

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 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 worldwide famous for its natural beauty, various species of rare birds, animals, culture, different religions of different races, castes & tribes, and historical and heritage places. Its flag is also unique in trigonometric shape. Among the various historical and heritage places, Bharatpur is also one wonderful and amusing place. is a city in the central-southern part of Nepal. Located in Chitwan Valley, Bharatpur is the district headquarters of Chitwan District, as well as a separate Municipal authority, and is the seventh largest city of Nepal with the population of 215,112 (117,162 - 2001 census). Bharatpur is one of the fastest growing cities of Nepal. It lies on the bank of Narayani River and serves as a commercial centre of Chitwan district and central region of Nepal. It is located at the centre of Mahendra (east -west) highway and Kathmandu - Birgunj (North-South) road corridor. The proximity of this city from Kathmandu (146 km), Pokhara (126 km), Butwal (114 km), Birganj (128 km), Hetauda (78 km) and Prithivinarayan (Gorkha) (67 km) has augmented the importance of its advantageous geographical location. In addition to good road access, Bharatpur has regular daily air services .Most of the shopping area lies in Narayangadh, while government offices, big hospitals and colleges are situated in other parts of the city, including Nepal's premier cancer hospital, B.P Koirala Memorial Cancer Hospital. The economy of Bharatpur was traditionally based on agriculture. The agricultural land is gradually converted into the residential and industrial areas. Main industries of Bharatpur are small scale processing

industries. A large number of poultry industries have developed in the municipality. It is believed that it covers more than 60% of the total poultry demand of the country. Moreover, this municipality has a substantial volume of poultry products for export trade. Other major production of the city is honey, mushrooms, floriculture, and service industry (education and health). Chitwan is regarded as food surplus district, which is processed in Bharatpur and sold to major cities of the country including Kathmandu and Pokhara. Besides, multinational companies like Coca-Cola, San Miguel and Lay D Bois are also situated within the city. A large number of business and trading houses are based in the city. The major companies across the country have opened their branches in the city. Its central position along with the crossroads of Bharatpur has enabled it to increase its wholesale and retail trading function.

Hence their main occupation is agriculture. Old and traditional houses are found in the middle or centre of the city and modern buildings are surrounded all around like fence to protect the city.

Government collects revenue from public to maintain self-reliant economic system and sound infrastructures for development. The municipality is mainly generating revenues by two sources, one is imposing and collecting as taxes and other is entrance fee charged on visitors or foreigner for visiting and roaming around the city. It is needed to collect income and revenue to utilize it on the behalf of its local public. So the municipality needs and requires such amount/fund or budget to clean city, develop the city, improve the lifestyle of local people by increasing employment and sources of income, carry out development plans, to handles day to day administration, for maintaining peace and security and to launch other public welfare programmes.

There is no possibility to carry out expenses without income or sources of revenue. To achieve above objectives the local self- government's economic condition must be sound in course of collecting revenues for utilization and allocation in necessary areas and

sectors. To manage and fulfill the expenditure for above purpose, the government or municipality administration must have to collect fund and amount through different sources like taxes to local public, entrance fees with visitors/foreigners, fine & penalties to control and check illegal activities of breaking laws and acts, grants and assistance from different sources for different kinds of developing works etc. Almost them, tax is the main and greatest source to generate revenues to fulfill the expenditure bore by government for its development. So, the local government imposes direct and indirect taxes. 'Tax has the objectives of raising revenue to have resources mobilization, equal distribution of wealth and income in the society, encouragement in production of certain products, encouragement in employment, saving and investment, removal of regional imbalances and enforcement of government policy'. 'Tax is a compulsory levy imposed by the government to its public without having any direct personal benefits. It is levied as per the prevailing laws. Those who pay tax do not get corresponding benefits from the government'. Tax is divided into two categories: Direct and Indirect. Direct taxes are levied on income and property to bridge the gap of income and wealth inequality in the society. Property tax is direct tax that is imposed on individuals or owner's houses and land. "In ancient time, including Rome, it was in the form of Tributum or inheritance tax. In modern time too, property taxes are introduced in European countries. Right now, property tax has been major sources of revenue of most of the cities in the world. In Nepalese context property tax is named as house and land tax". Oxford Advanced Learners Dictionary (1996) defines property as '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'. The property tax is the compulsory payment to the public authority, which is based on the capital value of property. Property Tax Act, 2047 has mentioned property as cash or kind and has transferable ownership. It includes movable and immovable property and includes bank account of a taxpayer and investment. Therefore, the property tax has great potentialities of source mobilization on the developing countries legally. All property is divided into two classes; personal property and real property. In Nepal, property tax was performed in

Fiscal Act 2017 B.S. At that time, government had authority of collection of property tax. There were different rules for tax rate. However, the property tax act 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 source of revenues for nation and local government. In Nepal, urban house and land tax was introduced in 1962 A.D. for the purpose of collecting revenue from urban house and land property. ‘Local tax is the tax imposed by local governments. It is not a single but group of taxes. The main variant of local tax is property tax, which means a tax imposed by local body on the value of property located within the jurisdiction of the local body. The authority to collect the revenues to local bodies is given to provide real autonomy to them since no autonomy can be felt without sufficient self-mobilized revenue. Local tax have long history. It is as old as the cities. However, in Nepal, the concept of local tax is a new one’. 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, Jankpur, and Butwal. Later on, it was extended to other many cities till to 1989 A.D. Then, the interim government of 2047 B.S. 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 Problem

Property tax is one of the major sources of revenue to the government for 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 Falgun 1st, 2052 B.S. There are many problems involving in property 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 contribution of house and land tax for Bharatpur Municipality?
2. What is the emerging problems relating to house and land revenue?
3. How to recommend measures for the improvement of house and land tax administration in Bharatpur Municipality?

1.3 Objectives of the Study

The main objectives of this study is to identify and analyze the role of property tax in revenue collection in Bharatpur Municipality. The other specific objectives are as follows:

- 1.To identify the structure of house and compound tax revenue of Bharatpur Municipality
- 2.To analyze the structure and trend of house and compound tax of Bharatpur Municipality
- 3.To evaluate the contribution of house and compound tax for Bharatpur Municipality
- 4.To identify the problems relating to house and land tax revenue.
5. To recommend measures for the improvement of house and land tax administration to Bharatpur Municipality.

1.4 Scope of the Study

It aims to find out the provisions of house and land tax as per property tax. However, the scope of the study is given below.

1. Easiness in collection of tax revenues.
2. Role of property tax in Bharatpur Municipality.
3. Identification of Public duties to fulfill the rules and regulations of local bodies to develop local areas.
3. Revenue collection from house and land tax to total revenue of Bharatpur Municipality.
4. Role of income tax from house and land income in public Revenue of Bharatpur.
5. To force and compel tax administration and tax payer for collecting & paying house and land tax in time.

1.5 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 programmes.

Property 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 has suggested measures to improve the revenue collection system in Bharatpur Municipality. It also helps tax administration to attract the tax payer. It creates proud and ego for paying property tax towards the property holders (taxpayers), which helps tax administration to collect revenue easily. Other municipalities and cities also have benefited to increase revenue from property tax and its mobilization through this study.

1.6 Limitations of the Study

This study is prepared under the following limitation

1. This study is carried out for partial and fulfillment for MBS.
2. The study is based on the availability of reliable data and limitations.
3. The selected sample from various reports and booklets are based on Nepalese context.

Besides these limitations this study tries to provide valid result as well as in depth knowledge of property tax.

1.7 Organization of the Study

This study is divided into five chapters. First chapter is about introduction in which background of the study, statement of the problems, objectives of the study, scope of the study, significance of the study, limitations of the study and organization of the study are described. Second chapter is 'Review of Literature' which includes conceptual review and review of related studies which helps readers to get clear knowledge by reviewing such informative acts, related books, research studies and articles. Third chapter describes about research methodology which includes research design, population and sample, sources & types of data and tools and techniques of analysis. Fourth chapter is presentation and data analysis which presents and analyzes the collected information and data in forms of tables, charts and diagrams to get knowledge or ideas in short time and easily. Last chapter five is summary and recommendation of/ for whole study which shows the current situation of revenues and way for improvement for future.

CHAPTER: II

REVIEW OF LITERATURE

It also guides and directs to capture detail knowledges if they are interested on such subject. Thus, this chapter is divided into two parts one is the conceptual part with spreading in-depth concepts and other is the review of earlier studies, which helps to develop a thorough understanding and insight into previous research.

2.1 Conceptual Framework

A review can be just a simple summary of the sources, but it usually has an organization pattern and combines both summary and synthesis. A summary is a recap of the important information of the source, but a synthesis is a re-organization, or a reshuffling, of that information. It might give a new interpretation of old material or combine new with old interpretation.(Kandel,2004)

To express the relevant and true facts for the research purpose, this chapter highlights the literature available related to the study.

So, in this chapter, the emphasis is given to review of major relevant literature on the House and Land. Similarly, this chapter also sheds lights on the rules and regulations prescribed by House and Land. Every study is very much based on past knowledge. Hence, previous studies can't be ignored because they provide the foundation to the present study.

To develop the concepts and ideas about the selected topic, the review of relevant materials have been made to look into a number of related books and the government publication, especially of those related to the House and Land (property) Tax and rules.

2.1.1 Concept of Municipality and Village Development Committee

According to Local Self-governance act 2055, section 72.2, in hills and Himalayan regions, municipality is defined as a place having at least 10,000 (ten thousand) population and providing them proper facilities of electricity, transportation, drinking water and means of communication through out the kingdom of Nepal defining four sides boundary.

The rural area with geographical situation, population, unity and differences in resident socio-culture, defining four sides boundary through out the kingdom of Nepal is defined as village development committee as in local self-governance act 2055, section 4.

