

CHAPTER I

INTRODUCTION

1.1 Background of the study

Every nation in the world is worried about overall development along with increase in its economic growth. So, every country is collecting fund for the welfare and development of the people to increase people's economic growth and livelihood. Like this Nepal is not an exception to this ever continuing process aimed at the betterment of its people. Fund plays a vital role to solve the various socio-economic problems in developing countries.

The government of a country requires sufficient revenues to carry out development plans, to operate daily administration, to maintain peace and security and to launch other public welfare activities. The government collects revenues from various sources such as tax, revenue from public enterprises, special assessment fees, fines, grants, assistance etc. Among those, tax is the main source of government revenue.

There are two major types of taxes they are: Direct tax and Indirect tax. The examples of direct tax are income tax, property (house and land) tax, vehicle tax, contract tax etc. among these taxes, house and land tax is one of the important internal sources for Kathmandu Metropolitan City for collecting revenue to fulfill its responsibilities.

Nepal is divided into 7 province and 77 districts. It has 6 metropolitan city, 11 sub metropolitan city, 246 municipality and 481 rural municipality. Among them Kathmandu is the first metropolitan city with 32 numbers of wards. The population of this city is 1,003,285 and the population density of this city is around 20,288.88/square kilometer. Kathmandu Metropolitan City is facing a great problem of reconstruction of historic buildings and temple which is destroy by earthquake, managing waste products, drinking water and maintenance of road etc. It needs greater amount to fulfill its responsibilities.

According to Oxford Advanced Learners Dictionary; Property refers to "a thing or things that are owned by some body. In other words any kind of assets such as building, land, vehicle, silver, gold, jewelry, furniture, plant and machinery equipment etc. owned by someone are Property". The property tax is the compulsory payment to the public authority, which is based on the capital value of property. In law, the courts

define property as the right of possession, enjoyment and disposition of all things themselves which are the subject of ownership. The tax which is levied on some personal possession is known as a property tax. So the property tax has a great potentialities of source mobilization on the developing countries legally. All the property can be divided into two classes i.e. personal property and real property.

In Nepal, property tax was performed in Fiscal Act 1960 A.D. At that time government had authority for collection of property tax. There were different rules for tax rate. But the property tax act revised in 1962 A.D. Since the period the property tax system has been implemented in urban houses and property. Property tax has become the important single resource of revenues for nation and local governments. In Nepal, government has started to implement wealth tax in 16 urban areas of the kingdom from this fiscal year (Income tax act 1990). According to the tax office, a list is being prepared for tax payers in the urban areas.

Property tax was introduced in European countries more than 100 years ago. Right now, property tax has been the major source of revenue in most of the countries of the world. In Nepalese context property taxes are named as house and land tax.

In Nepal, the first elected government introduced this tax. Property tax was introduced by finance act 1959 A.D. as a central tax. Due to ineffectiveness in collecting revenue from property tax, it was replaced by urban house and property tax in 1962 A.D. for collecting revenue from urban houses and land. Initially this tax was introduced in Kathmandu, Lalitpur, Bhaktpur, Biratnagar, Birgunj, Nepalgunj, Rajbiraj, Janakpur, and Butwal. Later on, it was extended to other many cities till to 1989 A.D. Then, the interim government again introduced the property tax in 1990 A.D. by the Finance Act. It was again replaced by urban house and land tax in 1995/96 A.D.

1.2 Statement of the problem

House and land tax is one of the major sources of revenue for the government of developing countries. House and land revenue administration is managed by the Central Revenue Department under District Land and Revenue Office. This house and land tax has been collected through “District House and Land Revenue Office” since 1995 A.D. but after 1998 A.D., municipalities are collecting the house and land tax according to Local Self Government Act 1998 A.D.

There are many problems related house and land tax. Among the various problems some problems are lack of competent and sound revenue administration, lack of information or computerized system, lack of trained and skillful personnel, poor taxpaying habit of the tax-payers, inequality or minimum valuation of house and land for different purposes, corruptions and unfair duties and facilities etc.

1. What is the current status of house and land tax revenue in Kathmandu Metropolitan City?
2. What is the contribution of house and land tax on total revenue of Kathmandu Metropolitan City?
3. What is the trend of house and land tax on Kathmandu Metropolitan City?
4. What is the opinions of tax payer about complication of house and land tax payment in Kathmandu Metropolitan City?

1.3 Objective of the study

The main objective of this study is to identify and analyze the role of property tax in Kathmandu metropolitan city. The other specific objectives are as follows:

1. To identify current status of house and land tax revenue in Kathmandu Metropolitan City.
2. To examine the contribution of house and land tax on total revenue of Kathmandu Metropolitan City.
3. To identify the trend of house and land tax on Kathmandu Metropolitan City.
4. To analyze the opinions of tax payer about complication of house and land tax payment in Kathmandu Metropolitan City.

1.4 Significance of the study

House and land tax plays very important role in mobilizing adequate resources for meeting the increasing financial requirements for Nepal Government's Development purposes. The person, who involves directly and indirectly with house and land revenue, is influenced by the government policies and programs.

House and Land tax has been very essential to empower the local bodies which also lead to empower the central government. Before Local Self Government act 1998A.D. all taxes were collected by the central government and only Octroi duty was allowed to collect to local bodies. Now-a-days world is moving towards globalization which

reduces tax rates. In this condition only House and Land tax will be the major source to raise revenue to empower local bodies.

This study will suggest measures to improve the revenue collection system in Kathmandu Metropolitan City. It also helps tax administrator to attract the tax payer. Taxpayers feel proud and eager to pay house and land tax, which helps tax administrator to collect revenue easily.

1.5 Limitations of the study

In the field of the every study it has got some limitations. This study also is not free from limitations. The main limitations are as follows.

- This study is limited to the seven years data from fiscal year 2010/11 to 2016/17, which does not represent the entire financial status.
- This study deals only about house and land tax revenue of Kathmandu Metropolitan City.
- Time and other resources are the critical factor in conducting the study.

1.6 Chapter plan

The whole study is organized into five chapters. Before starting the main part of thesis, several pages of Preliminary materials such as Title page, Approval sheet, Viva voice sheet, Acknowledgements, Table of contents, List of figures, List of Tables, abbreviations etc. have been presented. In addition to this, the contents of each of the chapters of this study are summarized below.

Chapter I: Introduction

This chapter simply includes the introduction of thesis work, such as the overview of the main area under study i.e. it describes the general background and introduction of the organization under study. Besides, it includes statement of problem, objectives of the study, limitation and significance of the study.

Chapter II: Literature Review

It includes the main introductory contents of the topic on which focused its work so that it can explain what the theoretical concepts on the thesis will be carried out. It includes the review of thesis, journals and articles, policy review of previous studies. This chapter presents the overview of literature relating to previous studies made on house and land tax for revenue collection.

Chapter III: Methodology

It includes all the topics describing how the entire data have been collected and designed to carry out the entire tasks of the thesis. This chapter includes the detail framework of the study such as research design, population and sample, nature and sources of data, data collection procedure and tools and techniques of data analysis etc.

Chapter IV: Result

This chapter is concerned with analytical frameworks. It contains the entire contents related to data presentation and analysis. The primary and secondary data collected from different sources are analyzing using different statistical tools and presented in systematic format such as table, chart and figures. It is done through with in case-analysis. In addition to that, the major findings of the study are drawn out.

Chapter V: Conclusion

It is the last contents of the entire report. It includes the summary of major findings of this thesis report, conclusion and implication based on the research and the chapter is ended with the major implication for Government, Tax officers, Tax payers, stakeholders and implication for the further research has been provided to researcher.

CHAPTER II

LITERATURE REVIEW

A literature review is an evaluative report of information found in the literature related to select areas of study which describe, evaluate and clarify the literature. Basically the literature review is found to be divided in two parts conceptual and empirical review. The conceptual review includes the major types of act and provision related to the house and land tax and empirical review included research article and research only.

Conceptual Review

Conceptual framework is a basic conceptual structure organized around a theory. It defines the kinds of variables that are going to be used in the analysis. Conceptual framework is a type of intermediate theory that attempt to connect to all aspects of inquiry with problem definition, purpose, literature review, methodology, data collection and analysis.

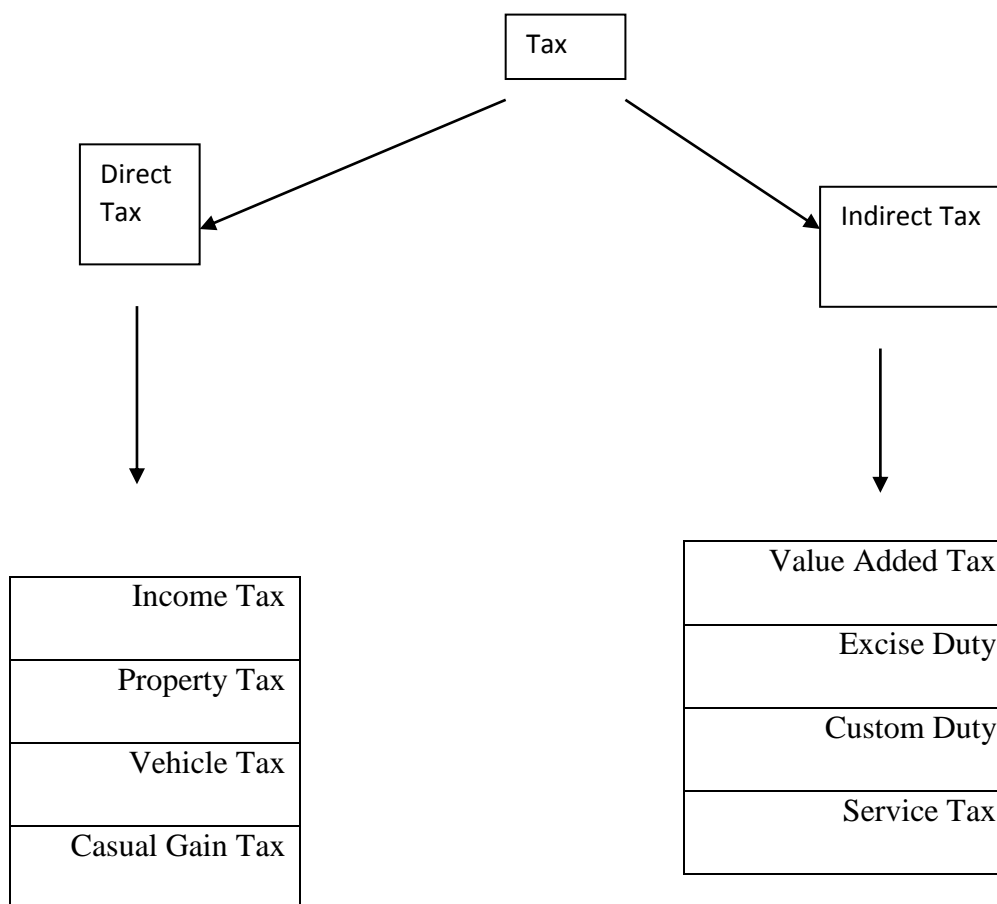
2.1 Tax

Tax is the amounts of the contribution of wealth to the people. It is mainly said that, the amounts of legal entities of individuals. The word tax is derived from Latin words 'taxare', which means to estimate. It is a type of levy of financial charge of fee imposed by government on legal charges and formation. Simply tax is inequitable and it must be paid. The legislative executive and judiciary with the delegated authority make the acts, rules, sub rules and provisions which are applicable and do execute within the frontier of the nation where it is governed. Most of the people do agree with the suitable name of tax as 'KAR' in Nepali which means as must pay. (Dhakal, et. al, 2015).

