির্ধারণ যথার্থ হয় কি? ১ = হ্যাঁ ২ = না ৯৯ = নিরপত্তর

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৪২. একই এলাকায় তিন বাড়িতে বাড়ির আকৃতি অনুযায়ী করের পরিমাণের তারতম্যের পিছনে কি কারণ আছে বলে আপনি মনে করেন?

- ক.
খ.
গ.
ঘ.
ঙ.

৪৩. আপনি কি কখনও ডিসিসির কর দিতে বার্থ হয়েছেন? ১ = হ্যাঁ ২ = না ৯৯ = নিরুত্তর

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৪৪. ডিসিসি'র কর দিতে বার্থ হলে, আপনার নাম কি ডিসিসির নোটিশ বোর্ডে ৩০ দিন ছিল?

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১ = হ্যাঁ ২ = না ৯৯ = নিরুত্তর

৪৫. আপনার এলাকায় চলাচলের জন্য রাত্তায় পর্যাপ্ত আলোর ব্যবস্থা আছে কিনা:

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১ = হ্যাঁ ২ = না ৯৯ = নিরুত্তর

৪৬. আপনার এলাকায় যে রাত্তায় বাতি আছে সেগুলো ঠিকমতো জ্বলে কিনা:

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১ = সব সময় ঠিকমতো জ্বলে ২ = মাঝে মাঝে জ্বলে না ৩ = কখনও জ্বলে না ৯৯ = নিরুত্তর

৪৭. আপনার বাড়ি হতে ১০০ গজ দূরের রাত্তায় বাতি আছে কিনা: ১ = হ্যাঁ ২ = না ৯৯ = নিরুত্তর

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৪৮. ডিসিসিতে আপনার অভিজ্ঞতা (কোন উল্লেখযোগ্য ঘটনা থাকলে বলুন):

৪৯. ডিসিসিতে করের পরিমাণ বৃদ্ধি পাবে কি করলে?

- ক.
খ.
গ.
ঘ.
ঙ.

৫০. যদি ডিসিসির সেবার মান উন্নত হয়, তবে আপনি কিছুটা বাড়তি কর দিতে ইচ্ছুক কিনা

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১ = হ্যাঁ ২ = না ৯৯ = নিরুত্তর

৫১. ডিসিসি'র উন্নয়নের জন্য আপনার মতামত:

- **Process of Holding Tax Assessment-What is the process, when reassessment needed for an assessed holding?**
- **What is the time period of periodic assessment or general assessment? When the last assessment took place? How many times periodic assessment or general assessment happened after the establishment of Dhaka Municipality? What is the procedure of this assessment? If it is not regular, what are the reasons behind?**
- **What is the education qualification of the assessor, Is there any training given for the assessor-If there is training, how many training one person obtains and what are they? What is the time period of training?**
- **What are the facilities of Holding Tax supervisor?**
- **Does the house owner give real information to the assessor?**
- **Reasons behind improper assessment? If the annual rental value becomes negative after imposing interest, what will be the minimum value of holding tax?**
- **Why assessment process or assessment happens after a long time? What are the reasons behind delay?**
- **What are the numbers of members of the Assessment Review Board? Who elect the chairperson of ARB?**
- **How much time is needed for appeal? What are the reasons behind delay?**
- **During appeal meeting, are the cases individually evaluated?**
- **For irregular payment are there any preventives for collection-like crock of movable property? How many times it is done? Is there any innovative idea excepting notice and warning for arrear collection?**
- **What are reasons behind not filling up the target of holding tax collection?**
- **What is the system of billing and record keeping? If computers are introduced, what are the drawbacks?**
- **How many computers get DCC from MSU project? For what purposes, it is used? Why is record keeping not possible in computerized program?**
- **How the maps are prepared in urban planning department? Are they preparing maps by using GIS or aerial photographs? Is there any integration with planning department or other autonomous bodies with holding tax unit of Revenue Department for proper assessment and collection?**
- **What are the limitations of holding tax unit? For effective assessment and collection of holding tax what ways should be followed?**

Form A
Dhaka City Corporation
Revenue Department
(Notice according to 22 Taxation Rule, 1986)

Sl. No. _____

Date: _____

To

For the purpose of preparing the (revised) valuation list of buildings and lands, take notice that under rule 22 of the City Corporation (Taxation Rules), 1986, you are hereby required to furnish the undersigned within seven days from the receipt of this notice a true and correct return of the rent or annual value of your buildings and lands and true & correct description of the same in Form B attached hereto

In case of default you shall be liable to fine which may extend to two thousand taka and a further delay fine of not exceeding taka hundred for each day.

