BANGALORE PROPERTY OWNERS ATTITUDE TOWARDS THE PROPERTY TAX UNDER SELF - ASSESSMENT SCHEME : A ZONAL CLASSIFICATION ANALYSIS

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Abstract :

Throughout the world, property taxes are commonly employed as the main source of locally generated revenue. In Bangalore, property taxes are collected under New SAS. When SAS was introduced in Bangalore, there was lot of transparency and payment of tax was made easy. However, whether the property owners are aware of SAS, perceive the payment process similar, accept the taxation policies without any differences, a study was undertaken.

Keywords : *Property tax, SAS, awareness, perception, impact, service quality*

INTRODUCTION

Property tax is a tax that an owner of property is liable to pay on the value of property being taxed. Property Tax in India is levied on residents by local municipal authorities to upkeep the basic civic services in the city. The administration of a property tax involves identifying the property to be taxed, assessing its value, determining the appropriate tax rate, and collecting the requisite sum of money.

STATEMENT OF THE PROBLEM

Over a period of time lot of changes have taken place in the method of assessment of property tax in many parts of the country including Karnataka. In the year 2000, the Government of Karnataka introduced Self-Assessment Scheme which was made optional. Property was assessed to tax based on its Annual Ratable Value. City was classified into six zones based on the property valuation done by the department of revenue. The property owners could not decide the ARV for self-occupied properties and whether the property was let or not, tax was being levied based on expected ARV.

Therefore the main purpose of this research is to understand the perception factors and examine reasons for their impact on the tax payer towards their behavior and acceptance level of new self-assessment scheme. This study brings focus on the tax payer's awareness level and acceptance level of the new SAS in the Bengaluru city.

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REVIEW OF NATIONAL JOURNALS

Mathur, Thakur and Rajadhyaksha (2009), NIUA (National Institute of Urban Affairs (2010) in their article "Urban Property tax potential in India" examines the property tax revenues have declined in Delhi as a result of a system of self-assessment. The total number of properties in Delhi was stated to be 2.53 million but only approximately 960000 properties on the municipal tax register which reflects administrative inefficiency. He also states rent controlled properties can create distortions in rental value based methods. Valuation which is based on unit area characteristics is a safer option of assessment with fewer fluctuations.

Gnaneshwar (2009) in his study based on Municipal Corporation from Andhra Pradesh, Tamil Nadu and Karnataka establishes that there is gain in Karnataka in collecting revenue as they shifted to an area base tax system. He says the legal framework were stringently used to the existing tax system. But there are many other factors which are responsible for implementing this reform successfully.

Mohanty P.K. et al (January 2008), published by Reserve Bank Of India analyzed the reasons for differential performance of Urban Local Bodies (ULBs) with respect to fiscal parameters and provision of civic amenities. Over a period of time the functions and responsibilities of local bodies have increased considerably without any enhancement in their resource base. The objective of the study was to examine the revenue and expenditure pattern of municipalities and assess their fiscal position, to analyses performance of ULB's with respect to fiscal parameters and provision of civic infrastructure, to examine and identify the constraints which influences their performance, to estimate the resource requirements for the period from 2004-2014 and suggest measures for improving municipal financial system.

REVIEW OF INTERNATIONAL JOURNALS

Razak Abubakari Abdul and Adgala J Christopher (2014) in their study examined that it is the individual's awareness and taxpayers attitudes influences the individual payment of tax on time. The perceived set of benefits claimed from the provision of public goods and services particularly physical infrastructure is high. The results states that individuals in the city of Ghana did not completely understand the tax system. There is significant positive statistical was found to exist between level of understanding and tax compliance decision.

Natrad Saad (2014) This study examines taxpayers' views on their level of tax knowledge and perceived complexity of the income tax system. Further, the study attempts to delve in the underlying reasons for non-compliance. Data was gathered through telephone interviews with thirty participants, and analysed using thematic analysis. Results suggest that taxpayers have inadequate technical knowledge and perceive tax system as complex. Tax knowledge and tax complexity are viewed as contributing factors towards non-compliance behaviour among taxpayers.