Classification of Taxes

Tax classified under the following criteria:

Figure 2



1. Direct tax

Direct tax is that tax which is calculated under the personally paid for the use of particular services. It is legally imposed and the person paying and bearing tax is the same. It is the tax on income and property. Examples of direct taxes are; Income tax, Property tax, Vehicle tax, Interest tax, Expenditure tax, Death tax, Gift tax, etc. (Dhakal, et. al, 2015).

2. Indirect tax

A tax imposed on one person but partly or wholly paid by another is known as indirect tax. The person paying and bearing the tax is different. It is the tax on consumption or expenditures. Examples of indirect taxes are; VAT, Sales tax,

Entertainment tax, Hotel tax, Excise duty, Import and export duty etc. This type of tax is collected by Inland Revenue office of different channel. (Dhakal, et. al, 2015).

2.2 Provision Regarding Property Tax

In the present context, property tax occupies one of the most important sources of revenue in our country. Whether it is developed or underdeveloped countries, property tax is regarded as the most important tool for mobilizing internal resources whether the contribution of property tax to the government revenue may be high or low, it has got much more important. House and Land tax is imposed only on House and Land situated at Municipality. Provision of property tax in Nepal, it's proposed and implemented in Nepal described in this chapter. To know the term 'property tax', it is better to define the term 'Property' and 'Property tax' separately.

A) Meaning of Property

In general sense property refers to car, farm, gold or anything else owned by the people. Property also refers to any types of capital goods that are owned. For example, machinery, raw-materials and finished products are property. There are two ways to classify property one is real property including land and things permanently attached to it, such as land, building etc and second is personal property including all other kinds of property, such as furniture, stock and harvested crops. It is much easier to transfer personal property than real property. Real property must be transferred in writing but personal property may be transferred orally. However, personal property generally passes into the hands of the estate administrator who sells it and divides the process among the next of relatives, unless one makes other provisions for disposing it. In brief, real property consists of Immovable and personal property of movables. (Singh, 1991)

1. Real Property

Real property consists mainly of land and buildings (or what are called improvements on the land). Land and improvements are very important in taxation. Land values and building values are subject to different conditions. Land may increase in value while the buildings on it are decreasing in value. Different methods are used in evaluating the two kinds of property, for instance, depreciation must be considered in the case of buildings and but not for valuating land. (Singh, 1991)

2. Personal Property

Personal property is classified into tangible and intangible. Tangible personal property includes a great variety of goods: merchants and manufacture' stocks (inventories), business furniture, fixtures and machinery, tool and pattern: rolling stock of rail way: from machinery; harvested crops; logs; household furniture, clothing, jewelry and other personal effects.

The second category of personal property is intangible property. This class consists; stocks, mortgages, deposits, money and book credit, copyrights and patents goodwill, franchise value. Intangible property can easily escape taxation whether by migration or by hiding. Many estates classify intangible separately and apply a low flat rate tax to them as a substitute for the general property tax. (Singh, 1991)

B) Property tax

Government on owners of property levy property tax. This property includes real estate, such as homes, buildings and vacant land. It also includes personal property such as home, furnishings, stock and bonds and automobiles (The Encyclopedia, 1973:15).

The property taxation is the compulsory payment to the public authority, which is based on the capital value of the property. In law the courts defined property tax as the right to possession, enjoyment and disposition of all things subject to ownership. Taxation is the compulsory payment to the government. The tax, which is imposed on personal possession, is known as property tax. Property taxation has a great potentiality of resources mobilization in the developing countries. In these countries the process of economic development tends to be accompanied by a boom in real estate and investment in housing in urban areas.

The property tax rate varies depending on the tax revenue, needs of the governmental. The rate is usually based on the property's assessed valuation. This is a certain percent of the property's total value as determined by the government property is rarely taxed at its full market value. (Prasad, 1999:36)

C) Property tax in Nepal

The history of property tax in Nepal is not so long. Finance act 1959 had empowered the government to levy property tax. Property tax act 1960 was enacted to collect tax from property. Urban house and land & foreign investment were taxed at the same

rates under property tax act 1960. Under the provision of property tax act, NG/Nepal framed property tax act 1962 was enforced and subsequently, house and land tax rules 1963 was then enacted which repeated the existing property tax act, 1960. Earlier central government of local self-governance act, 1998 local bodies (i.e. VDCs and Municipalities) imposed property taxes within their boundary. Currently, house and land tax act 1963, property tax act 1990 and local self-governance act 1998 had been implemented in the collection of property tax. (Website of IRD)

2.3 Collection, recovery and refund of tax

Since the integrated property tax and vehicle tax are not exclusively practiced in some municipalities, tax collection and realization with respect to the house and land tax and revenue or land tax are discussed hereunder. Local self-governance act 1998 has made the provision for collection, realization and refund of tax separately to the municipalities and VDCs.

A) Collection of tax

Local self-governance act 1998 has empowered VDC, municipality and DDC to levy taxes. The VDCs and municipality in the form of land revenue, house and land tax, integrated property tax and vehicle tax levy the property taxes.

In the Case of Municipality

The municipalities levy the following property taxes within its jurisdiction:

- House and land tax: Based on size, type, design and structure of the house, the municipality may levy annual house and land tax on each house and compound as approved by the municipal council.
- Land revenue or land tax: The municipality may impose land revenue and land tax as prescribed on the land within the municipal area.
- Integrated property tax: The municipality may levy an integrated property tax within its jurisdiction at the prescribed rate (MLD, SLG1998: section 136-140).

According to rule 140 of self-local governance regulation 1999 the maximum and minimum limits of the rate of land revenue and house and land tax that may be levied by a municipality within its area shall be as prescribed in annex-8 of the regulation. As per rule 144, the minimum and maximum rates of the integrated property tax that

may be levied by a municipality within its area as prescribed in annex-2 of the regulation. (Revenue department of KMC).

B) Recovery of Tax

If any person does not pay any tax, duty or charge levied or contracted or any other amount due and payable to the local body, the district administration office recovers it as government dues (MLD, SLG 1998: Section 71 and 166).

C) Refund of Tax

The municipality is not entitled to collect any kinds of taxes contrary to the act or the rules. If the municipality collects such taxes, Nepal's government may order to stop such collection and to refund the amount of taxes so collected to the connected person (MLD, SLG 1998: Section 147).

2.4 Penalties, Actions and Appeals

A) Penalties and Actions

The provisions for fine and penalties if anyone does not pay any taxes, fees, charges, duties, tariffs and any other amount due and payable under the act, the VDC and Municipality penalize the person (MLD, SLG 1998: Section 70 and 165).

In the Case of Municipality

If any one does not pay the taxes imposed by the Municipality, it may take the following actions (MLD, SLG 1998: Section 165.2)

If the amount, which the municipality is entitled to collect under the act, could not be covered up even from the stoppage of the house, land, transaction or assets of the concerned person, the municipality may recover it by auctioning the person house, land or other assets, if any.

If not anyone pays the taxes, which may be collected under the act, the municipality may write to the concerned body to stop the transfer of ownership of the movable immovable property of such person, may seal or lock up the trade, profession and withhold the transactions including export and import.

According to section 165.5 if any one does not pay any taxes under the act, the municipality may stop the service provided by it, in regard to such person.

As per section 165.5 if any, who has already been punished under this section commits the same offence again. The municipality may punish such person with two-fold punishment for each instance.

If anyone commits any action in contravention of the act or the act or the rule by-laws or orders made under the act, such person is punished with punishment, if any prescribed away in the act, and if punishment is not so prescribed the municipality may punish such a person with fine of up to Rs.1000 ((MLD, SLG 1998: Section 165.5).

B) Appeals

In case, any property holder is not satisfied with a punishment imposed by VDC or municipality the local self-governance act 1998 has made provisions of appeal against such punishment.

Similarly, according to section 165.7, any party who is not satisfied with the punishment imposed by the municipality may appeal to the concerned district court within 35 days of the knowledge of such a decision. ((MLD, SLG 1998: Section 165.7)

2.5 Types of Property Tax Exemptions

Property tax exemptions are exempt for social reasons such as homesteads, churches, lodges, private school some for developmental purposes such as new industries, some for fiscal or administrative reasons such as household furniture, some to avoid double taxation such as credits. The tax exempted intangibles and certain types of tangible property are as follows (Revenue department of KMC).

- (1) Homestead exemption: Homestead includes any dwelling occupied by the owner as a residence the site upon which the dwelling is located, and varying amounts of surrounding land. The exemption may include not only the land and improvements used as a place to live but also considerable property used to make a living. Homestead exemptions depend on a number of variables, such as the degree of home ownership, area and value of homesteads and the ration of residential property to total property.
- (2) Exemption of property used for religious and philanthropic purpose: most of the governments exempt educational, charitable, benevolent and religious institutions from property taxation. In the case of religious organizations, exemptions are church and a non-profit making organizations etc.

- (3) Exemption to encourage economic activity: exemption to encourage economic activities are cash bonuses, loans, donations of site and building or their provision at nominal rentals, guarantees of favorable conditions and so on.
- (4) Municipal exemption policies: municipality also provides exemption to individuals to attract the economic activity within the municipality. (Revenue department of KMC).

2.6 Rebates from property tax

Rebates from property tax are mentioned in self-government act. From the property tax, the following incomes are rebated.

1. Loan and debenture taken from registered institutions.
2. Amount received from the life insurance.
3. Price received from social work.
4. Amount received from provident fund.
5. Amount received from nagarik investment.
6. Amount received from personal annuity.
7. Profit or dividend received from kingdom's commercial institutions.
8. Amount of debenture received from NG/N.
9. Amount received from foreign government (Revenue department of KMC).

2.7 Problems for Efficient Tax Administration

The problem exists because of the poor taxpayer and lack of tax education. Therefore, the local government should teach tax education to the tax payers. There are other factors like, delay in assessment and collection, unnecessary outside pressure and lack of proper incentives to tax personnel's, a good tax system must have certain administrative qualities including certain rules, compliance and collection cost enforceability and acceptability. Although there has been significant progress in the area of improving the elasticity and efficiency of tax system, still the major source of revenue collection is land based (Revenue department of KMC).

2.8 Current Provisions of House and Land Tax in Kathmandu Metropolitan City

The current provisions of house and land tax in Kathmandu Metropolitan City are as follows;

A) Necessary Documents and Duties for Submitting Required Documents

Following documents are required to submit house and land tax return in Kathmandu Metropolitan City (Revenue department of KMC).