Taxation Officer
Zone.....
Dhaka City Corporation

Form B

Dhaka City Corporation

Revenue Department, Zone.....

(New/Altered/Revised Proposal according to 26(1) (A), 26 (1) (C), 26 (1) (D) and 27 Rule of City Corporation Taxation Rule)

1. Name of the Owner.....Name of Father/Husband.....

2. Holding No. and Name of Mahalla.....Ward No.....

3. Previous Description..... Previous Annual Valuation.....

4. Revised description after change or alteration will be attached (a) Presence of Water Pipe/Not
(b) Presence of Light/Not

5. Base of proposed annual valuation Proposed annual valuation.....

(A) If let out, name of the tenant, tenant's profession and monthly rent

(B) Payable facilities for own living

(C) Description of loan taken from different organizations to construct building
(account no, amount of loan and rate of interest)

6. (a) Kind of usage of the building (correct words in brief)

(b) Unit.....Numbers

Pucca.....

Semi-pucca.....

Kutcha.....

Shop.....

 Total

7. Remarks

Signature of Assessor and his seal

Ward No:

Form C

Dhaka City Corporation

Revenue Department, Zone.....

(List of Assessed Tax according to 23 Taxation Rule)

2004-2009

Sl. No	Name of the Street in which building is situated	No. of the Building	Description of the building	Annual Value of the building	Name of the Owner	Kind of the Payable Tax			Annual Payable Tax	Amount of Quarterly Installment	Any other particulars	Remarks
						Holding Tax	Conservancy Tax	Light Tax				
1	2	3	4	5	6	7			8	9	10	11

Form P

Appeal against Assessment and annual Valuation according to section 7(1) of City Corporation Taxation Rule, 1986
(Should be filled up by the applicant)

1. Applicant Name: _____
2. Holding Number and Name of Road/Mahalla: _____
3. Annual Valuation
 - a. Previous (Valuation of year): _____
 - b. Appeal against valuation(Valuation of year): _____
4. Grounds of remission to be stated in brief by the applicant

Date: _____

Signature of Applicant

(Only for office use)

5. Office certificate as to the correctness of serial no. 2-4
6. Order of Assessment Review Board/Committee Regarding Specific Holding
 - a. Order: _____
 - b. Annual Valuation finally fixed: _____
7. Arrear holding tax of the applicant and Opinion of Assessment Review Board/Committee regarding the order of effective installment:
8. Signature of Assessment Review Board of Holding Tax
 1. _____
 2. _____
 3. _____
 4. _____

Date: _____



Annex 7: Relation between Road Satisfaction Level and Road Cleanliness Times (n=488)

Road cleanliness times	Satisfied (% of total)	Moderate satisfied (% of total)	Unsatisfied (% of total)	Total
Daily Sweeping	4.71	27.25	10.25	42.21
Sweeping after two-three days	0.61	16.60	10.04	27.25
Sweeping after five-seven days	0.61	4.72	3.28	8.61
Sweeping after more than seven days	0.21	0.82	1.84	2.87
Irregular Sweeping	0.21	5.53	13.32	19.06

Annex 8: Relation between Footpath Satisfaction Level and Footpath Cleanliness Times (n=265)

Footpath cleanliness times	Satisfied (% of total)	Moderate satisfied (% of total)	Unsatisfied (% of total)	Total
Daily Sweeping	6.42	16.98	10.94	34.34
Sweeping after two-three days	1.13	10.19	13.58	24.90
Sweeping after five-seven days	-	3.40	4.91	8.31
Sweeping after more than seven days	0.38	1.13	1.13	2.64
Irregular Sweeping	-	11.70	18.11	29.81

Annex 9: Relation between Bazar Satisfaction Level and Bazar Cleanliness Times (n=353)

Market cleanliness times	Satisfied (% of total)	Moderate satisfied (% of total)	Unsatisfied (% of total)	Total
Daily Sweeping	3.40	24.65	13.31	41.36
Sweeping after two-three days	0.85	9.63	16.15	26.63
Sweeping after five-seven days		1.42	6.80	8.22
Sweeping after more than seven days	0.28	0.57	0.57	1.42
Irregular Sweeping		4.81	17.56	22.38

Annex 10: Relation between Unethical Money Given during Tax Payment and Tax Payment Place (n=236)

Unethical Money given during Tax Payment	Tax Payment Place	
	Home (%)	DCC Zonal Office (%)
Up to 100	4.24	18.22
101-200	7.63	16.95
201-500	3.81	15.25
501-1000	4.24	8.05
1001-2000	2.12	7.20
2001-5000	3.39	5.08
More than 5000	0.85	2.97
Total	26.28	73.72

Annex-11: Example of Fraudulence

The value of 20 no. holding of khazze Dewan in registrar book is Tk 1992 In FY 1997-1998 and FY 1998-1999 but DCC official took Tk 2322.

