

23/A

No. 14 (1)-P/52-I
Government of India
Ministry of Finance
Department of Economic Affairs

New Delhi, the 10th May, 1954.

From
Sri C. S. Krishna Moorthi, I. A. S.,
Deputy Secretary to the Govt. of India,

To
The Chief Secretaries to the Govt. of
All Part 'A' & 'B' States,
(Except Jammu & Kashmir)

Sub.: Payment of service charges to local bodies in respect of Central Government properties:

Sir,

Under Clause (1) of Article 285 of the Constitution, the properties of the Government of India are exempt from all taxes imposed by local authorities in the States. It has been represented to the Government of India that notwithstanding this Article the Government should agree at least to the payment of charges for services rendered by local authorities. The Government of India has given careful consideration to such representations in the light of the recommendations made by the Local Finance Enquiry Committee in regard to taxes on Central Government properties. They have decided that payment should be made with effect from April 1, 1954 to local bodies for "Service charges" in respect of Central Government properties on the following basis :-

(i) The Central Government will make payment in respect of their properties for specific services rendered by local authorities, but payment of such "service charges" shall be treated not as payment of taxes, but as compensation payable in quasi-contract (mode? - ed.). **Specific Services** will include not only direct services such as water and electric supplies, scavenging etc. but also general services such as street lighting, town drainage, approach roads connecting the Central Government properties, etc. But such items as educational, medical or public health facilities will be excluded.

(ii) For large and compact blocks of their properties, the Central Government will not pay for such specific services as they themselves arrange.

(iii) As regards assessment, no difficulty should arise in respect of items like metered water or electricity, etc., or where services like drainage and scavenging, etc., are charged for separately. But where some or all such specific services are not charged for separately but are part of a consolidated house or property tax, a suitable percentage of such consolidated tax, representing the element of specific services, will be paid by the Government.

The State Government concerned may kindly fix this percentage on behalf of the Central Government, for each local body concerned and intimate such percentages to the Ministry of W. H. & S. who will arrange to intimate them to all other Ministries of the Government of India and through them to all the Central Government offices concerned. Similarly, the valuation of the Central Government property may be done by the agency which undertakes the valuation of the State Government property and any references regarding changes in valuation should be made to the Ministry of Railways (Railway Board) in the case of Railway properties to the Ministry of W.H. & S. In other cases (where any question of principle is involved, the Ministry of Railways will act in consultation with Ministry of W. H. & S.).

(iv) A Ministry of the Government of India may also enter into separate contract with any local authority for the supply of water and electricity or scavenging or any other services.

(v) The above arrangement will be subject to review, whether in case the Taxation Enquiry Commission suggests any modification or at the end of ten years, to see whether any payment due to local bodies has been denied by the Centre or whether the Central Government has accepted a larger liability than is warranted.

(vi) Properties which are already paying service or property taxes under clause (2) of Article 285 of the Constitution will not come within the purview of these orders; nor will properties of Central Government industrial undertakings constituted into private limited companies under the India Companies Act.

(vii) These arrangements do not affect the legal rights conferred under the appropriate laws on any property held by the Central Government within the jurisdiction of local bodies.
I am to request that the decision of the Government of India conveyed in this letter may kindly be intimated to the local authorities within your state.

Yours faithfully,
Sd/- C. S. Krishna Moorthi,
Deputy Secretary to the Govt. of India.

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- Copy forwarded to:
- (1) All Ministries of the Government of India.
 - (2) All Division in the Department of Revenue & Expenditure and Economic Affairs, including Administration Branch.
 - (3) The Comptroller & Auditor General and all State Accountant Generals with the request that they may please intimate the decision to all the authorities under them.
 - (4) The Taxation Enquiry Commission/the Planning Commission for information.

2. It may be added for the information of the Ministries etc. that Central Government industrial undertakings constituted into private limited companies under the India Companies Act do not enjoy exemption from local taxation under Article 285 (1) of the constitution. Such companies or corporations will have to pay all the usual local taxes. Similarly, article 285 has no application to part 'C' States, and consequently the liability of the Central Government or the State Government in Part 'C' States to pay local taxes in respect of Central Government properties will be governed by the provisions of the particular law under which the taxes are levied.

By order, etc.

Sd/- C. S. Krishna Moorthi,
Deputy Secretary to the Government of India.

GOVERNMENT OF INDIA
Ministry of Works, Housing and Supply

No. 23 (8) v-Cont.

Date New Delhi, the 25th August, 1962

OFFICE MEMORANDUM

Sub. : Payment of property tax or service charges to the Corporation of Calcutta and the Howrah Municipality in respect of Central Govt. properties in Calcutta and Howrah.

1. In supersession of this Ministry's O. M. No. 23 (8) iv dated the 8th September, 1958, on the subject mentioned above, the undersigned is directed to state that it has now been decided that with effect from the 1st April, 1954, service charges in respect of Central Govt. properties constructed or acquired after 31.3.37 within the limits of the Corporation of Calcutta (including Tollygunge area) and the Howrah Municipality,