As above definitions, the fund collected also differences in amount and there allocation for nation development, mobilizing internal resources also changes accordance due to its number of population resident.

2.1.2 Concept and Meaning of Property Tax

In the present context, property tax occupies one of the most important sources of revenue for our country. Now-a-days, our country is suffering from crisis period through ‘Jan Aandolan II’ and ‘Peace Agreement’ between Nepal Government and NCP (Maoist). Now, recently our country has been gone through constitutional election for revolutionary changes within the present system of government. This election has been occurred first time in the Nepalese history for the welfare of the mass population to build the constitutional acts, rules and regulations by the elected person and political parties. During crisis period, collection of government revenue is not enough much more to maintain and manage the expenditure bore upon developmental works and construction of nation for economic growth. In this condition, the government shall not be able to collect sufficient fund and revenue because of recession stage in industries and businesses; other host and developed countries do not want to provide grant and aids. Thus, the main essential, vital and reliable source of revenue at such situation is property tax, which was imposed according to the value and area posses by the property holders. The property holders or public do not want of any nation do not intend to escape for fulfilling and obeying their liabilities and responsibilities to build their own nation. Therefore, property tax is the most important tools for mobilizing internal resources whether contribution from such sources to the total government revenue may be high or low. It has much more essential value. House and Land tax is levied or imposed on houses and compound around it and land situated within the boundaries of municipality

and VDC. To get deep knowledge about it, this section deals with meaning of property, property tax, provisions in Nepal, how it is proposed and implemented in Nepalese context.

2.1.2.1 Meaning of Property

General people perceive property as the valuable things or goods, which can be transformed in terms of monetary value like gold, silver, pearls, cars, houses, land and much more physical things that can be seen easily. In general, sense property refers to any types of capital goods that are owned by people. Property is also defined as tangible, which we can sense and feel easily by our sense organs and intangible property means all kinds of rights and protection from others having monetary value like patents, copyright and trademark. Again, property is classified into two classes: real property, which includes land and thing permanently, attached to it such as house and buildings and personal property includes all other kinds of assets such as machine, furniture, stock of goods and person on agreement and compromise to pay sufficient amount against such property by orally or in written forms. However, for real property, it needs to complete and fulfill the legal processes in written documents. Therefore, there is not much more difficulties arise in transferring the authority of property holder of personal property comparison with real property. In brief, real property consists of immovable and personal property includes movables.

2.1.2.2 Real Property

Real property consists mainly of land and building (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

real property. Here instance depreciation must be considered in the case of buildings but appreciated and incremental market value for valuation of land.

2.1.2.3 Personal Property

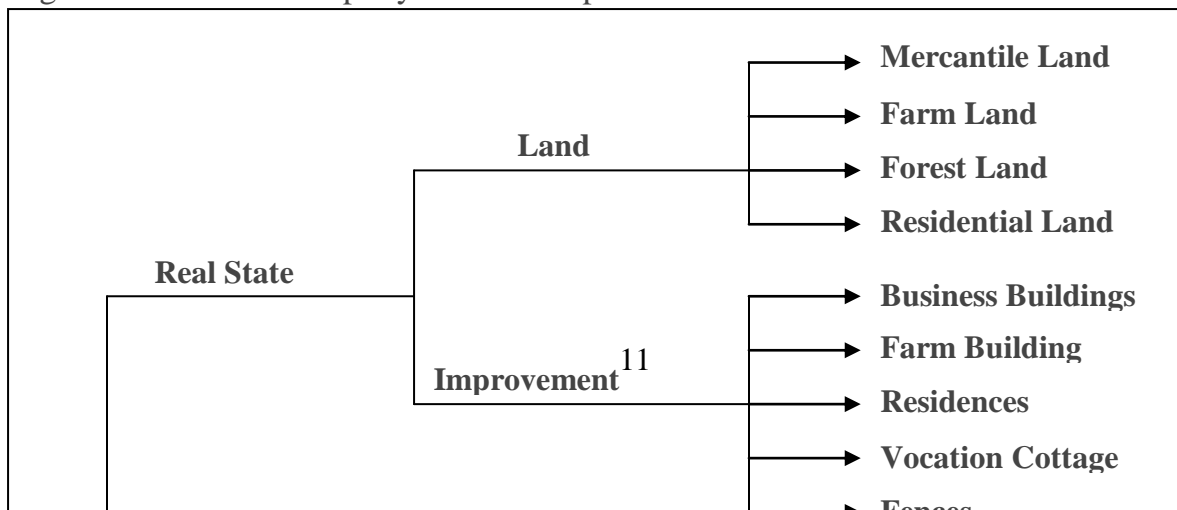
Personal property is classified into tangible and intangible. Tangible personal property includes a great variety of goods: merchandise and manufacturing stock (inventory), business furniture, fixtures and machinery, tools and pattern, rolling stock of railways: from machinery, harvested crops: logs, household furniture, clothing, jewelry and other personal effects.

The second category of personal property is intangible property this class consists stock, montages, deposit, money and book credit, copyrights and patents, goodwill, franchises value. Intangible property can easily escape taxation whether by migration or by hiding, many estates classified intangible separately and apply a low flat rate tax to them as a substitute for the general property tax.

2.1.2.4 General Property Tax

It is a tax on all wealth tangible and intangible, which possesses exchange value. The chart is given below.

Figure 2.1: Items of Property for Tax Purpose.



2.1.2.5 Property Tax

Property taxes are compulsory charges/levies, which relate specifically to ownership, occupation or development of land and buildings. They are mostly levied on capital value or annual rental value (real or imputed) and are collected by local authorities. Property taxes are generally used to charge for the generalized benefits of public services provided by urban authorities. This property includes real estates, such as homes, buildings and vacant land. It also includes personal property such as home, furnishings, stock and bonds and automobiles.

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.(Dhakal,2059)

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 subjects to ownership.

In the united state and Canada, only provincial state and local government laid property taxes. The federal government of the two countries does not use these types of tax. Since the early 1930's state have received less and less on property taxes. However, the tax continues to the important sources of revenue for local government.

The property tax rate varies depending on the tax revenue, needs of the government. 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.

It has come to notice that some person have been trying to avoid personal wealth tax, liability by forming closely held companies, to which they transfer many item of their wealth, particularly jewelry, bullion of real estate.

As companies are not chargeable to wealth tax and the valuation of the shares of such companies does not also reflect the real work of the assets of the company. Those who hold such on productive assists in closely held companies are able to successfully reduce their wealth tax liability to a substantial extent .Tax may be levied on flow such as income and expenditure or on stocks such as wealth taxes may be imposed on the holding of wealth or on transfer of assets and transfer by gift,

Wealth taxes occupy a dominant position in the tax, structure of local bodies. They are justified done tow grounds benefits and ability to pay since property receives certain

especial benefits from government it should be taxed for these benefits. Wealth taxes based on benefit consideration are in rare type property taxes while ability to pay consideration point to a personal taxed on net wealth.

2.2 Property Tax in Nepal

The history of property tax in Nepal is not so long. Finance act 2016 had empowered the government to levy property tax. Property tax act 2017 was enacted to collect tax from property. Urban house and land & foreign investment were taxed at the same rates under property tax act 2017. Under the provision of property tax act, NG/Nepal framed property tax act 2019 was enforced and subsequently, house and land tax rules 2020 was then enacted which repeated the existing property tax act, 2017. Earlier central government of local self-governance act, 2055 local bodies (i.e. VDC and Municipalities) imposed property taxes within their boundary. Currently house and land tax act 2019 property tax act 2047 and local self-governance act 2055 had been implemented in the collection of property tax. Local bodies are levying property taxes under local self governance act and rules.

Local Self-Governance Act 2055 and Local Self-Governance Rules and Regulation 2056 has empowered the municipality and VDC to levied and impose fees, charges and taxes locally. Since fiscal year 2042/44 B.S. Bharatpur Municipality has been collecting taxes effectively. During that time, all the land is divided into three classes A, B & C and valued as Rs. 100,000, Rs. 60,000 and Rs. 50,000 respectively. And taxes are charged certain percent to the total valuation. This system is applied up to fiscal year 2046/47.

After the dawn of democracy in fiscal year 2047/48, land valuation rate has been changed. After emergence of Local Self-Governance Act 2055 and regulation 2056, all municipalities and VDCs (including Bharatpur Municipality) is following the rules to value house and land according to its type, size and facilities. This rules and regulation has also empowered ward offices by decentralizing authorities to collect taxes up to

valuation of Rs. 10,00,000 (one million) or less amount. And, for above than Rs. 10,00,000(one million) ward office recommend toward municipalities but taxes is again collected in related ward offices.

There are about 13,000 houses and buildings throughout Bharatpur Municipality area. Among these, only 10 % house and land taxes in time. Remaining 90% paid at the time when the owner transferred ownership and in the process of property buying and selling condition. Therefore, from fiscal year 2062/63, it is compiled with services taxes.

2.2.1 Collection, Realization 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 here under. Local self-governance act 2055 had made the provision for collection, realization and refund of tax separately to the municipalities and VDC.

2.2.1.1 Collection of Tax

Local self-governance act 2055 has empowered VDC, municipality and DDC to levy taxes. The VDC and municipalities in the form of land revenue, land tax, house and land tax, integrated property tax and vehicle tax levy the property taxes.

(i) In case of VDC

According to local self governance regulation 2056, rule 70 and annex- 4, VDC can impose house tax with it storied, structure, area and location from Rs. 5 up to Rs. 100 for each house per annum and land tax is charged according to the classification and type which is given in annex - 4. But again as local self government act 2055, 55(b) 25% of raised revenue must be submitted to DDC. From the act 55, VDC can raise revenue under

different tax headings like vehicle tax, entertainment tax, rental tax, advertisement tax, trade tax and natural resources consumption tax etc.