- 1 If any couple has separate land and house ownership, statement should be submitted jointly.
 - If there is more than one, statement should be submitted in the name of any one owner
 - If any person has various land and houses in the Metropolitan area, statement should be submitted to related ward office of each land and houses.
 - People having liability to pay house and land property, it should submit the as per Act.
 - If there is any increase/decrease in house and land property, it should be reported to the ward office.
 - Calculated tax as per submitted statement should be deposited in bank account of within 35 days.
2. The necessary documents are:-
 - Copy of approval of new house map -1
 - Copy of approval of new flat map if any -1
 - Copy of land owner's citizenship certificate -1
 - Copy of land ownership certificate -1
 - Field inspection report by technician for house constructed without approval before provision of Metropolitan system -1
 - Copy of tax receipt if any submitted to tax office -1
3. Tax officer holds right for following action if required :
 - Necessary examinations and review of statements by tax payer by issuing notice for filling and taking interview.
 - Field inspection.

B) Process of Tax Assessment

To make the taxpayer easy Kathmandu Metropolitan City has provided the certain process for tax assessment. Necessary documents should be registered in house and land tax book. Process of tax assessment covers the process as follows (Revenue department of KMC).

1. Tax assessment is done on the basis of house and land valuation.
 - If owners are multiple persons, tax assessment should be done in the name of multiple owners like flat owners.
 - House valuation is done on the basis of size of house, area of Land and depreciation rate.
2. Different types of houses should be evaluated in different ways.
 - After paying house and land tax, tax clearance certificate should be issued and keep the records.

C) Rebate for Tax Payer in Kathmandu Metropolitan City

Rebate for tax payer are as follows (Revenue department of KMC).

- (1) 10% discount for paying tax before last of Shrawan.
- (2) No penalty for paying tax till Ashwin last.

D) Penalty System of House and Land Tax

Penalties provisions are as follows :(Revenue department of KMC).

1. If any person does not follow rules and regulations regarding paying tax the penalty is Rs.1000.
2. If a person submits false document invoices or wrong documents till Ashwin or every year, the penalty is Rs.5000.
3. If a person does not follow directions of tax officer penalty is Rs.500.
4. If tax is not deposited within 35 days 15% additional amount per annum shall be charged on assessed taxes.

E) Exemption of House and Land Tax in Kathmandu Metropolitan City

Exemptions of house and land tax in Kathmandu Metropolitan City are as follows (Revenue department of KMC).

1. House and Land occupied by Ng/Nepal.
2. House and Land owned by Municipalities and District Development Committee.
3. House and land related to Embassies Diplomatic Mission etc.

4. House and land related to not profit making educational institute and house related to public enterprises.
5. Land related to crematorium, airport, stadium, garden, park etc.

F) Documents Required for Property Valuation in Kathmandu Metropolitan City

Documents required for property valuation in Kathmandu Metropolitan City are as follows (Revenue department of KMC).

1. Application form -1
2. Bill of land tax clearance -1
3. Copy of house and land tax clearance certificate -1
4. Field inspection report of Ward office -1

G) Procedures of Valuation in Kathmandu Metropolitan City

There are different rate for different house and land. Tax is paid after the valuation of house and land as per the rules and regulations. For the tax calculation following methods is used. Table 2.1 shows the methods of valuation of house and land in Kathmandu Metropolitan City. (Revenue department of KMC).

Table 2.1**Rates for Valuation of Building in Kathmandu Metropolitan City**

Classification of houses	Total life in year	Depreciation rate per year in (%)	Average cost per Sq. ft. (In Rs.)
R.C.C. frame structure	100	0.75	635
Kiln bricks (Stones) with cement mortar.	70	1	575
Kiln bricks (Stones) with mud-mortar.	30	2	525
Green (Raw) with mud-mortar.	25	3	450

(Working paper of Kathmandu Metropolitan City fy 2016/17)

NOTES:

1. Classifications of house are Green (Raw) bricks with mud-mortar Kiln bricks (Stones) with mud mortar Kiln bricks (Stones) with cement mortar, R.C.C. frame structure.
2. The main auditorium of cinema hall is valued by applying a 25% discount in aforesaid rates.
3. House and land of green (Raw) brick with mud mortar and thatched roof or house made of bamboo or wood with thatched roof is not valued for the propose of house and land tax.

H) Rebate of House and Land Tax in Kathmandu Metropolitan City

Rebates of house and land are calculated as mentioned in the local Self-government act. Local self-government has provided the provision for rebated with value of the house and land. Table 2.2 shows the rate of house and land tax in Kathmandu Metropolitan City. (Revenue department of KMC)

Table 2.2
Rate of House and Land Tax in Kathmandu Metropolitan City

Name of House and Land	Rate of Tax (in Rs. and %)	Amount
First up to 10 lakh	Nil	Nil
Next up to 10 lakh	300	300
Next up to 30 lakh	0.05%	1500
Next up to 50 lakh	0.25%	12,500
Next up to 1 crore	0.5%	50,000
More than 1 crore	1.5%	-

(Working Paper of Kathmandu Metropolitan City fy 2016/17).

In Table 2.2, rate of tax in Rupees and percentage and amount are shown in right side. Value of house and land is shown in the left side. If the value of house and land is up to 10 lakhs she/he should not have to pay tax. If one has value of house and land up to 20 lakhs she/he must pay Rs. 300. Similarly one should have value of house and land next up to 1 core after exemption of Rs. 10 lakhs, he/she should have to pay Rs. 50,000.

I) Assessment of Property Tax

1. Area based assessment

A charge is levied per square meter of land area and per square meter of building. The assessment of property is the sum of an assessment rate per square meter multiplied by the size of the land parcel and an assessment rate per square meter multiplied by the size of the building. The assessment rates may be the same for land and buildings. With unit value assessment, the assessment rate per square foot is adjusted to reflect location and quality of the structure. Market value has an indirect influence on the assessment base. Properties in different zones will have different values. The municipalities apply tax according to the availability of the services like garbage collection, street lighting covered road covered side walk, sanitary sewers and rain water sewers. The tax rate is set 8 percent to 14percent according to quality of services. The value of agriculture land often seems, like other probable tax base. (Richard, et. al, 2009).

2. Market value assessment

Market value is defined as the price that would be struck between a willing buyer and a willing seller in an arm's length transaction. The following methods are used to estimate market value:

- a. The comparable sales approach is used when the market is active and similar properties are being sold.
- b. The depreciated cost approach is used when the property is relatively new, there are no comparable sales and the improvements are relatively unique and industrial properties.
- c. Under the income approach, income is converted to a capital value using a capitalization rate for properties with actual rental income.

Market value assessment is used in all the OECD countries, Indonesia, Philippine, South Africa, Latvia, Argentina and Mexico. (Richard, et. al, 2009)

3. Rental value assessment

Under the rental value approach, property is assets approach according to estimated rental value or net rent. There should be no difference between a tax on market value and a tax on rental value. (Richard, et. al, 2009)

4. Area based vs. Market based assessment

Market value has the advantage of capturing the amenities of the neighborhood, amenities that have often being created by government expenditures and policies. Area based assessments are unlike to capture these amenities because they do not take into account of difference in neither the quality of buildings nor their location. Unit value assessment trained to be less volatile than under market value assessment. Unit value assessment is easier to understand and cheaper to administer than market value based assessment. Unit value may be easier to administer for single family residential properties. It is difficult to use for multi residential rental condominium commercial and industrial properties etc. (Richard, et. al, 2009).

5. Self-Assessment:-

The current local tax system is based on principle of self-assessment. Under this method, the responsibility lies on property holder itself. Properties are assessed at market value. Under self-assessment in some countries, people have the right to buy the property at the assessed value. It do not required expert assessment staff and it is

appears to be easy to implement. According to the case study in Bird and Slack 2002, self-assessment appears to have significantly increased revenues (Richard, et. al, 2009).

2.9 Review of Earlier Studies

In the present world, Property tax occupies one of the most important sources of revenue of the countries. Therefore, it is important all over the world. There are various studies carried out by different institutions and individuals. The purpose of this review is to focus briefly on the importance of property taxation in Nepal. So some of the literature related to property tax has been reviewed in these paragraphs.

2.10 Review of Articles

Chhetri, (1993) in his article entitled "Tax the Land" has mentioned about the land tax system and the low administration system of the urban people. There is no real value of the building in terms of their use and location however the assessment rates are low. The use of the urban land tax is a major source of finance for management and development of the urban areas has not received serious attention in Nepal. So he has suggested to review the country's overall strategy of resource mobilization for development projects like road, sewage, water supply, electricity, school, recreational facilities and so on, where return on investment can be obtained through taxation, pricing and tariffs, dependence on external financing should be gradually reduced. And also the urban land taxation can be used as an important tool for mobilizing financial resources to cater the needs of different aspects of urban development.

Lamsal, (2006) has presented in his article named "Evolution, Valuation and rates of House and land tax in Nepal". In the article he has described the valuation and the rates of property tax which is collected by the local bodies i.e. Village Development Committees and municipalities. This article is informative rather than analytical. This article is helpful to know the general information about the type and valuation of house and the rate of tax.

Ghimire, (2006) has done research entitled "Study for the Measures of Tax Compliance Habits". This report has dwelt upon the existing legal provision and Leakage Control to check tax leakages and its implementation status. A critical appraisal of tax related earlier legal instruments has also been carried out. The importance of tax education, accounting knowledge, motivation for revenue staff and

tax payers are also reviewed. This report has identified some legal, institutional structure of tax administration, revenue police and monitoring activities. Prevailing tax related laws have made various anti-leakage provisions to minimize the non-compliance and to maximize the tax collection. There are special provisions for anti-leakages activities in corruption control Act. But these provisions are not properly handled and implemented.

Baral, (2008) wrote the article of “Financial Management of the Small Municipalities of Nepal: Sustainability Issue”. In this article, he focused on the different issue of the Nepalese municipalities for collecting the property tax from the big and small municipalities as they are going to lose local development fund. He has suggested to identify and separately solved the barriers that could hinder the effective implementation of the tax. And also he has suggested to analyze the stages of redesigning governance system; the intergovernmental fiscal imbalance.

2.11 Review of Earlier Thesis

Under this section, various master degree thesis related to this study has been reviewed.

Adhikari, (2007), in his thesis entitled “Municipal Tax in Nepal” (A Case Study of Lalitpur Sub-Metropolitan City), has mentioned about importance of property tax in Nepal. He has also justified the contribution of enterprises to the municipality. The major problems existing in Nepalese tax system identified by him are poor revenue collection efficiency, lack of appropriate legal action against defaulters, ineffective collection procedure etc. He has suggested some improvement regarding municipal tax for the collection of tax in Nepal.

Timilsina, (2008) in his thesis “Taxation in Nepal: Special reference to Land Revenue”, has mentioned about importance of land tax in Nepal. He has also clearly explained about the land tax development from ancient to modernize land tax system in Nepal. The major problems existing in Nepalese land tax system identified by him were the inefficient land revenue administration, lack of modern cadastral survey, up to date records, inequality of minimum valuation of land for different purposes, land classification made on the basis of its productivity etc. He has suggested some improvement regarding land tax & administration for the collection of tax in Nepal.

