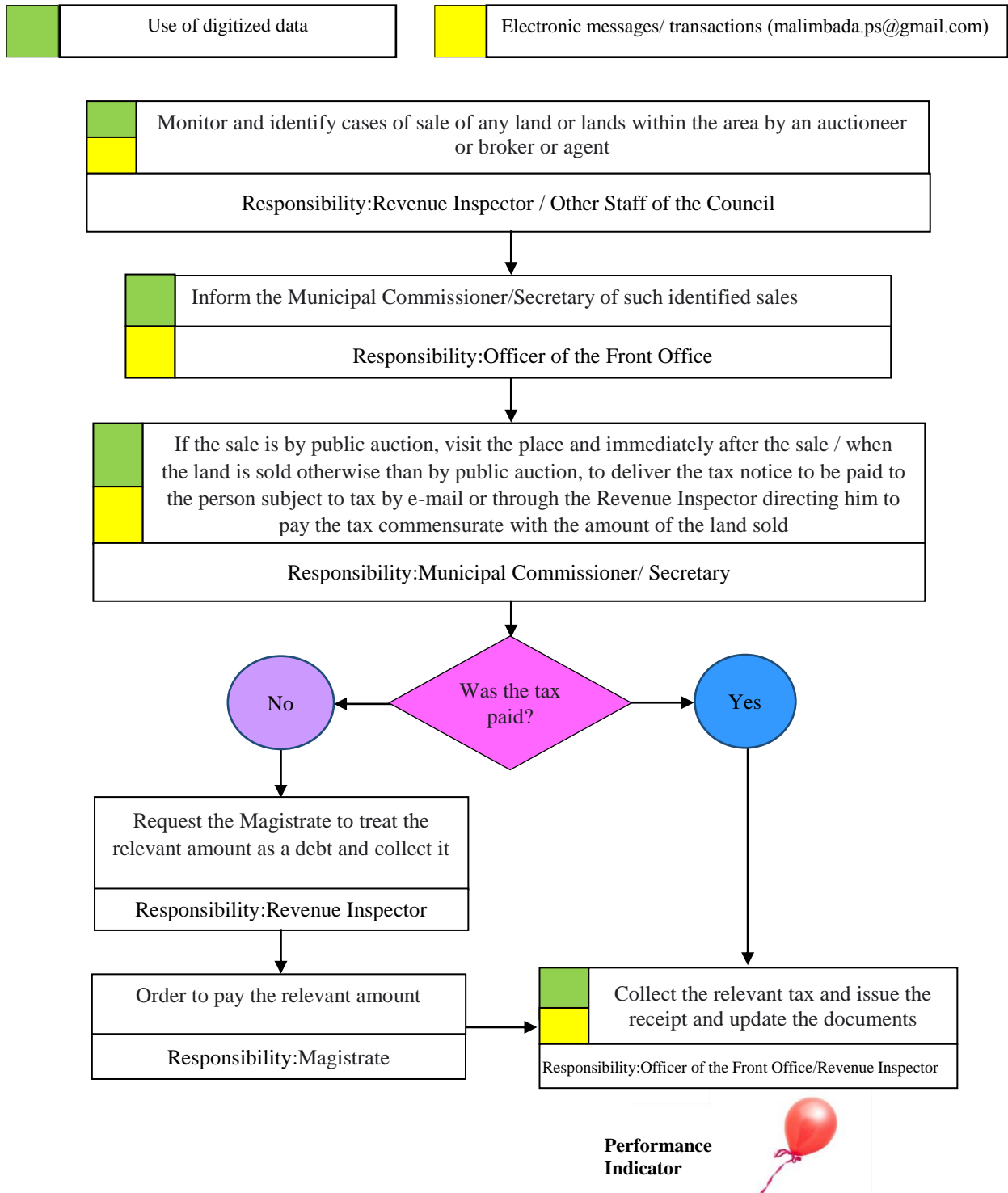


23. Levying taxes on sale of certain lands- Flow Chart



23. Levying taxes on sale of certain lands

1. Introduction

Under the power vested in Parliament by law to delegate to any other authority the powers conferred on Parliament by Article 148 of the Constitution to levy a tax, where any land situated within the area of any Local Government Institution is sold by an auctioneer or broker or by an agent of such person, the auctioneer or broker has delegated the legal authority to collect an amount equal to one percent (1%) of the total proceeds from the sale of the land as a tax to the relevant Local Government Institution. This tax is levied under the same.

2. Legal Authority

- (a) Section 247E of the Municipal Councils Ordinance (Chapter 252);
- (b) Section 127D of the Urban Councils Ordinance (Chapter 255);
- (c) Section 154 of the PradeshiyaSabhas Act No. 15 of 1987.

