



Our Support to the Integrated Property Tax System (IPT)

Background

The Local Self Governance Act (LSGA), promulgated in 1999, has given legal authority to municipalities to levy house and land tax, or *Integrated Property Tax* (IPT). Municipalities have the right to levy (*IPT*) in lieu of House and Land Tax (HALT) and land revenue tax. IPT/HALT has become the most important own source income for most municipalities. Still, IPT coverage is comparatively poor and needs to be improved in order to strengthen municipal own source revenues and reduce the dependency of the cities from the national transfer system.

In 2001, utilising its experiences of the past, *udle* developed a house numbering system and IPT management as the most important service packages to municipalities.

What is Integrated Property Tax?

IPT is a municipal land and property based tax, which bears greater revenue potential and higher buoyancy. It is being successfully implemented in many municipalities of Nepal already.

The following frameworks help municipalities to levy IPT:

- Local Self-Governance Act and Rules;
- Municipal IPT guidelines/manuals;
- House numbering and street naming manuals;
- Revenue administration bylaws;
- Building permission guidelines; and
- IPT/software manuals and its regulatory systems

Our approach

udle's approach to IPT management is based on a comprehensive set of integrated services. We support our partners by providing advisory services aimed at:

- Improving and elaborating legal frameworks and guidelines for IPT management;
- Introducing a monitoring system to measure the progress of IPT;
- Strengthening institutional capacities through various process facilitation, training, and workshops;
- Improving social communication, public awareness, and public participation in IPT; and
- Promoting networks and initiatives in IPT as part of knowledge management.

Therefore, *udle* key services in terms of implementing and improving IPT include:

- Detail process consultation support to implement IPT in municipalities;
- Computerised property valuation system; and
- Computerised billing system and fast track tax clearance service



Our success

udle so far has trained more than 150 employees from 50 municipalities on IPT management. After the training, more than 40 municipalities prepared project proposals to implement IPT and applied for matching funds/grants at central level. More than 30 municipalities have implemented IPT, some of them with impressive results.

Municipalities are now functioning more efficiently with computerised systems, which have helped to administer and manage crucial information. The municipalities are now able to cover all taxpayers within a municipal area to value houses/land parcels, assess taxes; update tax records, and process bills by using automated IPT data. Municipal employees can immediately provide all the information of possible taxpayers to the management/authority. As a result, taxation practices are more accurate, efficient, and transparent.

Contact

Dr. Horst Matthaeus
Programme Manager
German Technical Cooperation (gtz)
udle programme
P.O. Box 1457, Kathmandu/Nepal
Tel.: +977 1 4464767
Fax: +977 1 4464735
EMail:Horst.Matthaeus@gtz.de