1273

127256

GENERAL

ঢাকা সিটি কর্পোরেশন (Dhaka City Corporation)

Received the sum of taka ২৩২২'০০ (Two thousand three hundred and twenty two) on account of City Corporation rates as per attached Receipt.

নাম ও পরিমাণ (Name & Amount)	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Total
	১ম	২য়	৩য়	৪র্থ	১ম	২য়	৩য়	৪র্থ	
খাজে দেওয়ান									২৩২২'০০
সার্জার্জ									৩২০'০০
সার্জার্জ									২৩২'০০
সার্জার্জ									২৪০'০০
সর্বমোট (Total)	২৩২২'০০								২৩২২'০০

Signature: [Handwritten Signature]

Date: ৪/১০/৯৯

Annex-12: Estimation of Holding Tax Rate

A	B	C=A+B	D=C*.687	E	F=E*.1174+E	G=12/D*F	H=D/12*8
Demand for 2007-2008 (Tk)	Under Assessment (Tk)	Current Assessed Demand at Present Interest Rate (Tk)	Current Assessed Income at Present Interest Rate considering current contribution @68.7% Rate (Tk)	Income of DCC for FY 2006-2007 (Tk)	Projected Income considering Average Growth from '01-'02 to '06- '07 @ 11.74% (Tk)	Projected Income Achieved @ Rate of Interest= 12/ Assessed Income* Projected Income (%)	Income at 8 percent interest (Tk)
2,30,00,00,000	2,79,00,68,445	5,09,00,68,445	3496877022	1,58,00,00,000	1,76,54,92,000	6.06	2,33,12,51,348

Annex-13: Application of GIS and RS in Holding Tax Assessment

An information management system for DCC could be developed using geographic information system and remote sensing. The information management system is expected to considerably increase revenues and improve services within DCC.

Some Basic Concepts

Land Information

Information on land is a prerequisite for any sound holding tax management system. There are several ways of presenting the land information. The most common and popular one is through a map. The second one is through photography, aerial or terrestrial. The third through written records which contain parcel areas, land holdings, assessment values etc. Fourth possible method is the storage using computers. Map may be scanned and information stored in digital form and then can be easily retrieved with computers.

New technologies (like aerial photographs and satellite data products) have increased the capability and accuracy of map. The reasons to use computer in map making are given below:

- To make existing maps more quickly and cheaply
- To make maps for specific user needs
- To facilitate map making and updating when the data are already in digital form
- To facilitate analysis of data that demand interection between statistical analysis and mapping
- To create maps that is difficult to make by hand e.g. 3D maps or stereoscopic maps.

Geographic Information System (GIS)

GIS can be broadly described as a system of hardware, software and procedures designed to support, capture, manage, manipulate, analyze, integrate, retrieve, update and display spatially referenced, geographic data for solving complex planning and management problems. GIS technology, data structures and analytical techniques are gradually being incorporated into a wide range of management and decision making operations. This is normally considered to involve a spatially referenced computer database and appropriate applications software.

Application of GIS

Numerous examples of applications of GIS are available. GIS is used in various Management and decision-making activities such as

- Urban planning (Urban Information Systems)
- Land records for taxation and ownership control (Land Information Systems)
- Environmental Management, etc.

Remote Sensing (RS)

Like surveying, RS is a data producing field which requires knowledge about the Earth's surface from airborne or space platforms. It is an elaborate, well-developed technology and uses techniques/instruments for high spatial and spectral resolution data capture, transmission, processing, archiving, interpreting and classifying images. The Remote sensing data is highly reliable for extracting the land use. Land cover data of an region in a given time and also in a cost effective manner

Use of GIS and RS for Holding Tax Assessment

As we have seen earlier, manual record keeping system and assessing holdings are very time consuming exercise as they involve vast volumes of data. Through the use of Geographic Information System and Remote sensing a feasible reassessment methodology could be developed and implemented. After such a system is developed, holding tax information could be updated and holding tax reassessment can be carried out just by using Remote Sensing image. Individual buildings, their height, types of structures, etc. can be identified through the use of high resolution RS images such as IKONOS image with a resolution of 1 m. An image with 1m resolution means that a pixel of the image represents 1m area on the ground. Moreover, there is also google map which is free and helpful for identifying buildings can also be used. For this type of map only registration is needed.

Interacting of Geographic Information System (GIS) with Remote Sensing (RS) can facilitate the holding tax reassessment process. GIS and RS software packages are available to develop such an integrated information management system. Widely used softwares include:

GIS software-ARC/INFO, AECVIEW, etc.