(ii) In case of Municipality

Municipalities can impose house and land tax according to rate and value approved by nagar council with its type, structure and compound as in local self governance act 2055 and minimum and maximum rate is given in annex - 8 of local self governance rules and regulation 2056. Again, municipality can levy integrated property tax by help of act 140 local self governance 2055. The minimum and maximum rate of such integrated property tax is given in annex-12. The municipality also can collect revenue on different headings. From rules 137 to 145 as taxes, fees, service fees, charges and rent.

2.2.1.2 Recovery of Tax

According to section 71 and 166, the fine and punishment imposed by the village development committee or by municipality are recovered by section 262. According to this process, if any person does not pay any tax, duty or charged levied or contracted or any other amount due and payable to the local body, the district administration office recovers it as government dues.

2.2.2 Penalties, Actions and Appeals

Penalties mean amount charged to the person or entity for disobeying the government rules and regulation in time. It is needed to check out and create consciousness for the people. Action is legal movement taken by the government after the notice given to the people to contact. Appeals mean way of taking remedial to safe for penalties and actions taken against by the government.

2.2.2.1 Penalties and Actions

Penalties are fixed to correct the misbehavior of the taxpayers. If the penalties are not levied or actions are not taken on/over the taxpayers who had violated the act, there may be a tendency of follow rules and non-compliance will increase.

Section 70 and 165 of local self governance act 2055 has made the provisions for fines and penalties if any one 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.

(i) In case of VDC

Penalty for nonpayment of tax: A fine up to Rs. 500 is imposed on the persons who do not pay the imposed tax. VDC may also stop rendering services to such persons. Penalty for committing act in contravention of the act: The taxpayers disobeying the rules, orders, and by-laws under the act are liable to a fine up to Rs. 500. Again if the penalized person does such type of errors repeatedly, he penalizes double in each time in section 70.4 of act 2055.

(ii) In case of Municipality

Penalty for non-payment of taxes: The municipality may write the concerned body to stop the transfer of ownership of movable and immovable property of such taxpayers may seal or lock up the trade, profession and withhold the transactions including export and import. The municipality may recover the tax amount even by auctioning the person's house, land or other assets if due amount is not recovered by stopping the transfer of ownership of property of such taxpayers.

The municipality may stop the service provided by it to the property holders for not paying the taxes. Penalty for contravention of the act: if the taxpayer disobeys the orders,

act and rules, the municipality may punish such person with a fine up to Rs. 1000. If the punished person repeats same offence again, the municipality may punish such person with two-fold punishment each time.

In case, any property holder is not satisfied with a punishment imposed by VDC or municipalities the local self-governance act 2055 has made provisions of appeal against such punishment, section 70.5 and 165.7

Considering the rate fixed by municipal council, revenue section fixes the tax liabilities for each registered enterprise. Bharatpur Municipality administration compelled to clear the tax due to entitle any services from Bharatpur Municipality. If they fail to pay their liabilities within fiscal year, they have to pay fine and penalties from next fiscal year as per the by-law of Bharatpur Municipality.

2.2.2.2 Appeals

In case, any property holder is not satisfied with a punishment imposed by VDC or municipalities the Local Self governance act 2055 has made provisions of appeal against such punishment according to Section 70.5 and 165.7 of local self-governance act 2055. They can appeal within 35 days from the date of knowledge of such decision or notice.

2.2.3 Property Not Included in Valuation for Tax Purpose

Some of the properties, which cannot be used for valuation, are mentioned in local self-government act. The following properties are not included in valuation for tax purpose.

1. Gold 10 totals with jewelries
2. Silver 200 totals with jewelry
3. Stock in trade
4. Industrial mills, machinery tools and equipments building and warehouses

of industrial areas.

5. Invested shares and debentures
6. Loan issued by GOB which is declared exemption from these act
7. Area for house of assessed 300 sq. ft. and Gathha of land.

Similarly, according to local self governance act 2055/56 section,146 following rebates are:

1. Goods and equipments for social welfare
2. Land owned by farmers.
3. The exemption limit for land are:

10 Biga for terai area

20 ropanies for Kathmandu Valley

□ □ □ □ □ □ □ □ 60 ropanies for other hilly areas.

Land covered by Royal palace.

5. The land related to HMG
6. Land and building for hospital
7. Education institutions
8. Land related to non-profit making organizations.
9. Foreign agencies organization
10. Pound, electricity house, airport, Bus Park etc.

(Source Ministry of local Development)

2.2.4 Types of Property Tax Exemptions

Property tax exemptions are exempt for social reasons such as homesteads, churches, lodges, private school some for development 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:

1. Homesteads exemption: Homesteads 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 polices: Municipality also provides exemption to individuals to attract the economic activity within the municipality.

2.2.5 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 life insurance.
3. Price received from social work.

4. Amount received from provident fund.
5. Amount received from citizen fund.
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.

2.2.6 Problems for Efficient Tax Administration

Tax administration is a permanent government, it collects revenue required to run the government and the success or failure of a government depends on the performance of the administration. Due to these important of tax administrations, it is said that tax administration is tax policy in developing country. Local people are the sources of the government from where it gets its resources in the form of house and land tax. Therefore, taxpayers must be motivated to come to tax office in future also. Being as a good citizen, it is the duty of the taxpayers to contribute certain part of their income to the state.

There exists problem because of the taxpayer and lack of tax education. Therefore, the local government would make sure them by teaching tax education. 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.

2.3 Current Provisions of House and Land Tax in Bharatpur Municipality

Bharatpur Municipality has been followed up the Local Autonomy Act. Besides this act Bharatpur Municipality has to work under the current provision as well as their rules and regulations. The current provisions of house and land tax in Bharatpur Municipality are as follows:-

2.3.1 Necessary Documents and Duties for Submitting Required Documents

Following documents are required to submit house and land tax in Bharatpur Municipality.

1. If any person has various land and houses in BharatpurMunicipality area, statement should be submitted to related ward office of each land and houses.
2. If any couple has separate land and house ownership, statement should be submitted jointly.
3. If there is more than one owner, statement should be submitted in the name of any one owner.
4. People having liability to pay house and land property tax should submit the return from it as per Act.
5. If there is any increase/decrease in house and land property, it should be reported to the ward office.
6. The necessary document are:-
 - Copy of land ownership certificate- 1 piece
 - Copy of approval of house map - 1 piece
 - Copy of approval of new flat map if any - 1 piece
 - 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
 - Copy of receipt bill of land revenue - 1
 - 7. 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.(

2.3.2 Process of Tax Assessment

For this purpose of tax assessment, tax payers should submit application form with required documents. This application form is accompanied by other documents. After the application form is registered, it is forwarded to other section for valuation and tax assessment. On the basis of this information, tax bills are prepared. A copy of tax bill is added in the record file. Tax bills are issued to taxpayers. Unsatisfied taxpayers can appeal against the tax bill. Three units named registration unit, valuation and assessment unit, tax bill preparation unit are involved in the collection procedure. To make the taxpayer easier Bharatpur Municipality has provided the certain process for tax assessment. Process of tax assessment covers the processes as follows.

1. Necessary documents should be registered in house and land tax book.
2. House valuation is done on the basis of size of house, area of land and depreciation rate.
3. Different types of houses should be evaluated in different ways
4. Tax assessment is done on the basis of house and land valuation
5. Below 10 lakhs amounted property finalized in ward office and above it is forwarded municipality tax department.
6. After certified by the tax officer, it is returned back toward office.
7. After paying house and land tax, tax clearance certificate should be issued and keep the records.
8. If owners are multiple persons, tax assessment should be done in the name of multiple owners like flat owners.(Government of Nepal, Report,2062)

2.3.3 Things to be considered in Process of Tax Assessment

In the process of tax assessment, some of the rules and regulations should be considered. Things to be considered in process of tax assessment are as follows:

1. Finding out actual valuation by total area of house
2. Find taxable value on the basis of depreciation, types of house, total valuation, year and rate.
3. If approval is not taken during house construction, s/he should deposit certain charges.
4. Name and types of road should be defined in the map.
5. Finding out the area of land in ropani/ hector.
6. Actual valuations are done based on types of road.

2.3.4 Mistake Corrections in the process of Assessment (Corrective Measures)

If the some mistakes are found in process of assessment tax payers have right to claim the mistake corrections. The processes for mistake corrections are as follows:

- If the tax payer complains about tax and valuation of house and land within two years, tax officer can again determine the tax and valuation
- The administration should provide chance of revision about house and land tax if necessary.
- Tax officer- arithmetic calculation- mistake is checked by tax officer.

2.3.5 Rebate for Tax Payers in Bharatpur Municipality

Taxpayers could get rebates if they pay tax in the certain time and other conditions. Some of such conditions of rebates for taxpayers are as follows:

1. 10 % discount for paying tax before ending of Ashoj of every fiscal year.
2. 10 % fines for paying tax until ending Ashwin of next fiscal year.

2.3.6 Penalty System of House and Land Tax

Bharatpur Municipality is self-reliance city hence if the tax payers disobey the rules and regulations as mentioned in act and provisions, they are charged by 10% fines only not as penalties provisions in act which are as follows.

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

2.3.7 Exemptions of house and land Tax in Bharatpur Municipality

Exemptions of house and land tax in Bharatpur Municipality are as follows:

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

2.3.8 Documents Required for Property Valuation in Bharatpur Municipality

Documents required for property valuation in Bharatpur Municipality are as follows:

1. Application form - 1 copy
2. Copy of house and land tax clearance certificate - 1 copy
3. Bill of land tax clearance - 1 copy

4. Field inspection report of Ward Office - 1 copy

2.3.9 Rates and Valuation in Bharatpur Municipality

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 purpose, following calculation method as in table 2.1 is used.