3. Eligibility

At the time of sale of any land situated within the area of any Local Government Institution by any auctioneer or broker or such person's agent, such person shall be liable to pay this tax.

- Note:
- i. In the event that a commercial bank or any other financial institution has mortgaged a portion of land or a plot of land with a house and has paid a loan and the respective borrower has made a default in the payment of the said loan amount, according to the Power of Attorney assigned to the relevant bank or financial institution for the purpose of collecting the loan amount, where such land is sold by such bank or financial institution by public auction through an auctioneer or broker or such person's agent, this tax shall be collected from the auctioneer or broker or the agent of such person at the rate of one percent of the amount decided to be sold by such person.
 - ii. When a buyer does not come forward to buy the land in any of the above mentioned auctions, there are cases where the bank or financial institution works to buy the land. Even in such a case the auctioneer or broker or agent is liable to pay this tax.
 - iii. In case of auctioning of any property by the judicial fiscal on the order of any court, this tax shall be levied and the relevant fiscal shall be considered as the auctioneer.

4. Fees

An amount equal to one percent (1%) of the total proceeds from the sale of the land in question shall be paid as tax.

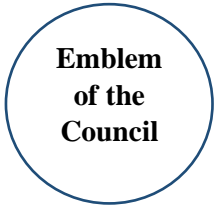
Note: There may be cases where deeds are prepared by some auctioneers or brokers or their agents understating the amount for which the land was sold. In case of any doubt about such a situation, it shall be the duty of the Municipal Commissioner / Secretary to ascertain the same from the Provincial Revenue Department of the province in order to ascertain the true market value of the land.

5. Procedure

Procedure	Duration	Authority
Monitor and identify cases of sale of any land or lands within the area by an auctioneer or broker or agent	By regular investigation and monitoring (advertisements, promotion campaigns, seeking approval for land subdivisions and monitoring auctioneers' internet, websites, social media)	Revenue Inspector / other staff of the Council
Report such sales to the Municipal Commissioner/Secretary	At the time it is disclosed	All officers related to the subject of revenue, including the Revenue Inspector
If the sale is by public auction, visit the place and deliver the tax notice (Annex) to the auctioneer directing him to pay the relevant tax immediately after the sale is completed	On the day of the auction	Revenue Inspector
When the land is sold by any other means other than public auction, to cause the tax notice (Annex) to be delivered to the taxable person by e-mail or by the Revenue Inspector directing him to pay tax commensurate with the amount sold	In the case of a sale by public auction, on the same day or in the case of any other sale, on or after the day of the sale	Municipal Commissioner/ Secretary
Collecting the relevant tax and issuing a receipt and updating the tax register and account on the sale of certain lands	As soon as the tax is collected	In case of public auction, by the Revenue Inspector and in other cases by Officer of the Front Office

6. Procedure in default of payment of tax

Procedure	Duration	Authority
Sending reminders to the person who has made default in payment of the tax amount	As soon as seven days after the date of delivery of the tax notice or as soon as the sale is reported	Municipal Commissioner/ Secretary
Filing a request in the Magistrate's Court if the reminder is not complied with	As soon as seven days after the date of notice or date of reminder	Revenue Inspector as authorized by the Municipal Commissioner/Secretary
Issuing orders for levy of tax due, as penalty	On the day of trial	Magistrate
Issuing a receipt for the amount collected and reporting the details of the income to the Officer in charge of the subject of Revenue	As soon as the relevant amount is collected	Revenue Inspector
Updating tax collected documents	As soon as the Revenue Inspector's report is received	Officer in charge of the subject



.....Council

Annexure

Notice of tax on sale of certain lands

My No:.....
.....20

.....Mr./Mrs./Ms.,

.....

.....

Mr./Mrs./Ms.,

Tax on sale of certain lands

The land holding Assessment No. *, located at the address..... in the
..... Council area has been sold by you / your firm * on 20. . . . or about the date, by
public auction or otherwise for Rs. (Rs.).In terms of provisions of
Section 247E of the Municipal Councils Ordinance (Chapter 252) / Section 165D of the Urban Councils
Ordinance (Chapter 255)/ Section 154 of the PradeshiyaSabhas Act No. 15 of 1987, * a sum of Rs.
.....(Rs.)equal to one percent of the amount so
collected has to be paid by you to this council as tax. I do hereby order you to pay the said sum of
moneyto.....Council within seven days from the date of the notice.

.03 You are further informed that the facts against you will have to be reported to the Magistrate Court to
collect the said tax, if you fail to act according to the requirement.

Yours faithfully,

.....

Municipal Commissioner/ Secretary

.....Council

