

Property valuation rates for taxation raised in 20 cities

KARACHI: The Federal Board of Revenue (FBR) has revised the valuation tables for taxation of property in 20 cities including the federal and provincial capitals and Gwadar.

For each city, the FBR issued a separate notification on Tuesday that said that the value of immovable properties on the basis of different categories has been revised with effect from July 24.

This is for a second time in five months that the tax authorities have revised the valuation rates to bring them on a par with the market rates.

Revised property value in some Karachi areas surpasses market rates, says chairman of Association of Builders and Developers

In February, the FBR had revised upward the property valuation table for 21 cities, including Karachi, to do away with sale and purchase of residential/commercial/industrial properties on the deputy commissioner's (DC) rate.

With the recent increase, the FBR rates reached around 80 per cent of market value. Only a few years ago the official DC rate was around 10pc of the market value.

In addition to Karachi, Lahore, Islamabad and Gwadar, the new rates for commercial and residential properties in Abbottabad, Bahawalpur, Faisalabad, Gujrat, Hyderabad, Jhang, Jhelum, Mardan, Multan, Peshawar, Quetta, Rawalpindi, Sahiwal, Sargodha, Gujranwala and Sukkur had been revised.

According to the new rates for Karachi, the value of residential plots (open and built up) has been increased up to 44 per cent, with minimum increase of 8pc.

Mohammad Hassan Bakshi, the chairman of Association of Builders and Developers (Abad), told Dawn that the new valuation table for Karachi was somehow 'encouraging', but there was need for improvement.

He said in some areas of Karachi the FBR value of property had surpassed the market value. He said that some areas were wrongly categorised like the commercial area of Bath Island that fell in Category 1. "We believe it should fall in Category A-1," he added.

Mr Bakshi said that the valuation rates for Hyderabad were unjust and the FBR needed to revisit them. "They [FBR] did not take [us] into confidence [before notifying the new rates]. We hope that Shabbar Zaidi will give us time to rectify our complaints."

Real estate agents said there was still more work to be done to build confidence of the market. "The new rates will be applicable from Wednesday (today) but the market will take at least one or two months to understand its impact," said property dealer Maaz Liaquat.

He said that the market value of plots in some parts of DHA City along the Superhighway was far below compared to the new FBR rate. "After the asset declaration scheme, people have money and there is no issue of liquidity but such things need to be addressed first," he added.

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