Table: 2.1

Rate for Valuation House According to Its Classes

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

Source: Local Self-Governance Act

Notes:

1. House and land of green (raw) brick with mud mortar and thatched roof of house made of bamboo or wood with thatched roof is not valued for the propose of house and land tax.
2. The main auditorium of cinema hall is valued by applying a 25 % discount in previously mentioned rates.
3. 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.

2.3.10 Rebate of House and Land Tax in Bharatpur Municipality

Rebates of house and land are calculated as mentioned in the local self government act. Local self government has provided the provisions for rebated with value of the house and land. Table 2.2 shows the rate of house and land tax in Bharatpur Municipality.

Table 2.2: Rebate of House and Land Tax

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

Source: Local self government act and regulation 2055/56

In table 2.2 rate of tax in rupees, percentage and maximum calculated 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 s/he should not have to pay tax. If one has value of house and land up to 20 lakhs s/he must pay Rs. 300 in flat basis. Similarly one should have to pay accordance with above table with reference of calculated value of house and land on the basis of the prescribed rate.

2.3.11 House and Land Tax Calculation Related to Bharatpur Municipality

In Nepal local government act 2055 has been applicable in calculating property tax the example of calculation is shown in appendix - I.

2.4 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 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.

2.4.1 Review of Related Books

Khadka (2010) prepared a book '*Municipal Finance in Nepal with Special Reference to Taxation*'. In this book, he described that "In Nepal municipalities represent local government in urban areas where the demand for public services was very high due to the rural urban migration municipalities also had potential tax base due to the concentration of economic activities in the urban center, Since the municipalities are in a position to manage their local affairs, including the management of the fiscal affairs reform of local finance implies putting priority on the reform of principal finance. The municipal experience can later only replicated to the rural areas. This explains the reason why this book is concentrated on the municipal finance.

This book is very useful to know about different types of the municipal finance resources. Such as, sources of municipal finance are taxes, on tax sources, grants and loans etc. In the recent years, the land tax are also related with the municipal finance resources so this book is very useful to study the land revenue.

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".

In 2002, Dhakal presented his revised edition of his book "*Aayakar Tatha Gharo-Jagga Kar Sambandi Kar Ra Lekha*". This book is based on Income Tax Act 2031. This book is

very useful in getting knowledge about history of taxation and the practice under the previous act.

Bhattarai 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.

In 2006, Kandel wrote two books on taxation- one book entitled “*Tax Laws and Planning*” and another “*Nepal Ko Bartaman Kar Byawastha*” for BBS 3rd year, he has presented practical as well as theoretical aspects on taxation in these books.

In 2003, Malik published a book named “*Nepal Ko Aadhuik Aayakar Pranali*”. This book is very much useful to anyone who is interested in the subject of taxation. In this book, he explained income tax act 2058 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.

In 2003, Adhikari 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 2058 and amended by Finance Ordinance, 2060 has also been included. Theoretical as well as practical aspects have been explained in the book.

In 2060, Amatya, Pokhrel and Dahal published a book named “*Taxation in Nepal*” with income tax, property tax and VAT. They had described conceptual foundations of tax, income tax in Nepal. This book has been designed for the subject “Taxation in Nepal” as

per the syllabus prescribed the Faculty of Management TU. This book is also useful for academicians, tax administrators, auditing professionals, tax consultants and taxpayers.

K.C., Jit Bahadur (2009) revised his book “*Tax Laws and Tax Planning: Theory and Practic*”. He has provided and presented up to date information on the Nepal income tax system and added some new enhancement materials. He has targeted more on theoretical aspects with emphasizing on illustrative examples relevant in the Nepalese context. From this book, any readers will able to comprehend and apply complex statues and regulations. In addition, we can find each major chapter contains case designed for group and class discussion, which leads for improvement in analytical skills in calculation of tax liability and taxable value of property and their incomes.

2.4.2 Review of Theses

In 1974, Nearendra Lal Kayastha, in his thesis entitled “*Taxation income and property on Nepal*” has tried to analyze the contribution of income and property tax to overall revenue generation in Nepal and has also pointed out the drawbacks of the system at that time along with the policy suggestion to remove them. His study on legal and administration aspect was also helpful to find out some relative information regarding income tax system of Nepal are income tax evasion at level and greater role of indirect tax in tax revenue. These problems are still considered as the major problems in Nepalese income tax system.

In 2065 B.S, Sudip Prasad Timilsina, 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 .

In 2007, Risshi Ram Adhikari, in his thesis “*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.

In 2058, Prajit Kumar Timilsina, in his thesis “*Taxation in Nepal : Special reference to Land revenue and Land registration Tax*, has stated that problem of systematic record of land registration in Nepal . He has also explained about need of classification of land according to its usages and area. Without the classification of land, the collection of land revenue through such land will not be justifiable and equitable. He has suggested that there is necessary to restructure the policy regarding land registration taxes under local self-governance act and rules.

Hem Kumar Misra (1983) conducted a research on “*Local Finance of Rajbiraj Town Panchayat*” in 1983. This study was based on secondary data only and focused on the evaluation of municipality and its functions, sources of incomes, expenditure pattern and development activities of the municipality. He concluded that the income was always higher than expenditure during the study period. The reason of increasing income was the grant not collection efficiency. Tax structure was haphazard and there were many expenses for office maintenance on productive purpose. The development plans were not clear, no value of money paid to town Panchayat was returned to tax payer due to much political tug of war among members and the authorities of the Panchayat.

According to *The Annapurna Post*, national daily dated 2066 Bhadra 21st, titled 'House and Land' p. g. 11; when the new rate of valuation of land is implemented, Bharatpur Malpot Office has collected two corers fifteen lakhs (2,15,00,000) as revenue from land during Shrawan of this fiscal year 2064/065. According to the data and information recorded in previous year, it has collected only one corer four lakhs forty seven thousand (1,04,47,000). Malpot officer, Mr. Loknath Bhusal said 'This year's starting month has generated double amount of revenue'. Again, he agreed that the value of land is fixed by bargaining or compromised between the land owner and the purchaser or buyers. The chief office, Mr. Govinda Prasad Sapakota analysed 'The valuation of land has been appreciated with 5% to 300%. In an average, it is increased by 90% rather than preceding years. The lowest valued land in the Chitwan district is having goreto bato or unfertile land (pakho bari) in hilly areas is Rs. 36,000 per ropany, which is situated at Padampur VDC of Chitwan District and highest valued land in the Chitwan district is the land along with the both sides of the Pitched Highway in Bharatpur Municipality, Gitanagar VDC, Ratnanagar Municipality and in Bharatpur Municipality which is determined as Rs. 60,00,000 per ropany. If land is registered in the name of any female then 20% rebates is given from the revenue.

2.5 Research Gap

There is research gap in studying property tax this research tries to fulfill that gap because the data using in this study is original and research objectives also innovative. So it fulfills the research gap.

CHAPTER: III

RESEARCH METHODOLOGY

In fact, we can sum up property tax in national revenue is very significant in Nepal from the foregoing chapters of this study. Even though, the main objective of this study is to

observe the real situation and role played by the property tax in Bharatpur Municipality area, a very small city. To fulfill, the objectives and requirements of the study, a research methodology has been designed as follows:

3.1 Research Design

The research design serves as a framework for the study, guiding the collection and analysis of data, the research instruments to be utilized, and the sampling plan to be followed. Thus, in this study historical, empirical, descriptive and analytical research designs are used. The required data and information for research are collected through primary & secondary sources. Descriptive research is designed thoroughly going the acts, rules and regulations relating with this study to describe the situation and events occurring at present context. It was attempted to provide proper knowledge of limits and way of calculating the property tax individual and couple. Analytical research is designed by collecting past phenomena, actual and budgeted data from municipality administration. To shows the present status of revenue sources and its utilization. Field survey has been conducted and observed and some interacts have also be done with selected respondents through questionnaires, short-talks and interviews for empirical research. For this study selected samples were divided into two groups;

- (i) Tax administration and
- (ii) Tax payers

3.2 Population and Sample

For this study the person having habitation and residing within the boundary of Bharatpur Municipality city are the population. It is divided into 13 wards and about population of 215,112 (117,162 - 2001 census), are living here. Among the population size, the sample were chosen and selected which represents the characteristic of the whole population. The result and conclusion drawn from the samples will be approximately valid and

reliable to the whole population by judgemental sampling. Due to limits of time, it is not an easy task to visit and observe throughout all the people. Therefore, some persons are selected as sample units and categories them into two groups.

3.3 Nature and Sources of Data

As stated earlier, this study is based on both primary and secondary data. The sources of primary data are respondents, informants and employees of municipality. For this, a total 54 sets of structured questionnaires were developed and distributed to the selected respondents of taxpayers and the entire ward office secretary under municipality. Different acts, rules, regulations, financial reports of Bharatpur Municipality, earlier studies of thesis and related books were secondary sources of data.

3.4 Data Collection Procedures

In this study, both primary and secondary data were used. What the taxpayers perceive about property tax. To know deeply from their mind and heart different methods like questionnaires, short talks, interviews had been conducted. These methods were applied to acquire primary data for the study, which may not be fulfilled by secondary sources or data only. Hence, primary data has been collected from structured questionnaires systematically. It was distributed among all the selected samples by personal meeting, interviews and field visits has been done to get (capture) accurate, 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 are also vital sources for this study.