Akilu, M. U., Kasim, R., & Martin, DAn Akilu, M. U., Kasim, R., & Martin, D. (2012) (2013). In his work there is a quest for excellent services in the municipal corporation. He explains there is need for improvement of performance in service delivery. The government should collect tax for the construction and maintenance of essential services in the cities and to meet the capital expenditure of the government tax from property can be collected.

RESEARCH DESIGN

The Research Objectives Pursued are:

To bring out the significant difference among the different categories of location zones in the level of Awareness, Perception, Acceptance, Impact and opinion on Service quality of property owners on the new self-assessment scheme

Hypothesis

H_1: There is significant difference among the different categories of location zones in the level of Awareness, Perception, Acceptance, Impact and opinion on Service quality of property owners on the new self-assessment scheme

Type of Research: Descriptive and Analytical research is the most appropriate for this study. The descriptive research studies are those studies, which is concerning the characteristics of a group.

Type of Survey

This study was exploratory in nature because the focus of the study is to gain more insight and knowledge about the Self-Assessment scheme and to determine the acceptance level of this scheme. In this study, sample survey methodology was used to obtain information about a large aggregate population by selecting and measuring a sample from that population.

Area Study: The present study concentrates only on the tax payers paying property tax under new self-assessment scheme in different zones in the city of Bengaluru who are classified based on the Bandwidth viz., Zone A, B, C, D, E & F.

Period of study

Pilot study was conducted during March 2014 to May 2014. Based on the results of the pilot study the questionnaire was modified to meet the understanding level of the respondents and data for the main study was collected during April 2014 to Jan 2015.

Type of data

A multistage random sampling was adopted for conducting research in 6 different zones. This sampling method was chosen to divide the population into groups. Instead of using all the elements in the population only a small percentage was included. Than using a single sampling technique, multi stage sampling can be easily implemented as it creates a better representative sample of the population. The researcher was able to use the samples very effectively and thereby reduce cost and time. Both qualitative and quantitative data was collected using questionnaire and it was measured through Likert five point scales.

The secondary data were collected from various Books, Journals, and research articles and from conference proceedings. Various tools used to analyze the secondary data were actual forms, and operating documents used by the office, previous reports on SAS and Internet and published papers.

Sample Size:

Empirical data for this study were gathered from the property owners from different zones in Bangalore district. In total 810 surveys were circulated and a response of 601 were received.

Tool / Technique used : Since the normality assumption is rejected for all the factors, the non-parametric equivalent of ANOVA, known as Kruskal Wallis test was used

Analysis and Discussion

It is of interest to the researcher to see whether there is any significant difference among various location zones in the levels of awareness, perception, acceptance, impact and service quality. Since the normality assumption is rejected for all the factors, the non-parametric equivalent of ANOVA, known as Kruskal Wallis test was used. The results are

given in the following pages:

1. Kruskal Wallis test to test the Equality of different zones for various factors of Awareness

H_0: There is no significant difference in various factors of Awareness due to location zone

H_1: There is significant difference in various factors of Awareness due to location zone.

Table. 1

Factors	Zone						Chi square	DF	P	
	A	B	C	D	E	F				S/NS
1	1.82	1.94	2.13	2.09	2.15	2.37	10.26	5.00	0.065**	S
	(0.61)	(0.67)	(0.85)	(0.52)	(0.80)	(0.73)				
2	2.97	3.00	3.02	3.02	2.62	3.00	4.72	5.00	0.40	NS
	(1.12)	(1.24)	(1.24)	(1.24)	(0.99)	(1.27)				
3	2.14	2.41	2.29	2.61	2.48	2.41	7.34	5.00	0.14	NS
	(0.85)	(0.95)	(1.05)	(0.80)	(1.20)	(0.99)				
4	2.86	2.81	2.85	2.79	2.88	2.44	0.73	5.00	0.98	NS
	(0.60)	(0.60)	(0.61)	(0.70)	(0.63)	(0.46)				
5	3.22	3.21	3.09	3.08	3.28	3.11	7.28	5.00	0.20	NS
	(0.98)	(0.89)	(0.95)	(0.85)	(0.93)	(1.08)				
6	3.84	3.37	3.27	3.71	2.76	3.92	42.68	5.00	0.000*	S
	(1.54)	(1.67)	(1.58)	(1.68)	(1.72)	(1.27)				

Values given in the parentheses are the standard deviations
*Significant at 5% level. **Significant at 10% level.

