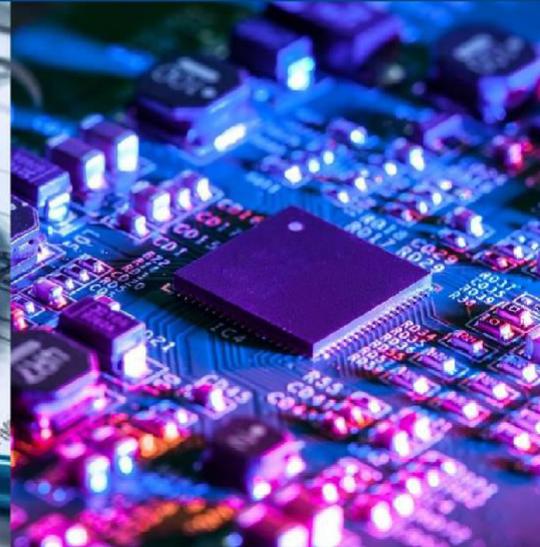




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## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

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# Property Tax Compliance and Payment Behaviour of Individuals - A Study in Coimbatore

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**ABSTRACT:** This study examines the awareness and payment behaviour of property taxpayers in Coimbatore city. Property tax is a major source of revenue for municipal authorities and supports urban development. The study analyses factors such as awareness of rules, due dates, penalties, online payment usage, and financial planning. It also evaluates the impact of digital facilities on timely payment. The findings aim to understand taxpayer behaviour and suggest measures to improve property tax compliance.

**KEYWORDS:** Property Tax Administration, Tax Regulations, Timely Payment, Tax Penalties, Tax Rebates and Exemptions, Digital Payment Platforms, E-Governance, Taxpayer Attitude, Revenue Collection, Urban Development Finance, Municipal Finance, Public Service Funding, Tax Compliance Behaviour, Local Government Revenue, Civic Responsibility.

### I. INTRODUCTION

Property tax is one of the primary sources of revenue for urban local bodies and plays a vital role in financing public services such as infrastructure, sanitation, and community development. Effective collection of property tax depends largely on taxpayer awareness, compliance behaviour, and the efficiency of administrative systems. In recent years, the introduction of online payment facilities and digital governance initiatives has significantly influenced tax payment practices. Understanding the level of awareness and payment behaviour of taxpayers is essential for improving compliance and strengthening municipal finance.

### II. OBJECTIVES

- ❖ To assess the level of awareness of individuals regarding property tax rules and regulations.
- ❖ To analyse the payment behaviour of individuals in terms of timelines and regularity.

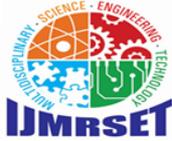
### III. REVIEW OF LITRATURE

**1. Rao & Rao (2015) Municipal Finance and Property Tax Reforms in India. To examine inefficiencies in property tax collection caused by inaccurate valuation and outdated property records - Economic and Political Weekly (EPW).**

The study found that inaccurate property valuation and outdated records cause inefficiencies in property tax collection. It emphasized the need for administrative reforms and updated records to improve municipal revenue and compliance.

**2. Gupta & Mukherjee (2016) Taxpayer Behaviour in Urban India. To examine the influence of income and education on property tax compliance behaviour - International Journal of Public Sector Management.**

The study examined taxpayer behaviour in urban India and found that income and education significantly influence property tax compliance. It observed that higher-income and better-educated individuals tend to show more regular and timely payment behaviour.



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**3. Khan & Ahmad (2017) Taxpayer Perception of Fairness and Property Tax Compliance. To study how fair tax rates and assessment practices affect willingness to pay property tax - Journal of Public Finance and Policy.**

The study analysed how taxpayers' perception of fairness influences property tax compliance. It found that reasonable tax rates and fair assessment practices increase individuals' willingness to pay property tax and improve overall compliance levels.

**4. Singh & Kaur (2018) Impact of Online Payment Systems on Property Tax Compliance. To evaluate the effect of digital payment facilities on timely property tax payment - Indian Journal of Finance.**

The study evaluated the impact of online payment systems on property tax compliance. It found that digital payment facilities improve convenience, reduce delays, and encourage timely payment among taxpayers.