Acharya, (2010), Describes in his thesis “Contribution of House and Land Tax Total Revenue of Kathmandu Metropolitan City and Lalitpur Sub- Metropolitan City”, most of the Nepalese people are not aware of property tax. Due to lack of tax education property holder are deprived from right of paying tax. If they are informed effectively about the property tax can expect the increase in tax volume as well as paying house and land tax timely. In the administrative aspect there are a lot of weakness for efficient administration, and collection of this tax. There must be high degree of honesty and morality. The revenue administration in Nepal is weak because of lack of the tax policies with a clear direction and consistency in a long run perspective lack of information and records, lack of trained staff and heavy dependence on non-technical staff, lack of proper accounting and auditing system in general for business firms. However, house and land tax laws and administration in Nepal are to be deeply scrutinized but not properly implemented. Tax education packages are to be made and initiated hence tax administration and tax compliance could be improved. Due to various problems related to property tax, revenue collection from property tax is relatively low in KMC and LSMC. For economic development of Nepal, the problems relating to property tax system in Nepal should be solved and resources should be effectively utilized. He has recommended that House and land tax rate, discount rate, prize and other motivating factor should be advertised by newspaper, TV, Radio etc. to attract and motivate tax payers in KMC and LSMC. Municipality should mobilize its resources properly for the welfare of the local people. Appeal and penalty system of house and land tax should be used in practice not only in legal provision.

Bastakoti, (2011), describes in his thesis “A study on house and land tax in Bharatpur Municipality” Nepal is poor in economy but richest in natural resources. Due to the various problem related to property tax, Revenue collection from property tax is very low in Bharatpur Municipality. For economic development of Nepal the problem relating to property tax system in Nepal should be solved and resources should be effectible utilization. Its contribution to government revenue is not regarded satisfactory. Its contribution to the revenue structure of the country is negligible due to various reasons. In the condition of the municipality, most of the people are not aware of property tax. Due to lack of tax education property owner are deprived from

right of paying tax. If they are informed effectively about the property tax can expect the increase in tax volume as well as paying house and land tax timely. He has recommended in his thesis to the concern that Municipality should mobilize its resources properly for the welfare of the local people. There should be warm relation between the municipality and local people (tax payers) should be sound and positive. The municipality should dispatch the information of tax liability in advance. Effective billing system should be launched for informing tax payers about their tax liability. The municipality does not follow the appropriate penalty procedure against the tax defaulter. So it should follow the standard procedures for punitive action against defaulters.

Budhathoki, (2013) in his thesis entitled "Contribution of house and land tax on total revenue of Kathmandu Metropolitan City" has mentioned about role of property tax on revenue structure, contribution and composition. Due to poor performance on internal revenue collection and mobilization, the government of Nepal has still depends on foreign grants and loans. The dependence is increasing which is not desirable for any economy. Thus remedy should be made in due time by the country to run in the path of economic development. For this, proper utilization and collection of the property tax is the best method for the economic development of the nation. So he suggested different recommendation to minimize the problems and increase the revenue timely and effectively.

Dahal, (2016) in his thesis "A Study on House and Land Tax (Property Tax) in Ghorahi Municipality of Dang District" has mentioned about the property tax as a suitable source for the collection of public revenue and mobilizing internal sources where service charge is the major sources for internal revenue and grants is the main external sources or revenue. In this thesis, corruption in tax authority, lack of appropriate information, inappropriate tax rate, defective tax laws and other are the major existing problems related to property tax in Ghorahi municipality and also tax evasion as a major problems of tax collection system. So he suggested that, by giving the information about property tax by effective media, large volume of revenue could be collected and also effective billing system should be launched for informing tax payers about their tax liability.

2.12 Review of Related Books

Property tax plays a vital role in many countries. Now a day, it is more important all over the world. The purpose of this review is to bring in light in brief the important work done on property taxation in Nepal. So some of the literature related to property tax has been reviewed in the following paragraph.

Adhikari, (2003) wrote a book entitled “Modern Taxation in Nepal: Theory & Practice”. This book has been written according to the syllabus requirement of different faculties. Especially BBS 3rd year syllabus of Tribhuvan University, has been taken into consideration income tax act 2001 and amended by Finance Ordinance, 2003 has also been included. Theoretical as well as practical aspects have been explained in the book.

Malik, (2003) published a book named “Nepal ko Aadunik Aayakar Pranali”. This book is very much useful to anyone who is interested in the subject of taxation. In this book, Malik has explained tax act 2001 with examples wherever necessary. He has presented the complex act in simple manner so that it will be easy to understand the act. He has shared his expertise in his book. His book is descriptive and analytical. All the provisions in the act have been clarified in simple language. In some cases, he has also compared the provisions of the old act and new act.

Aryal & Poudel, (2008) have described in a book entitled "Taxation in Nepal" about the income tax system in Nepal along with house and land tax and value added tax. The book has been designed based on the curriculum of bachelor of business studies (BBS). It has divided into three parts. In the first part of the book consists of the introduction and development of income tax, capital and revenue nature expenses and income items, entity and investment saving, dividend tax, computation of income tax from business, remuneration and investment. They have explained with numerical and theoretical examples. House and land tax and value added tax have been explained in the second and third part respectively. The book has also included a proper bibliography and adequate appendix where various income tax, house rent and VAT related forms, schedule and format had been described.

Battarai and Koirala, (2011) have written a book entitled "Tax Law and Tax Planning". In this book they have mentioned about the concession, rebates and allowances to taxpayers which can reduce tax liabilities. This book is also important

and beneficial to know the legal provision for tax planning to the tax payers. In this book they have described tax planning is avoiding tax by availing of the various relief and concession available in the law. Tax Planning is the planning of future activities that affect tax with an objective of reducing tax liability. The tax law provides certain concessions, rebates and allowances to taxpayers in order to enhance a healthy environment in the country.

2.13 Research Gap

There is gap between this research and the previous researches. Most of the previous researches have focused on the contribution of house & land tax on total revenue of Kathmandu Metropolitan City. There is some research works carried out on house and land tax concentrating mostly on the administrative, legal, assessment procedure of tax revenue in Nepal, historical aspects. Very few studies and publications have included role of house & land tax in descriptive way and study on the house& land tax in separate way. The present study mainly concentrates on the contribution of house & land tax on total revenue of Kathmandu Metropolitan City and also study about contribution, trend and problem of house and land tax of Kathmandu Metropolitan City.

CHAPTER III

METHODOLOGY

3.1 Research design

The research design serves as a framework for the study. It provides guideline for the collection and analysis of data. It is used for obtaining information for the purpose of conducting a study and making generalizations about the population. So in this study, descriptive research design were used. It involves the systematic collection and presentation of data to give clear picture of a particular situation.

3.2 Population and sample

For this study, convenience sampling designs were used because the elements in a fraction of the population can be reached conveniently. The total population of tax administrator were 1800 and the total population of tax payer were 150000 (website of KMC). To analyze easily and identify the views of the respondents, it had been categorized the selected respondents as sample size to make study easy and save the time and again coded them A and B.

The following table shows the groups of respondents and code used to represent them.

Table 3.1

Group of respondents and codes used

S.N.	Group of respondent	Sample size	Code used
1	Tax administrator	50	A
2	Tax payer	100	B
	Total	150	

(Source: As per research design)

Tax administrator (employees of Kathmandu metropolitan city) and tax payers are selected as sample size according to those persons who were in the contact during the period of field survey.

3.3 Nature and Sources of Data

This study is based on both primary and secondary data.

a) **Primary Data**

The sources of primary data were respondents and employees of municipality. For this, a total 12 sets of structured questionnaires were developed and distributed to the selected respondents of taxpayers and the selected ward office secretary under municipality in order to get accurate and actual information.

b) **Secondary Data**

The secondary sources of data are the information received from books, journals, newspaper, reports and dissertations etc.

The major sources of secondary data are as follows;

- Ministry of Local Department (1998), Local Self-Governance Regulations (1999), Nepal Government, Kathmandu.
- Thesis related to tax, available at campus library, central library, Tribhuvan University.
- National Newspaper, journals, media, internet and news magazines of municipalities.
- Income and expenditure budget of Kathmandu Metropolitan City.
- Other related published and unpublished reports, journals and articles.

3.4 Data Collection Procedure

Data, valuable information and other things were collected from different sources in raw form and in the initial stage were judging independently; do not help for decision but proper arrangement of them were essential. So primary data were collected from structured questionnaires systematically. It was distributed among all the selected samples by personal meeting, interviews and field visits to get actual and reliable information. Again, in addition, secondary data has been obtained through reviews of different acts, rules, regulation and previous reports and thesis, published and unpublished sources that were also vital sources for this study.

3.5 Tools and Techniques of Analysis

To make easier, the collected data from primary and secondary sources were first tabulated into various tables according to the subject. For the purpose of analysis, few statistical tools had been used i.e.; Simple percentage, Simple average, Graphs and Least square linear trend analysis.

a) Simple Percentage:

It is the most popular tool to analyze the data in research work. As it is easy to understand the data in the percentage form. Most of the data in the research work were used in the percentage form.

b) Simple Average:

It is also next popular tool in data analysis work, which gives the information about the data in average.

Average = Total ÷ Numbers of Years

c) Graphs:

It is very simple and easy to give clear picture about the data by the help of the graph. It helps to understand about the data easily to everyone even to the uneducated people.

d) Least Square Linear Trend Analysis:

Trend analysis has been a very useful and commonly applied statistical tool to forecast the future events in quantitative terms. This analysis takes the historical data as the basis of forecasting. The future trend was forecasted by using the following formula.

$$Y = a + bx$$

Where,

Y = the dependent variable (house and land tax)

a = Y intercept

b = the slope or the rate of change of Y per unit change in X

X = the independent variable

CHAPTER – IV

RESULTS

Introduction

Data presentation and analysis of House and Land tax of Kathmandu Metropolitan City has been done in this chapter. This is the major part of the study. It aims to make clear understanding of house and land tax administration in Kathmandu Metropolitan City.

4.1 Structure of Total Income from Tax and other sources of KMC

The structure of total income from tax and other sources of KMC shown in the table 4.1. The structure consists of all the public revenue and other income like own private income of KMC. It included the income incurred by overhead bridge, Sub ways, bus park's markets etc. And this also included fine and penalties, internal and external aid and other income.

Table 4.1

Structure of Total Income from Tax and Other Sources of KMC

(FY) 2010/011 to (FY) 2016/017 (In Thousands)

No.	particular	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
1	Malpot	4393	4348	594	6844	7582	4234	10679
2	House and Land tax	269937	315735	41335	512032	520204	305463	728785
3	Rental tax	3637	5522	7109	98938	97005	64235	156950
4	Vehicle tax	4599	4502	109	3630	2727	1650	2181
5	Entertainment tax	0	54	0	0	0	0	0
6	Advertisement tax	14098	16198	5040	5883	6237	18929	97637
7	Business tax	42272	40775	9689	45275	41873	25903	61295
8	Others	104323	134548	16519	369999	237038	90033	11768
9	Grants	474372	552694	74837	1014238	985903	350523	983499
10	Contract income	0	0	0	0	20050	18972	35181
11	Map fee	128327	112969	13426	139068	106045	132154	347756
12	Safaris proved fee	26262	28574	4648	38953	44788	35766	86639
	Total	1072223	1215927	173310	2234864	2069457	1047868	2522370

(Revenue department of KMC)

Table 4.1 shows the detail structure of various taxes and other income of KMC in various Fiscal Years from 2010/11 to 2016/17 and all the figures were shown in thousand. Total incomes were Rs. 1072223, 1215927, 173310, 2234864, 206957, 1047868 and 2522370 of KMC in fiscal year from 2010/11 to 2016/17 respectively. Hence, this shows the total incomes of different fiscal year fluctuating every year of KMC.

