

CAPITAL DEVELOPMENT AUTHORITY
(Coordination Directorate)

Minutes of the meeting
of C. D. A Board.

A Special Meeting of the CDA Board was held in the Conference Room at 10.00 A.M on 21st December 1989 to discuss the summaries moved by Member (A) on the subject "Levy of Municipal Taxes in Islamabad and Amendments in CDA Ordinance 1960" circulated vide Coordination Directorate Memo. No. CDA-657/BM-Coord/89 dated December 17, 1989. The following attended:-

1. Chairman.
2. Member (P).
3. Member (A).
4. F.A/Member.
5. Member (E).
6. D.D.G (M.A).
7. D.D.G (Planning).
8. Secretary, CDA.
9. Director Estate Management.
10. Director P, E&C.
11. Addl: Director Lands.
12. Law Officer (Litigation).

2. The gist of discussion on each item and decision taken follows:-

i) Levy of Municipal Taxes in Islamabad.

The background of the case was explained to the Board by Member (A). He highlighted the salient features of the summary placed before the Board for consideration.

Chairman observed that since the Finance Minister in his budget speech had announced the imposition of property

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tax in Islamabad, hence the issue that remained to be decided was to determine as to how and in what manner the tax should be assessed. Member (A) pointed out that according to the procedure laid down under the relevant law, CDA was required to publish the proposals inviting objections and suggestions from the public and re-submit the final report for ultimate approval from the Government. He said that the proposal was duly advertised for inviting objections/suggestions from the public and Sub-Committee was constituted for hearing the objections. The Sub-Committee after hearing the objections submitted its report which was considered by the Board in its meeting held on 12th June 1989. No final decision was reached either in respect of the assessment formula or the type and nature of the exemptions. The only broad consensus that was reached was that the CDA should try its best to avoid individual assessment of property by low paid employees as this would lead to corruption and public criticism. Instead a formula should be evolved which should eliminate the need for individual assessment. He then referred to the three (3) alternatives discussed in the summary dealing with the assessment of the tax. Chairman observed that while determining assessment formula we will have to satisfy ourselves that the formula was realistic and based

on equity. Also it should correspond to the annual rental value of the property so as to meet the requirement of the Cabinet decision. He further stressed that any formula which operated favourably in some cases and unfavourably to others would neither be desirable nor acceptable. After detailed discussion on each of the alternatives mentioned in the summary it was decided with consensus that the formula for assessing the tax on flat rate basis be adopted but the inputs for working out the rate should be revised so as to ensure its linkage with the annual rental value of the property. Chairman observed that unless this requirement was met, it will not be possible to justify the assessment of tax on flat rate basis. It was therefore, decided that the basis for determining the flat rates be revised upward both in respect of residential plots as well as commercial plots. Chairman observed that the ratio of tax recovery from commercial property in the Metropolitan cities of the world constituted major portion of the total receipts. Therefore, the basis for the flat rate in respect of commercial/industrial plots should be so determined as to ensure a major portion of the revenue from such properties. It was further decided

that priority should be accorded to this task so that the Board could meet again on 26th December 1989 to finalize the matter.

The Board also considered the additional exemptions mentioned in the summary. The proposal put forth during discussion that a retired Government servant residing in self occupied house may be charged 1/4th of the tax was considered and approved.

As regard the organizational set up for the Directorate of Taxation, CDA it was decided that we need not requisition the services of any-body on deputation. Instead a Taxation Cell should be set up under a Director who should be appointed from within the organization so that preliminary work could be undertaken by him at this juncture.

ii) Amendments in the CDA Ordinance.


The background of the issue was briefly explained to the Board by Member (A). The amendments proposed to be made in the CDA Ordinance and discussed under item (i) to (iii) of para 2 of the summary were considered by the Board. As regards the amendment in Section 2 (k) of the CDA Ordinance 1960 discussed under item (i), it was pointed out that the Government had already been moved in this behalf and a bill was under process. As regards the other two

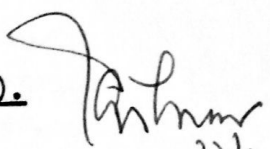
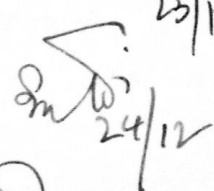
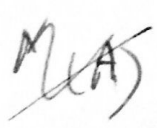
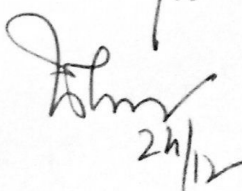
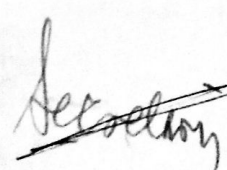

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amendments proposed in the summary, the Board was of the firm view that these amendments were not called for. In fact there was hardly any law under which the provision of Rehabilitation Policy constituted a part of the substantive law. However, the Government could make rules any time if the need to do so was felt.

3. The gist of discussion as recorded above may kindly be seen for favour of confirmation before the same is circulated to all concerned for taking further action called for on their part.


(Z.D. Butt)
Secretary
December 23, 1989.

Member (A).  23/12
Chairman.  24/12
 (A)  24/12
Secretary  26/XII/89
 (Good).
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