3.5 Tools and Techniques of Analysis

The information and data, which were collected for this study, were raw and unpurified. These were collected by classifying the selected respondents into two groups and their views were remarked through structured questionnaires, which are not appropriate for

analysis. Therefore, these must be edited or process further more to draw reliable conclusions. The collected data were also tabulated and presented by statistical tools to make easy to understand. It was done into various tables according to the subject in order. Statistical tools used here to analyze the collected data were in forms of average, percentage and trend analysis where was necessary. From these tools, can easily conclude qualitative and quantitative relations and correlations. This study was presented in simple form so no complicated statistical tools were used here.

CHAPTER: IV

PRESENTATION AND ANALYSIS OF DATA

This is the major part of the study. All the efforts may be useless, if the researcher was not able to present clear view of the performance in easiest manner, without consuming time and economically. This chapter is used to analyze the structure of the total income

from taxes including House and land tax and the sources of income. It also aimed to make clear understanding of property tax from tax administration and opinions of the property (house and land) owner about the house and land tax imposed by municipality in Bharatpur Municipality.

4.1 Structure of Total Income from Tax and Other Sources in Bharatpur Municipality

The main source of revenue or income for the government organization is taxes and other sources to develop its locality or geographical area, maintain rules and regulations and proper functioning of administration. The municipality has been generating revenues and funds through different headings imposed to the local and other people which are the means of valid and reliable sources. They are; Malpot tax, House and land tax, house rent tax, Business tax, vehicle tax, entertainment tax, Advertisement tax, services, fines& penalties, charges & income fees, sales tax, income from investment, others incomes, internal aid, external aid and last year surplus. The structure of total income from such headings of Bharatpur Municipality is presented in the fiscal year (F/Y) 2060/061 to 2066/067.

Table: 4.1

Structure of Total Income from Tax and Other Sources of Bharatpur Municipality

Rs in 000

Incomes headings	f/y 2060/61	f/y 2061/62	f/y 2062/6 3	f/y 2063/64	f/y 2064/65	f/y 2065/66	f/y 2066/67
Malpot tax	323	340	465	500	791	1136	1227

Land house tax	0	0	142	150	1132	1234	1258
Rental tax	502	123	89	100	180	211	233
Birauti tax	266	191	116	158	768	1015	1311
Business tax	1437	1513	2473	2828	2410	1981	2049
Vechals tax	227	218	193	265	321	213	121
Entertainment tax	0	0	0	200	367	81	75
Property tax	0	0	0	0	0	0	0
Adverstiment tax	15	3	7	13	0	13	90
Rent tax	2030	4439	2818	2988	3413	3399	2931
Fees and service tax	53609	43668	65727	68890	53337	67673	80763
Local development tax	21360	21360	21360	21360	21360	21360	21360
Fines penliites and charges	2948	3014	1520	1931	4883	5530	5350
Others income	31007	21868	31650	46561	29393	7515	6221
Last years surples	0	34932	18759	23889	0	19474	0
External aid	0	400	1454	9668	2471	1127	5711
Total	113724	132070	146773	179500	120826	122651	128700

Source: Account Section of Bharatpur Municipality.

The above table showed the total income from different sources of Bharatpur Municipality in different fiscal years. During the seven fiscal years the actually generated revenue (income) was shown in the above table in thousand of rupees ('000'). From the above table, In the F/Y 2060/061, the total income collected was Rs. 1137240. In F/Y 2061/62, the municipality had generated Rs. 132070; it was succeed to collect Rs. 146773, in the F/Y 2062/63. Like this, the administration was able to pull together Rs. 179500, Rs. 120826, Rs. 122661 and Rs. 128700, in the F/Y 2063/064, in the F/Y 2064/065, in the F/Y 2065/66 and in the F/Y 2066/067 respectively. Observing above data, it can easily find out that total collected income was not constant. And again, no amount was collected in the property tax heading by the municipality. By watching out the above data, it is understood that the total income of different fiscal years was fluctuating every year.

4.2 Total Income from Property and Other Tax

Among the sources of total income of Bharatpur Municipality, the contribution of the house and land tax is presented in the table below. This table will be helpful to express the comparison between house and land tax and other sources of income.

Table 4.2:
Total Income from House and Land Tax and Other Sources

Particular	f/y 2060/61	f/y 2061/62	f/y 2062/63	f/y 2063/64	f/y 2064/65	f/y 2065/66	f/y 2066/67
Land and house tax	0	0	142	150	1132	1234	1258
% Land and house tax	0.00	0.00	0.10	0.08	0.94	1.01	0.98
Other tax and income	1137 24	1320 70	14663 1	1793 50	119694	121427	127442
% Other tax and income	100.0 0	100.0 0	99.90	99.92	99.06	98.99	99.02
total	1137 24	1320 70	14677 3	1795 0	120826	122661	128700

Source : Account Section of Bharatpur Municipality.

The above table presented the percentage of the house and land tax to the total revenue of the Bharatpur Municipality. In F/Y2060/061 and 2061/062 tax administration was not able to generate the revenue from house and land tax . So, in these two years the income was collected except house and land tax. It was in progress from F/Y 2062/063 by contributing 0.1 % or Rs.146773 in the total income and other sources by 99.90%. Similarly, it contributed 0.08 % in F/Y 2063/064, in F/Y 2064/065 by 0.94 %, in F/Y 2065/065 by 1.01% and in F/Y by 0.98% respectively in the total income of the municipality. The above table showed that the percentage and collection of house and

land tax was increasing up to fiscal year 2065/66 and slightly decreased in the last fiscal year 2066/67.

The contribution of property tax was very low comparison to other sources in Bhaktpur. However, the ratio of contribution was vast different with these two headings even though something is better than nothing.

4.3 Study about Contribution of House and Land Tax in Total revenue

After emergence of Local Self-Governance Act 2055 and regulation 2056, all the municipality including Bharatpur Municipality are following the rules to collect tax and valuation of house and land according to its type, size and facilities. But Bharatpur Municipality is using this source since F/Y 2060/61. Now this source is playing a vital role in Bharatpur Municipality as well as under developed countries. So, the significant of this tax in Bharatpur Municipality has been shown in table below.

Table: 4.3

Contribution of House and Land Tax to Total Revenue of Bharatpur Municipality

Years	Total Revenue	Contribution of House and land	Percentage (%)
2060/61	113724	0	0
2061/62	132070	0	0
2062/63	146773	142	0.1
2063/64	179500	150	0.08
2064/65	120826	1132	0.94
2065/66	122661	1234	1.01
2066/67	128700	1258	0.98
		Total	3.11
		Average*	0.622

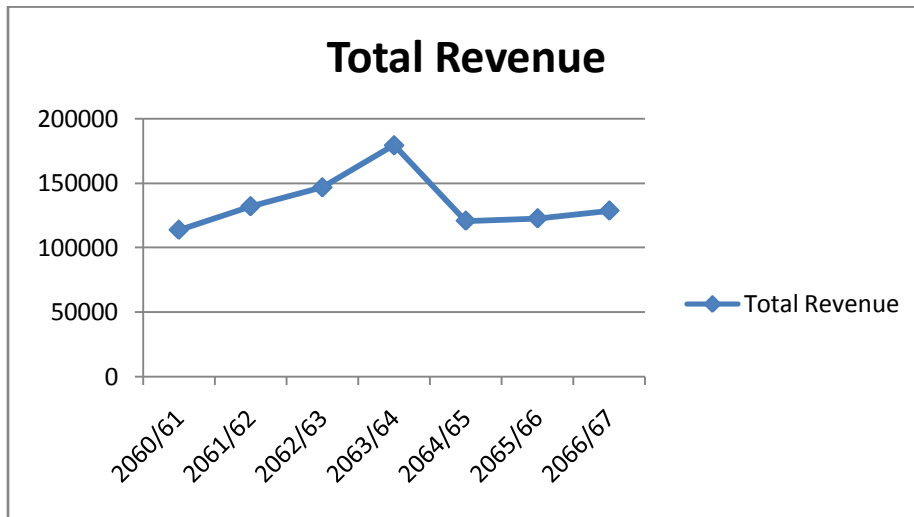
Average = Total ÷ Number of years

Source: Account section of Bharatpur Municipality

From the above table 4.3, it was cleared to see the average contribution of House and Land tax by 0.622% which was very low during 5 fiscal years. It seemed the lack of education to the property owners and eagerness of tax administration. In the beginning of two years, tax administration was not able to collect revenue from House and Land tax so its contribution in the total income was zero. The average was taken by the summation of last five years only. Among the given time period of data, share of percentage contribution of House and Land on total revenue can be observed highest at 1.01% in F/Y 2065/66. To clear the above data and table in simple form and to show the significant features of the whole at a glance it had presented in simple diagram below.

Figure 4.1

Contribution of House and Land Tax in Bharatpur Municipality



4.4 Study of Budgeted and Actual House and Land Tax

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

Table: 4.4

Budgeted and Actual House and Land Tax of Bharatpur Municipality

Year	Budgeted	Actual	Collection efficiency*
2060/61	0	0	0
2061/62	0	0	0
2062/63	150	142	94.67
2063/64	150	150	100.00
2064/65	800	1132	141.50
2065/66	1200	1234	102.83
2066/67	1300	1258	96.77

* Collection efficiency = Actual ÷ Budgeted

Source: Account section of Bharatpur Municipality

From the above table 4.4, it showed that the revenue from House and Land tax was fluctuating over the last five years. Collection efficiency of House and Land was around 94.67% in the fiscal year 2062/63. It can't conclude in fiscal year 2061/62 due to not availability of actual data from administration so it was assumed budgeted as actual income. In F/Y 2064/65 it was highly efficient by 141.5% which was not matching the decision taker for pre-planning like such. Last years, in F/Y 2065/66 and 2066/67 its efficiency was 102.83% and 96.77% respectively. Success of an every organization is depended upon the correct plans of budget and its correct implementation. Bharatpur Municipality was not succeeded to collect budgeted house and land tax in different F/Y. From the above data it can be said that it was poor in calculation of budgeted and recovery of tax was not satisfied.

