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**NORTH DELHI MUNICIPAL CORPORATION**  
**ASSESSMENT & COLLECTION DEPARTMENT**  
**14<sup>TH</sup> FLOOR, DR. SPM CIVIC CENTRE, J.L.N. MARG,**  
**NEW DELHI-110002.**

No. Tax/NDMC/HQ/2012/721

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CIRCULAR No. 1 of 2012

Many motels have come up in the green belts and adjoining extended Lal doras in Delhi on the highways. These motels are either not paying property tax on the pretext of being on agricultural land or filing returns of property tax on commercial basis (use factor 4) with category of Unit Area Value of the particular rural village i.e. H Category @ Rs. 100/- per sq.mtr. The motel owners / operators are resisting treatment as hotels. The assessing authorities of the A&C Deptt. also have dealt the motels differently in various assessment orders. The issues and lack of uniformity have been brought to notice for issue of a guideline.

As to the property tax from farm houses, they have been treated as special properties liable to pay property tax on Annual values which are higher than the Annual Value of the normal properties in the neighboring villages. The farm houses in Civil Lines, Narela and Rohini Zones have to be taxed such that the built up areas are treated category E and the vacant lands are treated category H. Also the treatment of part of vacant land in a farmhouse as exempt u/s 115(1)(i) of the DMC Act from property tax on account of that being in agricultural use was not correct as by virtue of the proviso to bye-law 5 of the DMC (Property Taxes) Byelaws, 2004 no vacant land appurtenant to a farmhouse shall be construed as agricultural land, and such land shall be liable to property tax.

The way the farm houses are precluded from availing exemption of property tax on vacant land on account of agricultural activity, similarly motels cannot be treated at par with farm houses and also they cannot seek exemption of property tax on the green area located in the premises of the motels. Motels are hotels in all respect except that they are located on highways or close to major roads and intersections and are designed in a way that suits the motorists on long journeys for their short stay, usually for a night and usually has a parking area for motor vehicles.

Motels in Delhi, even though in the green belts on the highways, cannot be said to part of the village abadi. Category of colony (where the motels are situated) cannot be category of the village for the purpose for property tax. At the same time, in many of the motels even wedding and reception functions and also many high end events are organized, which take place in Farm Houses and star hotels. The restaurants and banquets in some

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motels have business similar to any established and star hotel. In fact, these properties are not motels in the strict sense. This also cannot be denied that to allure more and more customers and to get more business, some of the motels are not less than any three star hotel in terms of facilities created therein and that the beautification of the vacant land appurtenant to motels is made for the beneficial enjoyment of the property itself by customers. The vacant land in the premises of motel cannot have benefit of any exemption even on account of any agricultural activities and use.

As motels are not specifically defined and categorized for the purpose of property tax under the DMC Act, 1957 or the DMC (Property Taxes) Byelaws, 2004, there is need to issue of a guideline for property tax assessment. Thus for uniform treatment and transparency for the purpose of Property Tax, a motel in the jurisdiction of North Delhi Municipal Corporation shall be treated as under:

- a. a motel will be treated as a hotel (i.e. hotel below three star),
- b. for the computation of annual value, the base unit area value of the covered space of the building(s) of a motel and vacant land in the premises will be that of the category of the colony (not being a rural village) where it is situated and in absence there of that of the highest category neighboring colony (not being a village) and the use factor will be 4 i.e. that of a hotel below three star, and
- c. for the computation of property tax, rate of tax will be the rate of tax specified for a hotel.

The circular comes into force with immediate effect.

All Jt. A&Cs and Dy. A&Cs of zones are directed to circulate the above instructions among officials working under their control and to ensure strict compliance.

(M.S.A.KHAN)  
ASSESSOR & COLLECTOR  
NDMC

JL&Cs, Dy. A&Cs & AA&Cs, NDMC

Copy to Chief Director (IT) for up loading the circular on website.

No. TAX

Legality

Name

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