

An Abridged Field Report of Three Days Training on Integrated Property Tax (IPT)

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1. Background

The Local Self Governance Act, 1999 has given tremendous spaces of right to municipalities for collect Integrated Property Tax in their respective jurisdiction. With a view to implement the activity approved in ASIP 2014/15, MoFALD and Local Development Training Academy (LDTA) have agreed to conduct IPT



training to the representatives of new 72 municipalities. According to the agreement made between MoFALD and LDTA, the three days training program about IPT started in KalwalgudiJhapa on 26 May 2015. The program was facilitated by Mr. ChakrapaniKhanal and Mr. Khagendra Prasad Khatiwada as resource persons on behalf of LDTA.

A total of 21 representatives form Suryaday, Sani-Arjun, Kankai, Birtamod, Phidim, Taplejung, Urlabari, Belbari, Pathari-Sanischare, Koshi-Haraicha and Rangeli municipalities (out of new

72 municipalities) participated in the training program. There was no representation from Sundar-Dulari municipality because of fear of propaganda of happening great earthquake on 26 May 2015 Tuesday. Executive Officer reported that they will participate in second and last day.

Mr. Bishnu Regmi, Under-Secretary, Chief of Revenue Section highlighted the general perspective of LSGA/R, four pillar of fiscal decentralization, scope of taxation in municipalities and limitation of the authorities in the session. Moreover, he encouraged participants for fully implementation of the provision of LSGA and LSGAR about the taxation to increase the internal revenue of municipalities which helps to reduce the dependency on central government grant. He also emphasized that municipalities have to prepare the revenue enhancement plans in consultation with local revenue mobilization committee. In order to increase the local revenue in municipality, the revenue section of municipalities must be capacitated by providing necessary trainings and orientations and institutionalized. The staff working in revenue section must be competent, honest, responsive and accountable to the tax payers.

2. Participants in the training program

The Executive Officers, staff from revenue and account sectionsof the particular municipalities were participated in the three days meeting. It was expected that there will be 24 participants form 12 municipalities (Rangeli, Phidim, Urlabari, Suryodaya, Shani-Arjun, Kankai, Taplejung, Belbari, Koshi-Haraicha, Birtamod, Pathari-Sanischare and Sundardulari) in the training program. However, 21 were participated from all 12 municipalities. From the gender perspective, out of the total participants, 4 were women. However, from the viewpoint of responsibility, of the total 21 participants, 4 were Executive Offers. Of the total 12 municipalities, there was one/one participation from Kankai, Pathari-Sanishchar and Sundardulari municipalities. The detail of participation is as follows.

SN	Total number of participants			
	Adhibasi/Janajati	Madeshi	Others	Total
1	4	1	16	21

3. Issues raised by the participants during interaction

- Time of training is not appropriate because it is the time of program implementation and utilization of fund. So participants advised to conduct such training in first and second trimester of the fiscal year.
- It is very difficult to follow all the steps/processes before implementing IPT because of the lack of human resources in new municipalities. So human resource management must be given first priority for implementing IPT.
- Due to time constraint for preparation of all the processes it would be difficult to implement IPT from the coming fiscal year 2015/16. So must of the municipalities made commitment to implement from fiscal year 2016/17. However, they will complete all the processes in the coming fiscal year 2015/16.
- Participants expressed that there must be horizontal coordination between MoFALD and Land Reform Minister to receive the actual information about the land details in the respective municipality area through the District Land Revenue Office (Malpot) and Survey Office in the district.
- It is not easy to convince people to pay high tax in the name of IPT as compared to previous low tax people had paid as land tax in VDC.

4. Response of participants about training

The LGCDP evaluation team led by Rune ... including Dr. Raghu Shrestha, Ms. Kanta Singh, Bishwo Basaula and Mr. Tika Panthi also visited and interacted with the participants about the learning of the training program. The major objective of the visit was to encourage participants and get information about the importance of the training from the participants. The experiences of participants were as follows.

- The training provided opportunity to understand the meaning of IPT, its processes and various aspect of formation of evaluation committee, area division and rate fixation of IPT.
- Participants got opportunity to distinctly differentiate between IPT and Land and House tax
- Participants also enlightened about the detail provisions of taxation authority and responsibilities mentioned in LSGA and LSGAR.
- Municipalities have not been able to collect/receive 2% house rent tax. To make it efficient there should be proper coordination between Revenue office in the district and respective municipality.



- Municipalities have not been able to collect revenue from vehicles tax. The cooperation from Transportation Management Division and Offices must be ensured for effective implementation of vehicles tax.

5. IPT implementation Decision

Of the total 12 municipalities participating in the ITP training, Sundardulari, Birtamod, Urlabari, Suryadaye, Belbari and Koshi-Haraicha municipalities have already made decision to implement IPT from the coming fiscal year 2015/16.



6. Case in Kankai Municipality

According to the participant form Kankai municipality, about 30 % land of urban area are not legally registered in the name of owners. So people have used the land without and legal right. However, municipality has been providing necessary services such as supply of drinking water, construction of roads, drainage, and electrification and so on. But municipality could not collect any taxes from them due to their illegal occupancy on the land. Unless this is resolved, there will be always difficulties to collect local taxes from the urban inhabitants.

7. IPT Implementation Action Plan

Participants were oriented in preparing and implementing of the Action Plan during the training program. Facilitators highlighted and facilitated on the sixteen steps action plan of IPT implementation. The steps were formation of task force, formation of property evaluation committee, orientation to stakeholders including tax payers about IPT, conduction of personnel training (municipality staff) on IPT, management of necessary physical infrastructure (room, computer, table, chair, rack etc.) for revenue section, determination of minimum value of land, determination of minimum value of physical construction in land, interaction in ward level with WCFs, political parties and civil society, approval of the minimum rate of tax, printing of forms/formats, publication of public notice, collection of basic information about individual tax payer, filling, coding, processing of collected information, computer software installation, computer entry of the individual information and finally collection of tax as IPT from the individual tax payer.

8. Conclusion

The three days training found very important. It provided opportunity for participants to understand the concept of IPT and its implementation processes. It eased organizers to know the ground level issues and best practices in local tax collection and implementation of IPT and the efforts made by the municipalities so far. The participants also exercised in preparing IPT Implementation Action Plan in groups and shared to each other for building confidence in the processes.