

**D.O. Letter No.53006/2015/PRI 3-1, dated 07.08.2015**

Dear Thiru/Tmt.

Sub:- Rural Development and Panchayat Raj Department –  
Village Panchayats – Augmentation of Own Sources of  
Revenue– Instructions – Regarding.

Ref: - 1. G.O.(Ms)No.92, Rural Development Department,  
dt.26.3.1997.  
2. G.O.(Ms) No.255, Rural Development Department,  
dt. 13.12.1999.  
3. G.O.(Ms)No.9, Rural Development (C2)  
Department, dt. 18.01.1999.  
4. G.O.(Ms)No.41, Rural Development and Panchayat  
Raj (PR.I) Department, dt. 18.05.2009.  
5. G.O(Ms)No.260, Rural Development (WS3)  
Department, Dated: 9.12.1998.  
6. G.O.(Ms)No.255, Rural Development (C2)  
Department, dt. 18.08.1997.

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I invite your kind attention to the references cited.

I wish to state that Village Panchayat is the only body empowered to levy taxes among the three tiers of Panchayat Raj Institutions for which the State Government have given provisions in Tamil Nadu Panchayats Act, 1994 and also issued orders vide references cited enabling the Village Panchayats to levy and collect tax and non tax revenue in rural areas. In order to fully assess the potential resources of Village Panchayats and to augment the income of the Village Panchayats, I request you to give instructions to the field officers and the Village Panchayats on the following points:

**i) House Tax:**

- Village Panchayats should conduct complete survey on the coverage of households for assessment to tax.
- The households uncovered for tax assessment and the houses newly constructed should be brought under tax net without omission.

- Since the House tax assessment is a continuous process, the updation of demand and collection should be carried out in the Village Panchayat Register every month. Also, the data has to be updated online in the TNRD website.
- Different rates should be fixed as House Tax based on the type of houses (hut, tile and concrete houses).
- All the newly constructed houses and other establishments should be brought under tax net and demand to be fixed.
- List of commercial / industrial units available in Village Panchayats should be checked up with the related Departments such as Commercial Tax / Labour Department / TANGEDCO to ensure 100% coverage of all the Commercial units under House tax net.
- Total number of assessments made for Self Finance Educational Institutions should reflect the actual number of such institutions in the Village Panchayat areas. The Village Panchayats should reconcile the total number of assessments already made for the Self Finance Educational Institutions with the corresponding list obtained from the Departments such as School Education/Higher Education etc. The additional units constructed in the existing institutions and the starting of new institutions should be watched and brought to tax net.

## **ii) Professional Tax**

- The total number of professional tax assessments reported may be far below the number actually available in the Village Panchayats.
- Village Panchayats should conduct survey on the number of Private / Government employees available in the Village Panchayats.
- The List of Private Institutions available in village Panchayats can be verified from Commercial Tax Department/TANGEDCO/Inspector of Labour etc.

- The list of Commercial and industrial Units and Self Finance Educational Institutions available in Village Panchayats for House tax/Property tax can also be used to ascertain the number of Private employees available in rural areas.
- Based on these details, the professional tax assessment should be updated and the tax net should be widened

### **iii) Advertisement Tax:**

- District Collector is the authority for issue of license to hoardings and advertisements in Village Panchayats.
- Instructions should be given to Village Panchayats to send the list of advertisements exhibited in their area through Block Development Officer (V.P) for levy and collection of license fee and advertisement tax in rural areas.
- The District Collectors should arrange through Assistant Director (Panchayats) to pass on the amount collected from advertisement tax to the Village Panchayats on quarterly basis.

### **iv) D & O Trade Licensing Fee**

- All the districts have published Gazette Notification after quinquennial revision of Licensing fee and updation of D & O Trade list in the year 2012-13.
- The Village Panchayats should verify the number of actual trade units available in rural areas and assessment made so far and take steps for increasing the number of assessment.
- All the Village Panchayats should take action to increase the number of current year assessments by taking 100% survey.