4.5 Study about Trend of House and Land Tax

Trend means way, process or nature of paying amount according to the changes of time and value which was calculated on the basis of past and present data or information for the prediction or forecast the future. It is also used to make plans for fund collection and utilization from house and land tax in different sectors. The trend of House and Land Tax

of Bharatpur Municipality was calculated on the basis of past five years due to absence of revenue in first two years F/Y 2060/61 and 2066/67.

4.6 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 was an opinion questionnaire, which was dispatched to 54 selected persons as sample size representing tax administration and taxpayers.

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

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 as A and B. Considering the value of time, only 13 questions were developed to response.

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

Table 4.6

Group of Respondents and codes used.

S.N.	Group of respondents	Sample size	Code used
1	Tax administration	17	A
2	Tax payers	37	B
Total		54	

Tax administration means all the wards secretary officers of Bharatpur Municipality and tax payers are those who were in the contact with me during the period of field survey.

4.6.1 House and Land is the suitable means of raising public revenue

The structured questionnaire had been distributed to 54 respondents to know the respondents opinions about the main and reliable means of raising public revenue.

For the development of locality, there are different sources of revenue with the municipality among them house and land tax is also one. To spread the knowledge about house and land (property) tax towards the citizens the structured questionnaires has been distributed and requested to choose the most correct one from the given options (yes/ no). How the respondents had responded, same has been tabulated as below.

Table 4.7

Property tax is a suitable means of raising public revenue. Do you agree?

Responses Respondents	Yes		No		Total	
	no.	%	no.	%	no.	%
A	17	31.48	0	0	17	31.48
B	36	66.67	1	1.85	37	68.52
Total	53	98.15	1	1.85	54	100

Source: Field Survey, 2011

In the above table the respondents answers were classified according to the given structured question and options. Among total 54 respondents, 17 from tax administration and 36 of taxpayers showed positive response towards the property tax as the means of raising public revenue. But one of the taxpayer was deny agreeing such statement. It was approved by 98.15% and rejected by only 1.85%. So that, we must conclude house and land tax as a means of raising public revenue.

4.6.2 Tax payers have been informed regularly to pay property tax

It is necessary to get the view on actual fact to reach in valuable and reliable conclusion. So, the respondents were asked individually whether the information were given by the municipality to the citizen regularly or not. This work was done through distributing the developed questionnaires. Their responses are recorded as in the following table.

Table 4.8

Sequence of giving the information to the tax payers

Respondent	Response		Yes		No		Compulsory needed		Total	
	no.	%	no.	%	no.	%	no.	%	no.	%
A	9	16.67	2	3.70	6	11.11	17	31.48		
B	8	14.81	15	27.78	14	25.93	37	68.52		
Total	17	31.48	17	31.48	20	37.04	54	100		

Source: Field Survey, 2011

The table 4.8 stated 21.48% have got information about house and land tax regularly including 16.67% from tax category A and 14.81% from category B. 3.70% of A and 27.78 % of B, in total 31.48 % haven't got regular information about house and land tax. 11.11% of A and 25.93% of B, in total 37.04% have stated that the information is compulsory needed to both parties; tax administration and tax payers.

Hence, flows of information are compulsory needed so that everyone/owner can pay tax to the municipality in time. Most of the taxpayers didn't get information regularly.

4.6.3 The sufficient sources of information about property tax to the property owner

The sources of information can help tax administration to lure the taxpayers for paying the tax. So, there must be sufficient sources of information to the taxpayers. No one will be interested to pay tax if they don't get accurate sources and means of information about the tax. The giving information toward the concern parties is very much important and crucial so empirical study was observed to notify about the level of information to the taxpayers which were tabulated below in 4.9.

Table 4.9

The level of information sources about property tax to the property owner

Respondents	Response		Yes		No		Not enough		Total	
	no.	%	no.	%	no.	%	no.	%	no.	%
A	8	14.81	1	1.85	8	14.81	17	31.58		

B	5	9.26	15	27.78	17	31.48	37	68.42
Total	13	24.07	16	29.63	25	46.29	54	100

Source: Field Survey, 2011

From the above table, 13 person said ‘yes’ and 16 respondents answered ‘no’ and remaining 25 respondents answered ‘Not enough’ in course of sources of information. Only 24.07% were realizing sufficient sources of information and 46.29% think that exiting sources was not enough. But remaining 29.63% did not think like so. In total 75.93% realized and suggested to adopt the other sources to inform.

That’s why, the above table sum off, the administration must modify or adopt efficient means of information to flow the sufficient information to the tax payers. As well as, tax payers also must eager to know and find out the sources of information to pay the tax in time.

4.6.4 The effective means of information for property tax

The information is only said effective and efficient when the perceiver acts or understands according with the construction given as in the information. Hence, the information must be provided according to the accessibility of the receiver or target party. For this, field survey had done with structured questionnaires which have been recorded as under.

Table: 4.10

The effective means of information for property tax

Respondents Response	A		B		Total	
	no.	%	no.	%	no.	%
Municipality administration	3	5.56	14	25.93	17	31.48
Chamber of Commerce	0	0	1	1.85	1	1.85
Media (TV, Radio&	14	25.93	22	40.74	36	66.67

newspapers						

Source: Field Survey, 2011

In the above table, 31.48% preferred municipality administration and 66.67% preferred media (TV, Radio & newspapers) as the effective means to spread the knowledge and awareness about the house and land (property) tax. Tax administration has also pointed media by 25.93% and taxpayers by 40.74%. Again, taxpayer also pointed tax administration by 25.93%.

As a result, it was concluded that the motivation and encouragement from tax administration and taxpayers are needed. For this the easiest, cheapest and economy means is media. So it is an important means of effective means of information spreading around the municipality.

4.6.5 Taxpayers pay property tax to Bharatpur Municipality in certain time

Tax is the compulsory levied by the government with the people to develop, operate administration functions and maintain rules and regulation of the country or locality. So no one can escape from the tax. Among the source of taxes, house and land (property) is also one. It is imposed by the municipality and V.D.C.s to the owners. The people must pay all the dues within the municipality or V.D.C.s administration to get any kinds of services through municipality or V.D.C.s. It is not burden if the people pay in certain time according to their value of property. The following table presented the paying habits of house and land tax in certain time of the tax payers.

Table 4.11

Taxpayers pay property tax to Bharatpur Municipality in certain time

Response	Yes		No		Not yet		Total	
	no.	%	no.	%	no.	%	no.	%
A	12	22.22	5	9.26	0	0	17	31.48
B	11	20.37	18	33.33	8	14.81	37	68.52
Total	23	42.49	23	42.49	8	14.81	54	100

Source: Field Survey, 2011

In the above table, 42.49% showed paying the property tax in certain time, in which group 'A' agreed 22.22 % and group 'B' agreed 20.37%. For this, 23 respondents gave 'Yes' and 23 gave 'No', which was 42.49% in the two options of paying tax in time and remaining 14.81% had not paid as house and land (property) tax yet.

From the above, table it is necessary to lure the tax payers or compel for paying the tax in certain time to develop locality as well as provide service easily and timely.

4.6.6 The present tax policy of Bharatpur Municipality

Tax policy means way or procedures of collecting the tax. The applicability of tax policy is measured by the fund collected by the municipality in the budget and actual. It must be adjusted with the thought of the taxpayers and tax administration with the changing economic environment.

Table:4.12

The result of Applicability of present tax policy.

Response Respondents	Yes		No		I don't know		Total	
	no.	%	no.	%	no.	%	no	%
A	15	27.78	2	3.70	0	0	17	31.48
B	17	31.48	5	9.26	15	27.78	37	68.52
Total	32	59.26	7	12.96	15	27.78	54	100

Source: Field Survey, 2011

In the above table, 59.26% respondents perceive, the present tax policy is applicable in which 27.78% from tax administration and 31.48% from the taxpayers. 12.96% said it is not applicable in which 3.7% from tax administration and 9.26% from tax payers. Some of the tax payers don't know the present tax policy, which was adopting by the tax administration.

Hence, the people were necessary to educate and make aware about the policy taken by the municipality.

4.6.7 The Venue of paying property tax in Bharatpur Municipality

The venue of paying property tax in Bharatpur municipality is ward committee office and if it more than 10 million it must be approved and valued in the municipality office.

The collection will not be effective if the confusion present in the taxpayers mind. For this, the respondents' views are recorded as under.

Table 4.13:
The knowledge about the venue of paying property tax in
Bharatpur Municipality.

Respondents	A		B		Total	
	no.	%	no.	%	no.	%
Municipality Office	7	12.96	26	48.15	33	61.11
Ward Committee office	10	18.52	9	16.67	19	35.19
District Development Office	0	0	2	3.7	2	3.7
Total	17	31.48	37	68.52	54	100

Source: Field Survey, 2011

Most of the respondents by 61.11% gave wrong answer and 35.19% gave correct answer. In the above table, 7 tax administration officers and 26 taxpayers indicated, the venue is as municipality office and 10 tax administration officers and 9 taxpayers indicted, the venue as ward committee office and only 2 taxpayers indicated district development office.

At last, the above table summarized, confusion is presented to locate the venue for paying house and land tax which must be eliminated by providing reliable and sufficient information through assessable tools like newspapers or local radio or F.M. stations.

4.6.8 The rebates given by Bharatpur Municipality

To know the satisfaction of the tax payers by paying the tax amount and grabbing the rebates provided by administration, this question had developed. It will help to clear and measure their satisfaction level from the rebates given. Rebates are amount given to the tax payers for paying the tax amount in certain time and condition provided by the administration. It is provided to raise much more fund timely.