4.2 Current status of house and land tax revenue in KMC

To shows the current status of house and land tax revenue of KMC, different tax related items like malpot, Rental tax, Vehicle tax, Advertisement tax and Business tax were compared and presented in the table 4.2. This table is helpful to express the comparison between house and land tax and other tax related items.

Table 4.2.
Current status of house and land tax revenue in KMC
(FY) 2010/011 to (FY) 2016/017 (In Thousands)

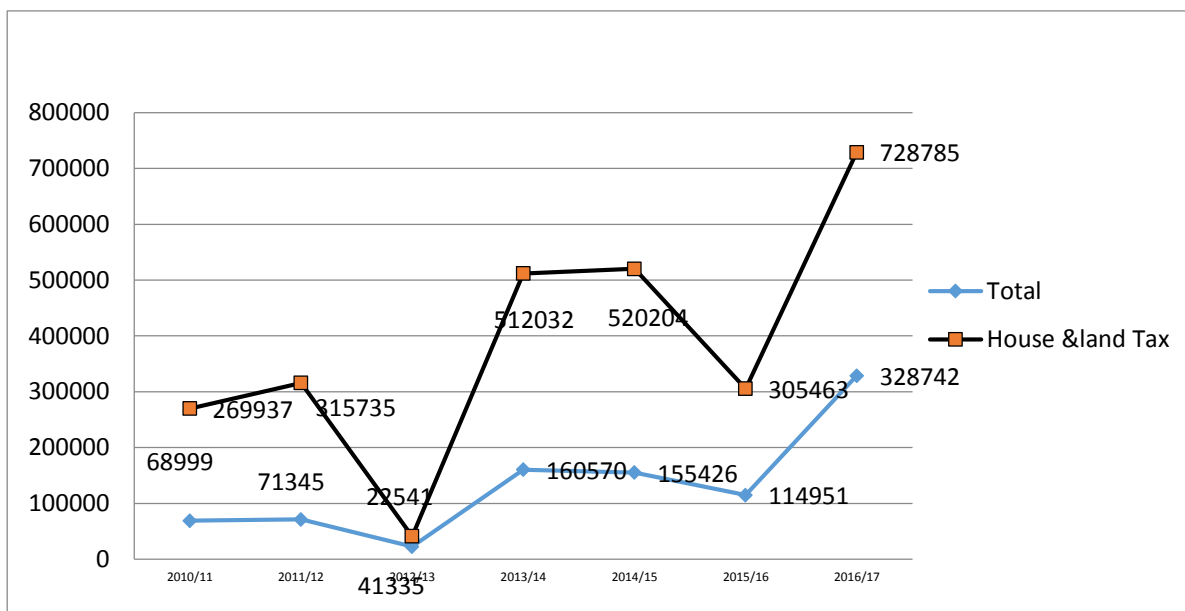
Year	Different tax related items					Total	House & Land tax	%
	Malpot	Rental tax	Vehicle tax	Advertisement tax	Business tax			
2010/11	4393	3637	4599	14098	42272	68999	269937	25.56
2011/12	4348	5522	4502	16198	40775	71345	315735	22.59
2012/13	594	7109	109	5040	9689	22541	41335	54.53
2013/14	6844	98938	3630	5883	45275	160570	512032	31.35
2014/15	7582	97005	2727	6237	41873	155426	520204	29.87
2015/16	4234	64235	1650	18929	25903	114951	305463	37.63
2016/17	10679	156950	2181	97637	61295	328742	728785	45.10
Total	38674	433396	19398	164022	267082	922574	2693491	246.63
Average	1.43	16.09	0.72	6.08	9.91	34.25		

(Source: Table, 4.1)

In table 4.2, the percentage of the house and land tax is greater than other tax related items where f/y 2011/12 has minimum collection of 22.59 percent and f/y 2012/13 has maximum collection of 54.53 percent. Total collection was 246.63 percent and average collection was 35.23 percent. Hence this table shows that house and land tax is only one main internal income sources for the KMC.

Above presented data can also be presented in the figure 4.1.

Figure 4.1
Current status of house and land tax revenue in KMC
(FY) 2010/011 to (FY) 2016/017(In Thousands)



(Source: Table, 4.2)

4.3 Contribution of House and Land tax in Total Revenue of KMC

Kathmandu Metropolitan City has been collecting the house and land tax which plays the vital role in revenue of Kathmandu Metropolitan City. The contribution of house and land tax in total revenue of Kathmandu Metropolitan City has shown in the table 4.3.

Table 4.3
Contribution of House and Land Tax in Total Revenue of KMC
(In Thousand)

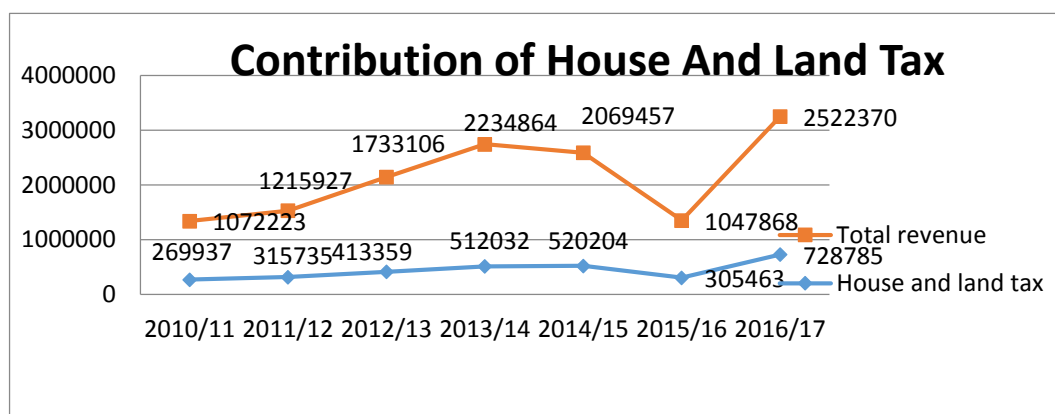
Year	Total revenue (Rs)	Contribution of House and Land Tax (Rs)	Percent (%)
2010/11	1072223	269937	25.17
2011/12	1215927	315735	25.96
2012/13	1733106	413359	23.85
2013/14	2234864	512032	22.91
2014/15	2069457	520204	25.13
2015/16	1047868	305463	29.15
2016/17	2522370	728785	28.89
Total			181.06
Average			25.86

(Revenue Department of KMC)

In the Table 4.3, f/y 2013/14 has minimum contribution of 22.91 percent and in f/y 2015/16 has maximum contribution of 29.15 percent. Total contribution of house and land tax in total revenue was 181.06 percent and in an average contribution of house and land tax in total revenue was 25.86 percent.

Above presented data can be also presented in the figure 4.2.

Figure 4.2
Contribution of House and Land Tax
(in thousand)



(Source: Table, 4.3)

4.4 Budgeted and Actual House and Land Tax Revenue

The comparison between the budgeted (expected) and actual revenue collected was presented below to study the achievements and goals of the municipality in course of collecting the budgeted amount. This also presents the effectiveness of the tax administrator performance of the municipality and consciousness of the taxpayers towards the municipality.

Table 4.4 Budgeted and Actual House and Land of KMC (In Thousand)

F/Y	Total House and Land Tax		Collection Efficiency in (%)
	Budgeted (Rs)	Actual (Rs)	
2010/11	280000	269937	96.40
2011/12	340000	315735	92.86
2012/13	420000	413359	98.41
2013/14	454000	512032	112.78
2014/15	540000	520204	96.33
2015/16	578000	305463	52.84
2016/17	520000	728785	140.15

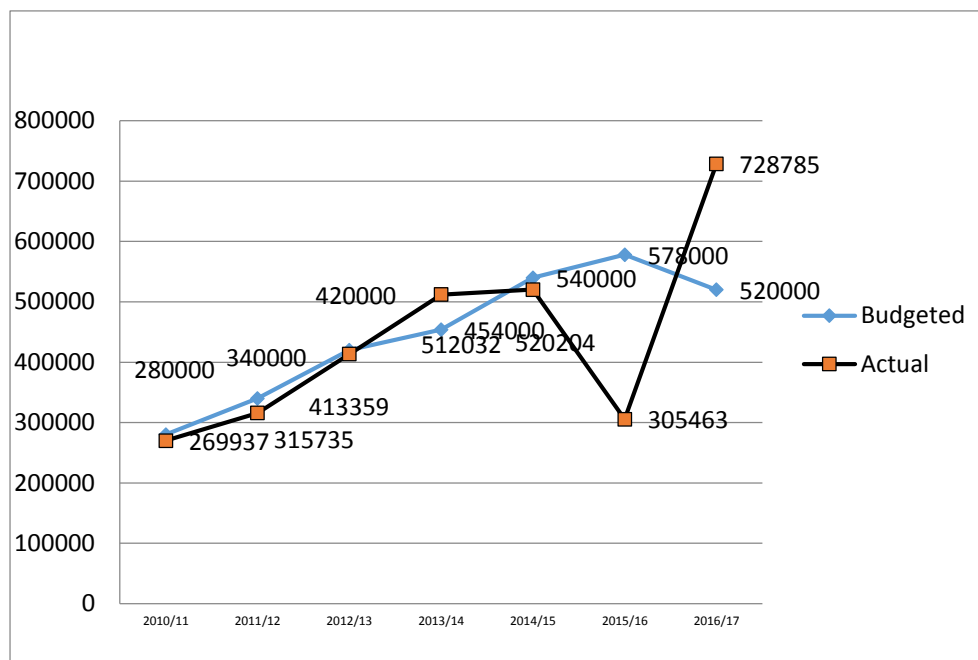
(Source: Revenue Department of KMC)

The Table 4.4 shows that the revenue from house and land tax was fluctuating over the last 7 years. It shows unrealistic revenue projection where 140.15 percent was the highest collection efficiency in the F/Y 2016/17 and the lowest collection efficiency was 52.84 percent in F/Y2015/16.

Above projection showed vast difference compare to actual collection. Hence, projection should be realistic and the department of revenue as well as field offices were also refers to before reaching estimation.

Above presented data can be also presented in the figure 4.3.

Figure no 4.3
Budgeted and Actual House and Land Tax of KMC
(In Thousand)



(Source: Table, 4.4)

4.5 Trend of House and Land Tax Revenue collection of KMC

The trend of house and land tax revenue collection of Kathmandu Metropolitan City has re-calculated on the basis of house and land tax revenue of last 7 years.

The calculation is given Appendix I.