The null hypothesis is rejected for the factor 6, thus concluding that there is significant difference at 0.05 level in factor 6 due to different location zones. This says that the awareness on _factor convenience differs significantly for the respondents from different zones. Factor 1(simplicity & equality)is significantly different at 0.10 level for various zones of location. This implies that the awareness of the respondents on simplicity in tax paying differs at 10% level for different zones.

For the other factors the null hypothesis is not rejected, hence resulting into the inference that the zones are not significantly different for different zones in the awareness level on Elasticity (Factor 2), grievance addressal (Factor 3), effective enforcement_(Factor 4) and negative reinforcement (Factor 5).

2. Kruskal Wallis test to test the Equality of different zones for various factors of Perception

H_0: There is no significant difference in various factors of Perception due to location zone

H_1: There is significant difference in various factors of Perception due to location zone.

Table. 2

Zone-wise mean (standard deviation) for the factors of perception

Factors	Zone						Chi square	DF	P Value	S/NS
	A	B	C	D	E	F				
1	2.53 (0.59)	2.48 (0.60)	2.71 (0.54)	2.78 (0.56)	2.55 (0.50)	2.58 (0.78)	13.18	5	0.022*	S
2	2.78 (0.70)	3.23 (0.70)	2.89 (0.69)	2.97 (0.76)	2.92 (0.67)	2.69 (0.53)	3.22	5	0.67	NS

*Significant at 5% level

The above table shows that the null hypothesis is rejected for the factor 1 whereas it is not rejected for factor 2.

Interpretation: The null hypothesis is rejected for factor 1(tax payers compliance behavior) thus stating that there is significant difference at 0.05 level due to different location zones. This means that perception on tax payer's compliance behaviour differs significantly for the respondents in different zones. For factor 2 (punitive measures/ deterioration in moral standards), the null hypothesis is not accepted thus concluding that there is no significant difference at 0.05 level due to different location zones. This means that perception of tax payers regarding the punitive measures adopted does not differ significantly for the respondents in different zones.

3. Kruskalwallis test to test the equality of different zones for various factors of acceptance

H_0 : There is no significant difference in various factors of Acceptance due to location zone

H_1 : There is significant difference in various factors of Acceptance due to location zone.

Table 3 gives the results of Kruskal Wallis test for the above hypotheses.

Table 3

Zone-wise mean (standard deviation) for the factors of Acceptance

Factors	Zone						χ^2	DF	P Value	S/NS
	A	B	C	D	E	F				
Productivity	2.38 (0.57)	2.42 (0.64)	2.36 (0.79)	2.59 (0.89)	2.63 (0.83)	2.76 (1.22)	2.94	5	0.71	NS
Effective administration Expediency	2.33 (0.74)	2.64 (0.61)	2.38 (0.78)	2.52 (0.74)	2.59 (0.59)	2.78 (1.10)	16.92	5	0.005*	S

Values given in the parentheses are the standard deviations
*Significant at 5% level

The above table shows that the null hypothesis is rejected for the factor 2 whereas it is not rejected for factor 1.

The null hypothesis is rejected for factor 2(Effective administration) , thus stating that there is significant difference at 0.05 level due to different location zones. This means that the tax payers differ in their acceptance level on factor 2(effective administration) while it is not significantly different that is the tax payers acceptance level remains the same for factor 1 (productivity).

4. Kruskalwallis test to test the equality of different zones for various factors of Impact

H_0 : There is no significant difference in various factors of Impact due to location zone

H_1 : There is significant difference in various factors of Impact due to location zone.

Table 4 gives the results of Kruskal Wallis test for the above hypotheses.