Table: 4.14
Satisfaction of the taxpayers by the rebates provide by the municipality.

Response	Yes		No		Reforming is necessary		Total	
	no.	%	no.	%	no.	%	no.	%
A	10	18.52	1	1.85	6	11.11	17	31.48
B	10	18.52	6	11.11	21	38.89	37	68.52
Total	20	37.04	7	12.96	27	50	54	100

Source: Field Survey, 2011

In the above table 4, 37.04% were satisfied and 12.96% were unsatisfied by the present rebates. 50% suggested for reforming the rebates rate and amount. Only 20 respondents are satisfied with the rebates and remaining 34 respondents is unsatisfied and urging for reformation the rebates given by the municipality among the selected 54 respondents as sample size.

At last, it seemed reformation in rebate provided to the tax payers is necessary for efficiency and effective collecting of house and land tax.

4.6.9 The Conditions of Taxpayer for Paying Property 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 showed clearly about the response of the question of the conditions of tax payer for paying property tax.

Table: 4.15

The Conditions of Taxpayer for Paying Property Tax.

Response	A		B		Total	
	no.	%	no.	%	no.	%
When municipality enforce to pay	9	16.67	6	11.11	15	27.78

When house and land transaction occur	2	3.70	21	38.89	23	42.59
At the time of transferring ownership	6	11.11	6	11.11	12	22.22
In other conditions or reasons	0	0	4	7.41	4	7.41
Total	17	31.48	37	68.52	54	100

Source: Field Survey, 2011

The above presents the condition of paying tax. 27.78% including 16.67% of tax administration and 11.11% 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 3.7% from tax administration and 38.89% from taxpayers, in total 42.59%. 22.22% pay at the time of transferring ownership. And remaining 7.41% are unable to identify the conditions for paying house and land tax.

Hence, it was concluded that here was not any similarity existed among the tax payers and tax administration 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.

4.6.10. The Purpose of Paying Property Tax

To perform any kinds of job there may exist of purpose and objective. So far, paying property tax has also existed some purposes in the both taxpayers and administration 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 following table to help us.

Table: 4.16

The Purpose of Paying Property Tax.

Response	Respondents		B		Total	
	A		B		Total	
	no.	%	no.	%	no.	%

Register and fixed the ownership	3	5.56	18	33.33	21	38.89
To maintain legal compulsion	14	25.92	17	31.49	31	57.41
To show status in the society	0	0	2	3.7	2	3.7
Total	17	31.48	37	68.52	54	100

Source: Field Survey, 2011

In the given table, tax administration said that tax payers had paid tax to register and fixed the ownership was 5.56%, to maintain legal compulsion of municipality was 25.92% and no one 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 fixed the ownership was 33.33%, to maintain legal compulsion was 31.49% and to show status in the society was 3.7%.

The conclusion drawn from the above table 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.

4.6.11. Complication in Paying House and Land tax

Tax administration formulates plans and polices and implements them for the benefits of the local people and administration 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: some feelings, feedback, facial expression and thoughts were analyzed and their views were tabulated as under how the tax administration and tax payers felt and perceived the present tax policy.

Table: 4.17

Complication in Paying House and Land Tax.

Response Respondents	Yes		No		I don't know		Total	
	no.	%	no.	%	no.	%	no.	%
A	8	14.81	9	16.67	0	0	17	31.48
B	18	33.33	6	11.11	13	24.07	37	68.52
Total	26	48.15	15	27.78	13	24.07	54	100

Source: Field Survey, 2011

From the given table, it showed 26 respondents or 48.61% had complication, 15 respondents or 27.78% had not any complication and 13 respondents or 24.07% 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.

4.6.12. The Condition of Present Tax Policy

To identify the condition of present property tax policy in the view of tax payers and tax administration, the question “In which condition, have you/tax payers paid property 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 as below.

Table: 4.18

The condition of present tax policy.

Response Respondents	Good		Worse		I don't know		Total	
	no.	%	no.	%	no.	%	no.	%
A	14	25.93	3	5.56	0	0	17	31.48
B	5	9.26	17	31.48	15	27.78	37	68.52
Total	19	35.19	20	37.04	15	27.78	54	100

Source: Field Survey, 2011

In the table, 19 respondents including 14 tax administration and 5 tax payers among the 54 selected samples said the present tax policy is good and 20 respondents including 3 tax administration and 17 tax payers said worse. And 15 tax payers were confused to say

whether it is good or worse. Tax payers' percentage who understood present tax policy is good was 9.26% and worse is 31.48 %.

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

4.6.13. The Purpose of Collecting House and Land Tax By Municipality

The tax administration has also certain purposes for collecting house and land tax. Without which the administration 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 of locality, 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 locality/society.

Table: 4.19

The purpose of collecting house and land tax by municipality

Response	Respondents		A		B		Total	
	no.	%	no.	%	no.	%	no.	%
a) To develop infrastructure of locality.	10	18.52	24	44.44	34	62.96		
b) To recognize the right of the tax payers.	4	7.41	3	5.56	7	12.95		
c) To stop the illegal activities in Bharatpur.	1	1.85	4	7.41	5	9.25		
d) To maintain the equalities in the locality/society.	2	3.70	6	11.11	8	14.8		
Total	17	31.48	37	68.52	54	100		

Source: Field Survey, 2011

The above table presents the views of the tax administration and tax payers. 62.96% including 10 respondents of tax administration and 24 respondents of tax payers were supposing that it must be utilized to developed infrastructure of locality. 12.95% including 4 from tax administration and 3 from tax payers were supposing, it imposed to educate and recognized the right of the tax payers. 9.25%, 1 from tax administration and

4 from tax payers said this fund must be utilized to stop the illegal activities in Bhaktpur. Lastly, 14.8%, 2 respondents and 6 respondents from group A and group B are supposed, the fund was collected to maintain the equalities in the society.

At last, the conclusion and suggestion is the collected fund must be spent or utilized to develop infrastructure of the locality, which may be beneficial for long term.

4.7 Findings

Findings are the main points which were taken out or perceived by the researcher on his/her study. Like this when, this study was conducted, some important points were also found out which were pointed as under.

4.7.1 Findings from the secondary data

The secondary data were the information which was collected from the tax administration of Bharatpur Municipality. 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.

1. Revenue collection was fluctuated in every fiscal year and in F/Y 2060/061 and 2066/67 the tax administration and local people (taxpayers) weren't conscious and aware about house and land tax to Bharatpur Municipality.
2. Bharatpur is a small town even though its revenue collection from other sources like business tax, service tax, rental tax, fine and penalties, internal grant, external aid and other tax sources were greater than revenue from house and land tax.
3. Revenue from house and land tax was not satisfactory to develop the municipality and daily administrative work due to low collection in amount and in whole percentage will compare to other revenue sources. So it is difficult to present in simple bar diagram.
4. Budgeted and Actual collection was not matching so everyone can easily conclude that either tax administration or tax payers were not aware and conscious about house and land tax. These forecasts also do not help to develop the city.

5. The trend must be in increasing order due to increase in valuation of house and land in the market or government rate but the secondary data showed likely to be constant.

4.7.2 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.

1. House and Land Tax has been considered as a suitable resource for the collection of public revenue for mobilization of available resources of the municipality
2. The taxpayers aren't interested to pay house and land tax due to lack of regular sources of information.
3. The effective information source to generate maximum revenue from house and land tax is media (TV, Radio & Newspaper)
4. Most of the tax payers insisted for non-paying house and land tax in time due to lack of awareness about it.
5. Tax administration must educate the people about tax which promotes the voluntary compliance by taxpayers and to increase tax consciousness.
6. Most of the taxpayers have confusion about the venue whether it is municipality administration or Ward Committee Office.
7. The tax administration is not able to satisfy the tax payers so it also another reasons for low collection of house and land tax.
8. Tax payers are not conscious about the house and land tax so when they are crushed or compelled only then they had paid. Hence motivation and encouragement are needed.
9. According to the response or answer given by the taxpayers, they had paid house and land tax to capture the physical assets house and land.
10. Healthy administration, awareness of taxpayers and fair investigation are needed to implement the policy fairly but most of the taxpayers don't know about the necessity of house and land tax to the municipality.

11. Tax payers want to see the proper utilization of the revenue collected by the municipality.
12. Tax administration is unable to provide necessary data relating with the research and study.
13. Tax payers also deny filling up or answering the structured questionnaires having an intention of tax evasion or thinking of binding to tax liability.

CHAPTER: V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This is the final chapter of this study which will provide necessary and gist points and opinions of the whole study. This chapter shall be able to glance out whole the study in short time. This study helps us to spread out the information and knowledge of house and land tax in Bharatpur Municipality through the summary and conclusion drawn and plays supportive role to the new researcher/s on this related topic. And again, this chapter also helps the tax administration as well as tax payer about their responsibilities and duties towards the development of locality and local people.

5.1 Summary

Nepal is one of the least developed countries. It is suffering from economic disaster. To increase the government revenue Nepalese government is trying to extract money or valuable contribution from people through taxation. Urban house and land tax is the important resource of government revenue. Among other parts of the Nepal, Bharatpur is the most beautiful one which has its own pride and popularity; lots of pagoda styled temples, monument places, attractive Stupas, medium sized greenery hills from where we shall be able to see beautiful views of different mountain ranges, amusing and exciting scenes of sun-rise and sun-set. It is also called as 'Living Heritage City' due to conservative and native life style, culture and different festivals. Most of the people are 'Newar' so that their main religion is either 'Hindu' or 'Buddhist'. The people are not well educated. Most of them are conservative minded. Here is also not well establishment of any economy generating organizations like big and large market and industries, business organizations, Non-Government Organization (NGO) and International Non-Government Organization (INGO). So to develop the locality, the local administration have to depend upon tax which is imposed to the different sources and headings among them House and land is also vital.