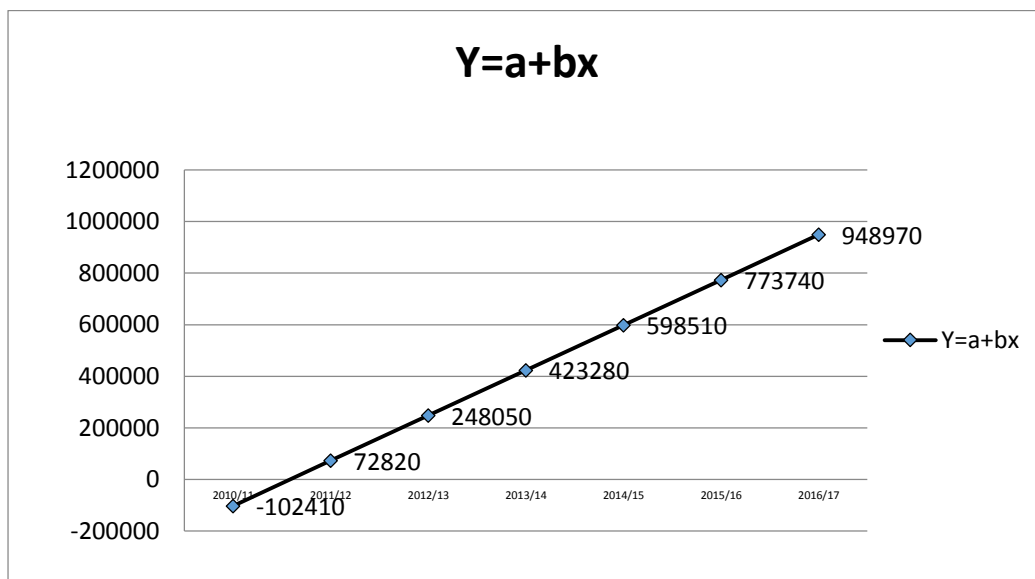
Table 4.5
Trend of House and Land Tax Revenue Collection of KMC
(In Thousands)

Year	T	X=T-4	X ²	House & Land Tax (y)	Xy	Y=a+bx
2010/11	1	-3	9	181382	544146	-102410
2011/12	2	-2	4	315735	631470	72820
2012/13	3	-1	1	413359	413359	248050
2013/14	4	0	0	512032	0	423280
2014/15	5	1	1	520204	520204	598510
2015/16	6	2	4	305463	610926	773740
2016/17	7	3	9	728785	2186355	948970
		$\sum X=0$	$\sum X^2=28$	$\sum Y=2976960$	$\sum XY=4906460$	

(Source: Revenue Department of KMC)

The Table 4.5 shows the actual House and Land tax revenue collection was maximum in year 2016/17 i.e. 948970 and lowest in year 2010/11 i.e. (102410) but estimated house and land tax shows increasing. Where, $a=425280$, $b=175230$ and estimated $y = 425230 + 175230x$, which clearly shown in Trend Chart.

Figure 4.4
Trend of House and Land Tax of KMC
(In thoudsand)



(Source: Table, 4.5)

4.6 Forecast Trend of House and Land Tax of KMC for upcoming five year

The forecasted trends of house and land tax of Kathmandu Metropolitan City werecalculated on the basis of house and land tax revenue of upcoming five years.

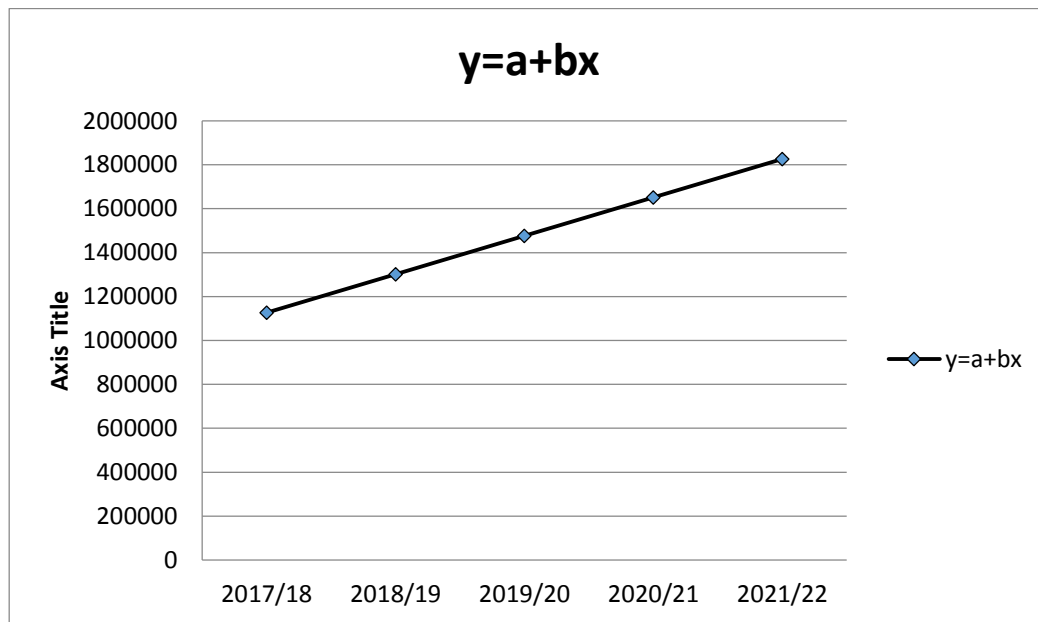
Table 4.6

Forecasted Trend Line of House and Land Tax of KMC (In Thousand)

Year	Time	Calculation	y= a+bx
2017/18	8	$425280+175230*(8-4)$	1126200
2018/19	9	$425280+175230*(9-4)$	1301430
2019/20	10	$425280+175230*(10-4)$	1476660
2020/21	11	$425280+175230*(11-4)$	1651890
2021/22	12	$425280+175230*(12-4)$	1827120

Table No. 4. 6 show budgeted House and Land tax for coming 5 year which clearly shown in Trend Chart.

Figure 4.5
Forecasted Trend Line of House and Land Tax of KMC
(In thoudsand)



(Source: Table, 4.6)

4.7 An Empirical Analysis

An empirical investigation conducted in order to find out various aspects of House and Land tax from the experience of real life situation. The major tool used for this purpose were an Opinion questionnaire, which was dispatched to 150 selected persons as sample size representing tax administrators and tax payers.

The questionnaire were either asked for yes/no response or asked from alternatives where most one was important. For this purpose, structured questionnaire were developed and distributed to all the selected respondents in the field visits. The sample of questionnaire has shown in appendix 2.

4.8 House and Land is the suitable means of raising public revenue.

The structured questionnaire had been distributed to 150 respondents to know the respondent's opinions about the main and reliable means of raising public revenue. So the structured questionnaires has been distributed and requested to choose the most correct one from the given options (yes/ no). How the respondent has responded, same has been tabulated.

Table 4.7
House and Land tax is a suitable means of raising public revenue. Do you agree?

Respondents Response	Yes		No		Total	
	no.	%	no.	%	no.	%
A	48	96	2	4	50	100
B	88	88	12	12	100	100
Total	136		14		150	

(Source: Field Survey, 2017)

In the table 4.7 the respondents answers were classified according to the given structured question and options. Among total 150 respondents, 50 from tax administrator and 100 of taxpayers showed positive response towards the property tax as the means of raising public revenue. But some of the tax administrator and taxpayer were deny agreeing such statement. It was approved by 136 and rejected by only 14. It shows that, house and land tax as a means of raising public revenue.

4.9 The Conditions of Taxpayer for Paying House and Land Tax.

Why the tax payers pay house and land tax, to know the terms and conditions, this question plays essential role. Nobody wants to spend their any little amount unnecessarily. The following table shows clearly about the response of the question of the conditions of tax payer for paying House and Land Tax.

Table: 4.8
The Conditions of Taxpayer for Paying House and Land Tax.

Respondents Response	A		B		Total
	no.	%	no.	%	no.
When municipality enforce to pay	12	24	16	16	28
When house and land transaction occur	8	16	52	52	60
At the time of transferring ownership	12	24	8	8	20
In other conditions or reasons	18	36	24	24	42
Total	50		100		150

(Source: Field Survey, 2017)

The table 4.8 presents the condition of paying tax. 24% of tax administrator and 16% from taxpayers agreed for paying the house and land tax when municipality enforce to pay. When the house and land transaction occurs the taxpaying percentages are 16% from tax administrators and 52% from taxpayers, 24%. 8% pay at the time of transferring ownership. And remaining 36% from taxadministrators and 24% from taxpayers are unable to identify the conditions for paying house and land tax.

Hence, it was concluded that there was not any similarity exited among the tax payers and tax administrator for paying and collecting the tax. All the conditions given as options were equally needed. So, most of the taxpayers must be impelled by different terms to collect tax easily.

4.10 The Purpose of Paying House and Land Tax.

To perform any kinds of job there may exit of purpose and objective. So far, payinghouseand land tax has also exited some purposes in the both taxpayers and tax administrator side. From the tax payers view it may be register and fixed the ownership of the house and land, maintain legal compulsion or show status in the society. To analyze easily, the collected responses about the purpose, were recorded in the table 4.9.

Table: 4.9
The Purpose of Paying Property Tax.

Respondents Response	A		B	
	no.	%	no.	%
Register and fixed the ownership	10	20	44	44
To maintain legal compulsion	32	64	48	48
To show status in the society	8	16	8	8
Total	50	100	100	100

(Source: Field Survey, 2017)

In the table 4.9, tax administrator said that tax payers had paid tax to register and fixed the ownership was 20%, to maintain legal compulsion of municipality was 64% and 16% was presented to show his states in the society. In the tax payers' view, they had paid house and land taxes to tax register and fix the ownership was 44%, to maintain legal compulsion was 48% and to show status in the society was 8%.

The conclusion drawn from the table 4.9 is most of the taxpayers pay house and land tax to maintain legal compulsion of the municipality, then after to register and fixed the ownership of the house and land and very few person to show status in the society.

4.11 Complication in Paying House and Land tax

Tax administrator formulates plans and polices and implements them for the benefits of the local people and administrator itself. So, they may not able to find out the complication exit in the current plans and polices. In the survey, the question “Do you/ tax payers have complication in paying house and land tax?” had been asked. For the answer of this question: their views were tabulated as under.

Table: 4.10
Complication in Paying House and Land Tax.

Respondents Response	Yes		No		I don't know		Total	
	no.	%	no.	%	no.	%	no.	%
A	36	72	14	28	0	0	50	100
B	76	76	16	16	8	8	100	100
Total	112		30		8		150	

(Source: Field Survey, 2017)

The table 4.10 showed 112 respondents had complication, 30 respondents had not any complication and 8 respondents realize it as the legal compulsion which must pay in the municipality in the certain time or thereafter.

At last, paying the house and land tax in certain time creates complication toward the taxpayers.

4.12 The Condition of Present Tax Policy

To identify the condition of present house and land tax policy in the view of tax payers and tax administrator, the question "In which condition, have you/tax payers' paid house and land tax?" had asked. Some body may perceive it as good and other one may perceive it as worse according to their nature, ability and willingness to pay. To analyze it, the above question was asked through questionnaire which was tabulated.

Table: 4.11
The condition of present tax policy.

Respondents Response	Good		Worse		I don't know		Total	
	no.	%	no.	%	no.	%	no.	%
A	42	84	4	12	2	4	50	100
B	44	44	36	36	20	20	100	100
Total	86		40		22		150	

(Source: Field Survey, 2017)

In the table 4.11, 86 respondents including 42 tax administrator and 44 tax payers said the present tax policy is good and 40 respondents including 4 tax administrator and 36 tax payers said worse. And 2 tax administrator and 20 tax payers were confused to say

whether it is good or worse. Tax payers' percentage who understood present tax policy is good was 44% and worse is 36 %.

Hence, the conclusion is the present tax policy is good according to the opinion of the taxpayers. They are forcing to modify or change the exiting tax policy of house and land.