Table 4

Zone-wise mean (standard deviation) for the factors of Impact

Factors	Zone						χ^2	DF	P Value	S/NS
	A	B	C	D	E	F				
1	2.45	2.79	2.39	2.59	2.84	2.78	39.42	5.00	0.000*	S
	(0.67)	(0.63)	(0.65)	(0.80)	(0.64)	(1.00)				
2	1.49	1.69	1.69	1.60	1.75	1.50	34.14	5.00	0.000*	S
	(0.69)	(0.60)	(0.42)	(0.54)	(0.51)	(0.25)				
3	1.89	2.12	2.14	2.17	2.18	2.00	13.26	5.00	0.021*	S
	(0.72)	(0.62)	(0.60)	(0.50)	(0.56)	(0.69)				
4	2.38	2.42	2.42	2.27	2.46	2.72	10.77	5.00	0.056**	S
	(0.79)	(0.69)	(0.69)	(0.68)	(0.67)	(0.80)				
5	1.59	1.81	1.81	1.59	1.60	1.89	17.52	5.00	0.004*	S
	(0.96)	(1.13)	(1.13)	(0.88)	(0.89)	(1.27)				

Values given in the parentheses are the standard deviations
*Significant at 5% level. **Significant at 10% level.

Factors 1, 2, 3 and 5 are significantly different at 5% level, due to zone of location whereas factor 4 is significantly different at 10% level for different locations zone. The null hypothesis is rejected for factor 1,2,3 and 5, thus explaining that there is significant difference at 0.05 level due to different location zones. This means that the impact on personal satisfaction of tax payers, Positive reinforcement, Stability in tax laws, Economy is significantly different due to different location zones. The null hypothesis is rejected for factor 4 (diversity) thus inferring that there is significant difference at 0.10 level due to different location zones.

5. Kruskalwallis test to test the equality of different zones for various factors of opinion on Service Quality

H_0 : There is no significant difference in various factors of Service Quality due to location zone

H_1 : There is significant difference in various factors of Service Quality due to location zone

Table 5 gives the results of Kruskal Wallis test for the above hypotheses

Table 5

Zone-wise mean (standard deviation) for the factors of opinion on service quality

Factors	Zone						χ^2	DF	P Value	S/NS
	A	B	C	D	E	F				
1	2.59 (0.80)	2.63 (0.88)	2.76 (0.97)	2.60 (0.84)	2.75 (0.89)	2.13 (0.76)	19.26	5.00	0.002*	S
2	2.27 (0.87)	2.58 (0.76)	2.40 (0.71)	2.18 (0.69)	2.54 (0.84)	2.67 (0.87)	7.01	5.00	0.20	NS
3	2.52 (0.79)	2.67 (0.80)	2.54 (0.63)	2.62 (0.61)	2.64 (0.89)	2.44 (0.82)	1.54	5.00	0.89	NS
4	2.29 (0.75)	2.28 (0.79)	2.00 (0.75)	2.01 (0.75)	2.17 (0.78)	2.83 (0.43)	13.87	5.00	0.017*	S
5	2.69 (1.12)	2.72 (1.34)	2.52 (1.15)	2.98 (1.18)	2.61 (1.17)	2.11 (0.78)	11.45	5.00	0.047*	S

*- Significant at 5% level.

Factors 1, 4 and 5 of service quality are significantly different at 5% level, due to zone of location zone does not affect the factors 2 and 3 significantly. The null hypothesis is rejected for factor 1 (Officers coordination), 4 (convenience and 5 (certainty), which means that there is significant difference at 0.05 level in these factors due to different location zones. It also means that there is significant difference of opinion in officer's coordination, convenience and certainty in various factors of Service Quality due to location zone. However, the null hypothesis is accepted for factor 2 (Social and psychological behavior) and factor 3(flexibility) which means no significant difference in various factors of Service Quality due to location zone.

CONCLUSION

Property owners across Bangalore city paying house tax underself - assessment scheme agree that the process involved is simple and transparent. However, various other factors namely equality, expediency, effective administration, personal satisfaction of tax payers, positive reinforcement, stability in tax laws, economy, officers coordination, convenience, certainty, social and psychological behavior, flexibility are dominant characteristics were residents have different opinion. Thus, there is any significant difference among various location zones in the levels of awareness, perception, acceptance, impact and service quality.

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