RS software -IDRISI, ERDAS IMAGE, etc

These softwares have different functionality ranging from database query to database modeling, to image processing and analysis. Arc/Info and Arc View help visualize and explore, query and analyze data spatially, whereas IDRISI, ERDAS IMAGINE fulfill both GIS and RS needs from database query to image processing, enactment, classification, etc.

Method of Holding Tax Assessment

For assessing the holding tax, the entire DCC has to be classified according to different neighbourhood/rent segments based on unit value principles on the basis of prepared minimum rental valuation chart. After preparing the coding, self assessment will be done for valuation. The accuracy of this assessment has to be checked by following the minimum rental valuation chart.

Preparation of DCC Information Management System (DIMS)

Preparation of DCC Information Management System (DIMS) involves a number of steps from observation and collection of data through analysis up to presentation of data

1) Collection of Data and Image:

The first task in the preparation of DCC Information Management System (DIMS) is collected of all the necessary data and image. Accordingly, the property tax records has to be collected from the

- Cadastral Office,
- Land Registration Office and
- DCC

A questionnaire survey has to be carried out to collect information on land use type, area, type of construction, floor level of unit, neighbourhood, front/backstreet access etc. Furthermore, an image of 1 m resolution (or higher) of DCC area has to be procured.

2) Preparation of Base Map:

By using satellite image and integrating it with maps from other sources a reasonably accurate base map can be prepared. The correction and updating of existing maps becomes easier using remote sensing image. If the base map is available then it has to be digitized using GIS Software (Arc Info or Arc View) to prepare a digital map. Then necessary corrections will be made to ensure geographical accuracy such as geo-referencing, registration of satellite images with topographical sheets etc

3) Development of Program:

Once the base map is prepared, it will be overlaid on the remote sensing image. Then no. of holdings according to different types in a particular DCC area can be identified from the image. For this purpose a software program would be developed using Remote Sensing Software (Erdas Imagine).

4) Creation of Database:

After the base map is prepared, a database will be developed in the GIS environment for easy storage, manipulation and retrieval of data. The property records will be used to create DCC property database.

5) Linking the Map with Database:

When the preparation of both the property maps and property databases are completed then they can be interlinked with each other in the information System using a common attribute such as unique holding number.

6) Creation of User Friendly Interface

Finally a user friendly interface will be created using GIS Software (Arc View). It is such an application or working environment that includes the tools used most often, organized in a way that aid the user's specific needs. The interface will be modified in such a way to dynamically respond to graphic (cadastral map) and textual (folios) queries such as information on property, property taxation, tax exempt properties, etc

7) Presentation of the Holding Tax related Information

The holding information can be presented in a number of ways such as

- It may be presented as maps, tables and figures (graphs/charts)
- It can be delivered through web technology.
- It can be sent through the network via a new web server
- Extranet and intranet workstations (located in DCC) can be set up to display outputs through an internet navigator.

Cost of Developing DCC Information Management System (DIMS)

The value of information depends upon many things including the context in which it is applied and the cost of collection, storage, manipulation and presentation. Cost depends on the area surveyed, time required to acquire the data and the extent of data processing required, type of satellite image, resolution of image, etc. Google map as it free and almost updated or IKONOS image with a resolution of 1m (or higher) can be used for developing DCC Information Management System. According to the ADB (2005) cost estimates and expected skill requirements using IKONOS image with a resolution of 1m suggest that such a system would only be feasible, financially and technically, in large Class A Paurashava specially in the old district headquarters. So, it must be feasible for DCC.

Training

DCC needs software and hardware support for setting up the DIMS. The DCC staff will have to be given technical and management training on how to input or update data, make multi layer analysis, retrieve information, produce output so that they can operate DIMS without any difficulty.

Conclusion

Considerable amount of cost as well as time is required in the making of DIMS. But such a venture is highly justified because in the end its usefulness and the magnitude of financial benefit are enormous. The DIMS will not only aid holding tax assessment but also assist in other applications such as infrastructure management, water system management, solid waste management and in various planning activities

References

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Annex-14: Estimation of Costing for GIS based Computerization and Probable Revenue Earning from Increased Number of Holdings in Uttara Zone

Mapping with Holding's Detail Information (Tk)	Computerization including Training (Tk)	Linking with GIS (Tk)	Total Cost (Tk)	Number of Increased Holdings for introduction of GIS based Mapping (Tk)	Average Holding Tax from Secondary Data (Tk)	Probable Revenue Earning Per Year (Tk)
4,01,906	5,75,000	50,000	10,26,906	1,000	8,000	80,00,000