4.13 The Purpose of Collecting House and Land Tax by Municipality

The tax administrator has also certain purposes for collecting house and land tax, without which the administrator will not be able to answer the question raised by the tax payers or people. So there will be certain objectives or purposes like to develop infrastructure, to recognize the authority and duties of the tax payers, to control over the illegal activities in house and land transactions and to maintain the equalities in the society.

Table: 4.12

The purpose of collecting house and land tax by municipality

Respondents Response	A		B		Total
	no.	%	no.	%	no.
a) To develop infrastructure of locality.	22	44	36	36	58
b) To recognize the right of the tax payers.	12	24	24	24	36
c) To stop the illegal activities in KMC.	2	4	16	16	18
d) To maintain the equalities in the locality/society.	14	28	24	24	38
Total	50		100		150

(Source: Field Survey, 2017)

The table 4.12 presents the views of the tax administrator and tax payers. 22 respondents of tax administrator and 36 respondents of tax payers were supposing that it must be utilized to developed infrastructure of locality. 12 from tax administrator and 24 from tax payers were supposing, it imposed to educate and recognized the right of the tax payers. 2 from tax administrator and 16 from tax payers said this fund

must be utilized to stop the illegal activities in Kathmandu Metropolitan City. Lastly, 14 respondents and 24 respondents from group A and group B are supposed, the fund was collected to maintained the equalities in the society.

At last, the fund which is collected for the overall development of the society should be spent or utilized properly for the development of the infrastructure of society, which may be beneficial for long term.

4.14 Findings

Findings are the main points which are taken out or perceive by the researcher on study. Like this when, this study was conducted, some importance points were also found out which were pointed as under.

4.15 Findings from the secondary data

The secondary data were the information which was collected from the Kathmandu Metropolitan City office. It included some articles, rules, regulations and financial statements which were necessary for the analysis of the study. From such available information, the following points were found out.

- ❖ KMC collect house and land tax according to LSG Act 1998 and rules 1999 from Income Year 2000/2001.
- ❖ There are 12sources for Structure of income as shown in table no 4.1. Total revenue collected in 2016/17 has the maximum total income i.e. Rs.2522370 (thousand) and the minimum is Rs.1047868 (thousand) in the fiscal year2015/16.
- ❖ House and land tax is the main internal revenue income for the KMC.
- ❖ According to table no 4.2, the percentage of the house and land tax is greater than othertax related items like malpot, Rental tax, Vehicle tax, Advertisement tax and Business tax.
- ❖ In the Table 4.3, f/y 2013/14 has minimum contribution of 22.91 percent and in f/y 2015/16 has maximum contribution of 29.15 percent. Total contribution of house and land tax in total revenue was 181.06 percent and in an average contribution of house and land tax in total revenue was 25.86 percent.
- ❖ The Table 4.4 shows that the revenue from house and land tax was fluctuating over the last 7 years. It shows unrealistic revenue projection where 140.15

percent was the highest collection efficiency in the F/Y 2016/17 and the lowest collection efficiency was 52.84 percent in F/Y2015/16.

- ❖ According to table no 4.5 the trend of House and Land Tax Revenue seems to be increasing which implies that the House and Land Tax Revenue have potential for revenue increment in future prospect.
- ❖ Table no 4.6 shows forecasted trend of House and Land Tax Revenue for coming 5 years which shows the linear increment which denotes that the KMC has incremental House and Land Tax collection.

4.16 Findings of Empirical Investigation

On the basis of receding chapters and data presentation and analysis, some important findings can be drawn. The major findings of this research study were summarized below.

- ❖ House and Land Tax have been considered as a suitable resource for the collection of public revenue for mobilization of available resources of the municipality.
- ❖ Respondents showed positive response towards the property tax as the means of raising public revenue.
- ❖ It was concluded that there was not any similarity existed among the tax payers and tax administrator for paying and collecting the tax. All the conditions given as options were equally needed. So, most of the taxpayers must be impelled by different terms to collect tax easily.
- ❖ Most of the taxpayers pay house and land tax to maintain legal compulsion of the municipality, then after to register and fixed the ownership of the house and land and very few person to show status in the society.
- ❖ Paying the house and land tax in certain time creates complication toward the taxpayers.
- ❖ Present tax policy is good according to the opinion of the taxpayers. They are forcing to modify or change the exiting tax policy of house and land.
- ❖ The main purpose of the collection of the house and land tax is that the collected fund must be spent or utilized to develop infrastructure of the society, which may beneficial for long term.

CHAPTER V

CONCLUSIONS

This is the final chapter of this study which provide necessary and gist points and opinions of the whole study. This chapter is able to glance out whole the study in short time. This study helps to spread out the information and knowledge of house and land tax in Kathmandu Metropolitan City through the summary, conclusion and implication drawn were plays supportive role to the new researcher/s on this related topic.

5.1. Summary

Nepal is one of the least developed Countries. It is suffering from economic crisis. To increase the government revenue, Nepalese government is trying to extract money or valuable contribution from people through taxation. Urban house and land (property) tax is the important internal resource of government revenue.

In Nepal, property tax was introduced by finance act, 1959 A.D. It was implemented under property tax Act in 1960 A.D. Due to ineffectiveness in collecting revenue. It was replaced by urban house and property tax later. Urban house and land tax was introduced in 1962 A.D. for the purpose of collecting revenue from urban house and land property. The interim government of 1990 A.D. again introduced property tax in 1990 A.D. by the finance act in beginning and by property tax act 1990. After the introduction of local self-government act in 1999, property tax is given to local bodies.

There are five chapter included in this research. The first chapter explains about the introduction of the reports. In this chapter back ground of the study, objectives of the study, statement of the problem, signification of the study, limitation of the study, and organization of the study are mention briefly.

Same as second chapter utilized best article, books and thesis. In this chapter, conceptual review and empirical review are mention related with its research objectives.

Third chapter discussed about the research design. The study is mainly based on primary and secondary sources. All the primary data were taken from the questionnaire from the Tax administrator and Tax payers and secondary data were

taken from the Annual reports of KMC, Revenue department of KMC and websites of KMC. It includes the detail framework of the study such as research design, population and sample, nature and sources of data, data collection procedure and tools and techniques of data analysis etc.

Fourth chapter contains the entire contents related to data presentation and analysis where collected data are analyzed using different statistical tools and presented in systematic format such as table, chart and figures. In addition to that, the major findings of the study are drawn out.

Summary and Conclusion of the study is given in the last chapter. Some implications are also given at the end of the study. In this way, this study was completed with the achievement of the stated objectives.

5.2. Conclusion

The government of a country requires sufficient revenues to carry out development plans, to operate daily administration, to maintain peace and security and to launch other public welfare activities. The government collects revenues from various sources such as tax, revenue from public enterprises, special assessment fees, fines, grants, assistance etc. Among those, tax is the main internal source of government revenue.

There are two major types of taxes that are: Direct tax and Indirect tax. The examples of direct tax are income tax, property (house and land) tax, vehicle tax, contract tax etc. among these taxes house and land tax is one of the important sources for Kathmandu Metropolitan City for collecting revenue to fulfill its responsibilities. Throughout the study, some of the following points were concluded.

1. Most of the respondents had knowledge about house and land tax system in Nepal.
2. During the collection of the data for questionnaire, various concepts of respondents regarding the house and land tax were found.
3. House and land tax is the main internal revenue income for the KMC.
4. Table 4.1 shows the total incomes of different fiscal year fluctuating every year of KMC.
5. According to table no 4.2, the percentage of the house and land tax is greater than other tax related items like malpot, Rental tax, Vehicle tax, Advertisement tax and Business tax.

6. Table No. 4.4 shows that the revenue from house and land tax was fluctuating over the last 7 years. It shows unrealistic revenue projection which showed vast difference compare to actual collection.
7. The trend of house and land tax of Kathmandu Metropolitan City has slowly increasing.
8. Respondentsshowed positive response towards the property tax as the means of raising public revenue.
9. There was not any similarity exited among the tax payers and tax administrator for paying and collecting the tax. All the conditions given as options were equally needed.
10. Most of the taxpayers pay house and land tax to maintain legal compulsion of the municipality, then after to register and fixed the ownership of the house and land and very few person to show status in the society.
- 10 Paying the house and land tax in certain time creates complication toward the taxpayers.
- 11 The present tax policy is good according to the opinion of the taxpayers. They are forcing to modify or change the exiting tax policy of house and land.
- 12 The collected fund must be spent or utilized to develop infrastructure of the society, which may beneficial for long term.

5.3 Implication

House and Land tax has been accepted as an important source of government revenue of Nepal. The growing need of resource for the development plans, to operate daily administration, to maintain peace and security and to launch other public welfare activitiescan be met through effective large volume of house and land tax. Through there are number of problems, the contribution of house and land tax is likely to be significant in the future. In the light of findings of the present study, followings implication can made as follows.

1. KMC should organize seminar and meeting of house and land tax for improvement and training.
2. KMC should make revenue collection effective and efficient by holding regular campaigns and awareness program, improve billing system and applying carrot and stick in tax compliance.

3. KMC should updating tax base and make tax system functional by computerized OSR data, by linking data with other section of the municipality and by coordinating and sharing data with government agencies.
4. In the absence of proper record keeping system of tax, the government do not look and determined about the state of revenue so, it is necessary attention should be force as proper accounting system.
5. Field visit should be done to collect actual information about total number of house and land tax payers.
6. This study concludes that training and development programs are most important factors to satisfy employees in the organization followed by salary and compensation.
7. All the potential tax payers are not put into the tax net effectively so far, so KMC should link the house and land tax data base with the house numbering system.
8. Actual and reasonable budget should be forecasted. There is vast difference between actual and budgeted unrealistic projection must be avoided. Field survey and root level research should be done before reaching into estimation.
9. Appeal and penalty system of house and land tax should be used in practice not only in legal provision.
10. Paying house and land tax in certain times creates complication towards the taxpayer so they want online banking system for the payment of the tax.

Recommendation for future studies are made as follows.

11. This study has surveyed only about 150 sample. The future studies can select larger sample to find out the better results.
12. This study has compare house and land tax with other internal sources but other future studies can also compare other external revenue sources.
13. This study used both primary and secondary data. The future studies can use only secondary data.
14. This study is only related with house and land tax of Kathmandu Metropolitan City. Future studies can make research from Lalitpur Metropolitan City and Bhaktpur Municipality.

15. Other research can make another research on map fee because it is the second highest items for revenue collection in KMC.

KMC is facing a lot of problem in collecting House and Land tax revenue, if the above implications are managed timely and effectively, the problem can be minimized and house and land tax will be lead to substantial increase in revenue.