### **v) Water Charges**

- The Assistant Director(Pts) should monitor the illegal water connections in the Village Panchayats and take steps to regularize them by collecting deposits from the households.

- Clear instructions should be given to the Panchayat Secretaries through Block Development Officer (Village Panchayats) to give special drive for collection of water charges without delay.

#### **vi) Revenue Generating Assets**

- The details on the revenue generating assets in Village Panchayats such as rental shops, community halls, tree plantations, etc., should be compiled to document and facilitate the revenue generating efforts taken up by the Village Panchayats.
- The Assistant Director (Pts) should clearly monitor and review the revenue potential of these assets every month and take efforts to increase the revenue of Village Panchayats.

#### **vii) Building Plan and Layout approval fee**

- The layout plan of a land is to be approved by the Village Panchayat President with the prior concurrence of the Director of Town and Country Planning.
- The District Collector through Assistant Director (Panchayats) should ensure timely grant of layout approval by Village Panchayat Presidents.
- The Block Development Officer (V.Ps) should ensure the receipt of layout approval fee and the registration by the Village Panchayat of Open Space Reservation (OSR) land handed over by the lay out applicant, and it should be recorded in the Panchayat Asset Register.
- In respect of residential buildings with plinth area less than 4000 sq.ft. and commercial buildings with plinth area upto 2000 sq.ft., building plan approval is to be granted by the Village Panchayat President. For more than the above limits, the Village Panchayat President will give approval with the prior concurrence of the DTCP.

- Timely approval of Building plans and collection of Building Plan approval fee for all the newly constructed buildings in rural areas should be monitored at the Block level by the BDO(V.P) and at the District level by the Assistant Director (Pts).

**viii) Mechanism for monitoring the assessment of Own Source Revenue collection by Village Panchayats:**

- During the Village Panchayat inspections, the Deputy Block Development Officer (Pts.)/Block Development Officer (V.P)/Assistant Director (Panchayats) should verify the Registers/Records relating to the Demand-Collection-Balance of various tax and non-tax revenue sources in Village Panchayats. They should assist the Village Panchayats in increasing the assessment and ensure that the tax base is widened for augmentation of own revenue of Village Panchayats.
- The Deputy Block Development Officer (Audit) / Assistant Director (Audit) should ensure that the Annual Village Panchayat Audit Report is not only centered on expenditure side, but also the revenue side. The Annual Village Panchayat Audit Report prepared by Deputy Block Development Officer (Audit) should contain observations on poor coverage in assessment of tax and non-tax revenue, if any.
- Online version of Village Panchayat Form 30 is rolled out in TNRD Website. Month wise progress on assessment of tax and non-tax revenue of Village Panchayats is to be reviewed by the Block Development Officer (V.P) at Block level and Assistant Director (Panchayats) at District level review meeting.

I wish to state that increase in the own source of annual income is prescribed as one of the conditionalities for Village Panchayats to avail Fourteenth Finance Commission Performance Grant. I also wish to state that increase in the own source of income of village Panchayat could easily

be achieved by increasing the assessment by focusing on the assesses left out of tax net, rather than increasing the rate of levy of tax and non-tax revenue which may require amendment of provisions of relevant rules/act.

I have enclosed draft instructions in Tamil to village Panchayat presidents for augmentation of own sources of revenue of Panchayat. I request you to circulate the instructing to village Panchayat presidents.

I also request you to fix the responsibility to Block Development Officer (Village Panchayats) for monitoring the monthly income generation details of Village Panchayats at the Block level. I also request you to nominate the Assistant Director (Panchayats) as nodal officer to monitor the subject at District level. This subject may also be reviewed in the monthly review meeting of Block Development Officers at District level.

I also request you to send action taken report on the above lines before 25.08.2015.

Yours sincerely,

(K.BASKARAN).

To

Thiru/Tmt.....I.A.S.  
District Collector,  
..... District.

Copy to:

The Secretary to Government,  
Rural Development and Panchayat Raj Department,  
Secretariat, Chennai-9.