In Nepal, property tax was introduced by finance act 1595 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. Initially, this tax was introduced in Kathmandu, Lalitpur, Bhaktpur, Biratnagar, Birgunj, Nepalgunj, Rajbiraj, Jankpur, and Butwal. Later on, it was extended to other many cities till to 1989 A.D. Then, the interim government of 2047 B.S. 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.

Property tax is generally mobilized for the benefits of public in the local community. There are basically two types of property taxes given to VDC's and municipalities; House and land tax and unified property tax. Property taxes are based on market value. Different countries have used reformed property tax. Some property tax assets are rebated.

The study has focused the role of House and Land tax revenue structure, contribution, trend and the opinions and views local people towards this tax. All over Nepal, there are 58 municipalities among them Bharatpur Municipality- locally known as "*Khowpa*", is divided into 17 ward committees. It is also one worldwide famous for its elegant arts, fabulous culture, indigenous lifestyle and majestic monuments. It needs revenue and funds to develop and conserve or preserve the existing such above assets which are indirectly helping us to generate income to the administration, opportunities of employments to the local people etc. by developing tourism business. Now, the local people are also altering about their responsibility and duties towards their birth place. So the contribution of house and land tax in the total revenue of municipality is growing. In the end of F/Y 2066/67, it contributed Rs. 1257985.31 which is 0.98 % and remaining 99.02 % by other sources.

5.2. Conclusion

There is no doubt, Nepal is poor in economically, but richest in natural resources in the present situation. It has preserve lots of sources and opportunities in its proud. Nepalese political climate has been drastically changed. According to the political agenda, principles and ideology, they formulate and implement varieties of rules, regulations, plans and programmes. For the succession of their thought, views, missions, and objectives, the government needs fund to operate the activities smoothly and achievement of the dream. For the raising the fund for the national needs, the only one reliable sources is different kinds of taxes imposed to the local people, different business and organizations. Nepal is one of the lowest taxed economies in the world. It has been suffering from social and economic problems. The government of Nepal is not being able to collect necessary government revenue to cure such problems. Due to poor performance of internal revenue collection and mobilization, the government of Nepal has still depended on foreign grants and loans. The dependence is increasing which is not desirable for any economy. In the present context, the government shows the way to improve social and economic problems by posing, regulating & controlling, all the person and business who earn incomes and profit by different taxes. Nepal has lots of opportunities due to lack of skills and technology and knowledge, they are not properly utilized. Thus, remedy should be made in due time by the country to run in the path of economic development. BharatpurMunicipality is also the part of the country; its budget is regulated and controlled by the central government so it is also suffering from such above problems.

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.

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 as well as they must encourage & inspire the house and land owners for paying house and land tax in time.

Due to unexpected overvaluation in land, the available resources in the country, which are collected through the foreign and domestic sources and large profit margins in the urban areas is diverted and invested towards real state and luxury housing in Nepal. Investing in unproductive sectors like house, land and other property may cause economic crisis which was suffered by United States of America (USA) recently. As stated above the investment in such sector creates a boom in the economy. Consumption of luxury goods may increase because of which the economy is pushed into high inflation. Therefore, in this respect proportional tax on property (house and land) tax in an equitable and justifiable manner will help, discourage the investment in real estate and reduce the consumption of luxury goods as well. Such reduction of investment and unproductive sector of the available resources will tend to diversify into productive sector of an economy. Now Nepal Government has taken the step to control in investing such unproductive sector. Every individual must shows his/her sources of income to purchase any house, land costing more than 25 lakhs, any motor vehicles costing more than 15 lakhs. 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, houses and land tax laws and administration in Nepal are to be deeply scrutinized but not properly implemented. Manpower development planning within the administration is desired for the efficiency of tax personnel side by side. Tax educations 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 very low in Bharatpur Municipality. For economic development of Nepal, the problems

relating to property tax system in Nepal should be solved and resources should be effectively utilized.

5.3. Recommendations

House and Land tax has been accepted as an important source of government revenue of Nepal. The growing need of resource for the development of Nepalese economy can be met through effective large volume of property tax. Through there are number of problems, the contribution of property tax is likely to be significant in the future. In the light of findings of the present study, the following specific suggestions have been recommended for the sound and effective property tax system.

1. 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.
2. Municipality should avoid misunderstanding or feelings of burden in payment of house and land (property) tax by giving clear explanation, information and good qualitative services.
3. Local people of Bharatpur, most of them are not educated and doesn't have the understanding about the house and land tax. So, Bharatpur Municipality should provide informative knowledge to the local people regarding house and land tax.
4. Appeal and penalty system of house and land tax should be used in practice not only in legal provision.
5. Bharatpur Municipality should give detail information about current house and land tax to tax collector and tax payers.
6. Bharatpur Municipality should motivate the people to pay house and land tax by offering discount and prizes reducing tax burden.
7. Bharatpur Municipality should improve in tax payers' services.
8. In the absence of proper record keeping system of tax the government do not look and determined about the status of revenue so, necessary attention should be focus on proper accounting system (i.e. computerized billing system).

9. In local tax authorities should be made the provision of tax policy as to provide incentive, reward and prize who pays tax as regular basis and whose contribution has the highest in the composition of portfolio of tax payers.
10. Local property tax should be guided as per market based as well as the use basis by tax payer.
11. Local people are not satisfied with the administration, so they should be given door service.
12. 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.

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Annex: I

House and Land located inside the Bharatpur Municipality.

Mode of Consturction	:	Klin bricks with mud motar
Year of Construction	:	Before 2007 B.S.
Area of House	:	10.82 ft. length and 21.68 ft. width
Storeys no. in house	:	5 storeys
Total area of house	:	(10.82 ft.×21.68 ft. × 5 storeys) = 234.58 sq.ft.
Land and Compound	:	0-0-3-0 ropani or 3 paisa
Category of Land	:	Urban area 'E'
Govt. Valuation of Land per ropani	:	Rs. 6,00,000 (six lakhs) per ropani
<i>(Note : 4 paisa = 1 Aanna, 16 Aanna = 1 ropani)</i>		

Solution:

Valuation of House and Land for tax purpose

Area of House	:	234.58 Sq. ft.
Type of House	:	Klin bricks with mud motar
Year of construction	:	Before 2050 B.S.
Govt. Valuation rate of House per sq. ft.:		Rs.525
Value of House	:	Total area × rate per sq. ft. 234.58 sq. ft.× Rs.525 = Rs.615772.5
Year for depreciation	:	(current – construction) year Or 30 yrs which is less i.e. 30 years.
Depreciation Rate	:	2% per year
Amount of Depreciation	:	value of House × year for dep ⁿ . × dep ⁿ . rate

$$= \text{Rs. } 615772.5 \times 30 \text{ yrs} \times 2 \%$$

$$= \text{Rs. } 369463.5$$

Total valuation of House after depⁿ.: Value of House – Depⁿ. Amount

$$= 615772.5 - 369463.5$$

$$= \text{Rs. } 246309$$

Area of Land : 0-0-3-0 ropani or 3 paisa

Actual valuation of Land : Area of Land × Govt. valuation rate

$$= \text{Rs. } 28125$$

Total Valuation of House and Land :

Valuation of House after Depⁿ. + valuation of Land

$$= 246309 + 28125 = \text{Rs. } 274434$$

Tax Liability

<i>Tax Slab</i>	<i>Tax Rate</i>	<i>Tax Amount</i>
First Rs. 10,00,000	0	0
Second upto Rs. 10,00,000	0	-
Next upto Rs. 30,00,000	0.05%	-
Remaining Rs.	0.25%	-
Total Tax Liability		<i>Nil</i>

Here, total valuation of House and Land is Rs. 274434. Hence, from the above calculation the tax payer's tax liability is *nil* because his house and land value calculated by the authorized technician and tax administration was not more than 10,00,000 (ten lakhs). Tax liability is occurred when the valuation amount is more than ten lakhs.

Annex: II

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

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

$$Y = a + bx$$

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.44)

$$N = 5$$

$$\sum x = 0$$

$$\sum x^2 = 10$$

$$\sum y = 3916$$

$$\sum xy = 3316$$

$$a = \frac{3916}{5}$$

$$b = \frac{5 \times 3316 - 0 \times 3916}{5 \times 10 - (0)^2}$$

Then,

$$Y = 783.2 + 331.6x$$

Appendices: III

Questionnaires

Respondent (Tax payer/ Tax administration)

Name:

Designation:

Occupation:

Office/ Organization:

Questions

1. Property 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 property tax?"

a) Yes

b) No

c) Compulsory needed

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

a) Yes

b) No

c) Not enough

4. What is the effective means of information for property tax?

a) Municipality Administration b) Chamber of Commerce

c) Media (TV, radio and & Newspaper

5. Do you/ tax payers pay property tax to BharatpurMunicipality in the certain time?

a) Yes

b) No

6. Do you think present tax policy of BharatpurMunicipality is applicable?

a) Yes

b) No

c) I do not know

7. Where is the venueof paying property tax in Bhaktpur?

a) BharatpurMunicipality b) Ward Committee Office

c) District Development Committee Office

8. Are you/ tax payers satisfied with the rebates given by the municipality in the property tax?

a) Yes

b) No

c) Reforming is necessary

9. In which condition, have you/ tax payers paid property 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.

10. What is the purpose of paying property tax?

- a) Register & fixed ownership of the land and house
- b) To maintain legal compulsion
- c) To show status in the society

11. Do you/ taxpayers have complication in paying house and land tax?

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

12. What is the condition of present tax policy?

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

13. What should be the purpose of property 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 Bharatpur Municipality
- d) To maintain the equalities in locality/ society.