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Appendix I

I. Trend of House and Land Tax of KMC.

$$a = \frac{\sum y}{N}$$

$$b = \frac{N \sum xy - \sum x \sum y}{N \sum x^2 - (\sum x)^2}$$

$$Y = a + bx$$

Where,

N = no. of observation of two variables

$\sum x$ = Sum of the X- series

$\sum y$ = Sum of the Y-series

$\sum x^2$ = Sum of squares of x- series

$\sum xy$ = sum of products of x and y series

Now, (from the table no. 4.5, p.37)

$$N = 7$$

$$\sum x = 0$$

$$\sum x^2 = 28$$

$$\sum y = 2976960$$

$$\sum xy = 4906460$$

$$a = \frac{\sum y}{N}$$

$$a = \frac{2976960}{7}$$

$$a = \mathbf{425280}$$

$$b = \frac{7 \times 4906460 - 0 \times 2976960}{7 \times 28 - (0)^2}$$

$$b = \mathbf{175230}$$

Then, $Y = 425280 + 175230x$

Appendix: II

Questionnaires

Respondent (Tax payer/ Tax administration)

Name:

Designation:

Occupation:

Office/ Organization:

Questions

1. House and land tax is a suitable means of raising public revenue. Do you agree?

a) Yes

b) No

2. Do you think, "Tax-payers have been informed regularly to pay House and land tax?"

a) Yes

b) No

c) Compulsory needed

3. Are there sufficient source of information about House and land tax to the property owner?

a) Yes

b) No

c) Not enough

4. What is the effective means of information for House and land tax?

a) Municipality Administration

b) Chamber of Commerce

c) Media (TV, radio and & Newspaper

5. Do you/ tax payers pay House and land tax to KMC in the certain time?

a) Yes

b) No

6. Do you think present House and land tax policy of KMC is applicable?

a) Yes

b) No

c) I do not know

7. Are you/ tax payers satisfied with the rebates given by the municipality in the House and land tax?

a) Yes

b) No

c) Reforming is necessary

8. In which condition, have you/ tax payers' paid House and land tax?

a) When municipality enforce to pay.

b) When house and land transactions occur.

c) At the time of transferring ownership.

d) In other conditions or reasons.

9. What is the purpose of paying House and land tax?

a) Register & fixed ownership of the land and house

b) To maintain legal compulsion

c) To show status in the society

10. Do you/ taxpayers have complication in paying House and land tax?

a) Yes b) No c) I do not know

11. What is the condition of present tax policy?

a) Good b) Worse c) I don't know

12. What should be the purpose of House and land tax collecting by the municipality?

a) To develop infrastructure of the locality.

b) To recognize the right of the tax payers.

c) To stop the illegal activities in KMC.

d) To maintain the equalities in locality/ society.

Appendix III
CONTRIBUTION OF HOUSE AND LAND TAX TO
TOTAL MUNICIPAL REVENUE OF KATHMANDU
METROPOLITAN CITY

A Thesis Proposal
Submitted to
CENTRAL DEPARTMENT OF MANAGEMENT
Kirtipur, Kathmandu

Submitted by:
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In Partial Fulfillment of the Requirement for the Degree of
Master of Business Studies (MBS)

Kirtipur, Kathmandu
April, 2017

Background of the Study

Every nation in the world is worried about overall development along with increase in its economic growth. So, every country is collecting fund and amount from people to utilize or spend for the welfare of its people. Like this Nepal is not exception to this ever continuing process aimed at the betterment of its people. Fund plays a vital role to solve the various socio-economic problems in developing countries.

Nepal is divided into 14 zones and 75 districts. It has 4 metropolitan city, 13 sub metropolitan city, 246 municipality and 481 village district committee. Among them Kathmandu is the first metropolitan city with 32 numbers of wards. The population of this city is 1,003,285 and the population density of this city is around 20,288.88/square kilometer. Kathmandu Metropolitan City is facing a great problem of reconstruction of city which is destroy by earthquake, managing waste products, drinking water, road lamp and maintenance of road etc. It need greater amount to fulfill its responsibilities. The main sources of collecting revenue of local bodies like municipalities is onlyhouse and land tax.

There are two major types of taxes that are: Direct tax and indirect tax. The examples of direct tax are income tax, property (house and land) tax, vehicle tax, contract tax etc. among these taxes house and land tax is one of the important sources for Kathmandu Metropolitan City for collecting revenue to fulfill its responsibilities.

In Nepal, property tax was performed in Fiscal Act 2017 B.S. at that time government had authority for collection of property tax. There was different rules for tax rate. But the property tax Act was revised in 2019 B.S. since the period the property tax system has been implemented in urban houses and property. Property tax has become the most important single resource of revenues for nation and local governments.

Statement of the problem

There are many problems involving inhouse and land tax. Among the various problems some are lack of competent and sound revenue administration, lack of information or computerized system, lack of trained and skillful personnel, poor tax

paying habit of the tax-payers, inequality or minimum valuation of house and land for different purposes, corruptions and unfair duties & facilities etc.

1. What is the current status of house and land tax revenue in Kathmandu Metropolitan City?
2. What is the contribution of house and land tax on total revenue of Kathmandu Metropolitan City?
3. What is the trend of house and land tax on Kathmandu Metropolitan City?
4. What is the current problem relating to house and land tax revenue of Kathmandu Metropolitan City?

Objective of the study

The main objectives of this study is to identify and analyze the role of property tax in Kathmandu metropolitan city. The other specific objectives are as follows:

1. To identify current status of house and land tax revenue in Kathmandu Metropolitan City.
2. To examine the contribution of house and land tax on total revenue of Kathmandu Metropolitan City.
3. To identify the trend of house and land tax on Kathmandu Metropolitan City.
4. To identify current problems of house and land tax revenue in Kathmandu Metropolitan City.

Significance of the study

House and land tax plays very important role in mobilizing adequate resources for meeting the increasing financial requirements for Nepal Government's Development purposes. The person, who involves directly and indirectly with house and land revenue, is influenced by the government policies and programs.

House and land tax has been very essential to empower the local bodies which also lead to empower the central government. Before Local Self Government act 2055 B.S. all taxes were collected by the central government and only Octroi duty was

allowed to collect to local bodies. Now-a-days world is moving towards globalization which reduces tax rates. In this condition only property tax will be the major source to raise revenue to make empowerment local bodies.

This study will suggested measures to improve the revenue collection system in Kathmandu Metropolitan City. It also helps tax administration to attract the tax payer. It will creates proud and ego for paying property tax towards the property holders (taxpayers), which helps tax administration to collect revenue easily.

Limitation of the study

In the field of the every study it has got some limitations. This study also is not free from limitations. The main limitations are as follows.

- This study is limited to the seven year data from fiscal year 2066/67 to 2071/72, which does not represent the entire financial status.
- This study deals only about house and land tax of Kathmandu Metropolitan City.
- Time and other resources are the critical factor in conducting the study.

Literature review

In the present world, house and land tax occupies one of the most important sources of revenue of the countries. Therefore, it is more important all over the world. There are various studies carried out by different institutions and individuals the purpose of this review is to bring in light in brief the important work done on property taxation in Nepal. So some of the literature related to property tax has been reviewed in the following paragraph.

Bhattacharai and Koirala (2060) wrote a book an entitled of "*Tax Laws and Tax Planning*". In this book, they have mentioned about the concessions rebates & allowances to taxpayers, which can reducing tax liabilities. This book is also important to know legal provisions to plan for taxpayer's beneficial. Tax planning is to take full advantages of those facilities.

Dhakal, Kamal Deep (2001) has presented extended enlarged and modified edition of his book named 'Income Tax and House & Compound Tax: Law &

Practice'. In this book, he has described the provision made under income tax and the methods of income tax assessment have been described with numerical examples. His book is informative rather than analytical. His book is more helpful to know about general information and provisions made under Income Tax Act 1974'.

Baynju, Kamal (2009), in his thesis "A study on house and land tax in Bhaktapur municipality", has focused the role of house and land tax revenue, structure, contribution and trend. Contribution to government revenue is not regarded satisfactory. Its contribution to the revenue structure of the country is negligible due to various reasons. In the condition of the municipality, most of the people are not aware of property tax. Due to lack of tax education property owners are deprived from the right of paying tax. If they are informed effectively about the property tax they can expect the increase in tax volume as well as paying house and land tax timely. In the administrative aspect there are a lot of weaknesses for efficient administration, and collection of this tax. There must be a high degree of honesty and morality as well as they must encourage & inspire the house and land owners for paying house and land tax in time. Due to various problems related to property tax, revenue collection from property tax is very low in Bhaktapur Municipality. For economic development of Nepal, the problems relating to the property tax system in Nepal should be solved and resources should be effectively utilized.

Adhikari, Rishi Ram, (2007) in his thesis entitled "Municipal Tax in Nepal" (A Case Study of Lalitpur Sub-Metropolitan City), has mentioned about the importance of property tax in Nepal. He has also justified the contribution of enterprises to the municipality. The major problems existing in the Nepalese tax system identified by him are poor revenue collection efficiency, lack of appropriate legal action against defaulters, ineffective collection procedure etc. He has suggested some improvements regarding municipal tax for the collection of tax in Nepal.

Kathmandu Metropolitan City has prepared a working paper relating to the implementation of property tax. The paper says that valuation of house and land is based on actual market price and actual blue print map. The paper has suggested

punishing person or tax payer, who gives wrong information and who does not follow metropolitan city regulation.

Research design

The research design serves as a frame work for the study, guiding the collection and analysis of data, the research instrument to be utilized, and the sampling plan to be followed. Among the different types of research design, descriptive research design will be used for proposed study. The required data and information for research will be collected through primary and secondary sources. The main objectives of this study is to observe the real situation and role played by the property tax in Nepal. This research methodology will contains population and sample, nature and sources of data, procedure of data collection, processing and analysis.

Population and sample

For this study the person having habitation and residing within the boundary of Kathmandu Metropolitan City are the population. It is divided in to 32 wards and about population of 1,003,285 are living here. Due to limit of time, it is not an easy task to visit and observe throughout all the people. Therefore, 100 persons will be selected as sample unit by using convenience sampling method.

Sources of Data

Data will be collected from both primary as well as secondary source in order to achieve the real and fact result from this research. All the possible and useful data as far as available will be collected. The major sources of data are as follows:

Primary survey

While conducting the primary survey, the questionnaires will be distributed to responsive of persons. A set of questionnaire with 12 questions related to the study will be developed and distributed to the selected respondents in order to get accurate and actual information. The questionnaire will be distributed to different tax group i.e. tax experts, tax officers, business-men and consumers. The fill up questionnaires will be collected from them.

Secondary data

The secondary sources of data will be collecting from books, journals, newspapers, reports, dissertations etc. The major sources of secondary data will collected from published as well as unpublished reports, circular and records of house and land tax, revenue collection department of Kathmandu Metropolitan City.

Data Collection procedures

Total of 12 sets of questionnaire will be distributed to fill up. Distribution work will be done personally rather than sending by any means to get accurate and actual information in time. While secondary data will obtained from the related offices.

Method of data collection and analysis

After collecting the both primary and secondary data, it will be presented in tabular form and then made necessary diagrams to show the information as per requirement. Then simple statistical analysis such as average, percentage and trend analysis will be used where as necessary.

Research Gap

There is gap between this research and the previous research most of the previous researches have focused the contribution of house and land tax on total revenue of Kathmandu Metropolitan City. There is some research works carried out on house and land tax concentrating mostly on the administrative, legal, assessment procedure of tax revenue in Nepal, historical aspects. Very few studies and publications have included role of house & land tax in descriptive way and study on the house& land tax in separate way. The present study mainly concentrates on the contribution of house & land tax on total revenue of Kathmandu Metropolitan City and also study about contribution, trend and problem of house and land tax of Kathmandu Metropolitan City.