**5. World Bank (2019) Improving Municipal Finance through Property Tax Reform. To assess the role of property tax reforms and technology in strengthening municipal revenue systems - World Bank Policy Research Reports.**

The report examined how property tax reforms and the adoption of technology can strengthen municipal revenue systems. It emphasized that modernization, improved administration, and digital tools enhance efficiency and improve property tax compliance.

### IV. DATA ANALYSIS AND INTERPRETATION

TABLE 1.1

Chi square analysis for Location of property and Mode of property tax payment

**Null Hypothesis (H<sub>0</sub>):** There is no significant association between Location of property and Mode of property tax payment.

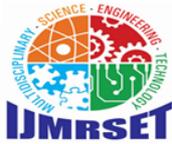
**Alternative Hypothesis (H<sub>1</sub>):** There is a significant association between Location of property and Mode of property tax payment.

Area of residence	Bank	Municipal office	Online portal	Others	Total
Rural	4	11	11	1	27
Semi-urban	11	18	9	2	40
Urban	10	17	6	1	34
<b>Total</b>	25	46	26	4	101

Chi Square calculated value	df	Chi Square table value	Sig	Hypothesis Results
4.73	6	12.592	0.58	H <sub>0</sub> Accepted H <sub>1</sub> Rejected

### V. INTERPRETATION

A Chi-Square test was conducted to examine the association between area of residence and mode of property tax payment. The calculated Chi-Square value (4.73) is less than the table value (12.592) at 5% level of significance with 6 degrees of freedom. Therefore, the null hypothesis is accepted. This indicates that there is no significant relationship between area of residence and the mode of property tax payment.



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TABLE 1.2

### One way analysis for educational qualification groups and awareness score

**Null Hypothesis (H<sub>0</sub>):** There is no significant difference in Total Awareness Score across different educational qualification groups.

**Alternative Hypothesis (H<sub>1</sub>):** There is a significant difference in Total Awareness Score across different educational qualification groups.

#### Significance level ( $\alpha$ )

The significance level used in this analysis is 0.05.

Source of variation	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	94.672	3	31.557	3.532	0.018
Within Groups	866.536	97	8.933		
Total	961.208	100			

## VI. INTERPRETATION

A One-Way ANOVA test was conducted to examine whether there is a significant difference among the groups. The results indicate that the difference between the groups is statistically significant. Since the significance value is less than the 5% level, the null hypothesis is rejected.

This means that there is a meaningful difference among the groups with respect to the variable under study. Therefore, the grouping factor has a significant influence on the outcome variable.

## VII. FINDINGS

- ❖ The majority of the respondents belong to the below 25 years age group.
- ❖ The majority of the respondents are female.
- ❖ Most of the respondents are undergraduates.
- ❖ A large portion of the respondents are self-employed.
- ❖ Most of the respondents fall under the below ₹25,000 income category.

## VIII. SUGGESTIONS

- ❖ Conduct regular awareness programs to educate taxpayers about property tax rules, calculation methods, due dates, penalties, and available exemptions.
- ❖ Simplify and upgrade the online payment portal to make it more user-friendly, secure, and accessible to all categories of taxpayers.
- ❖ Introduce automated reminder systems through SMS, email, and mobile notifications to reduce delays in payment.
- ❖ Ensure transparency by clearly explaining property valuation, tax rates, rebates, and penalty charges to build trust among taxpayers.
- ❖ Provide incentives such as rebates or discounts for early and timely payment to encourage voluntary compliance.

## IX. CONCLUSION

The study concludes that property tax is an essential source of revenue for urban local bodies and plays a significant role in supporting public services and infrastructure development. It reveals that although many taxpayers are aware of the compulsory nature of property tax, there are differences in their understanding of calculation methods, due dates, penalties, and exemptions. Payment behaviour is largely influenced by awareness levels, convenience of online platforms, fear of penalties, and sense of civic responsibility. Enhancing transparency, improving digital facilities, and conducting awareness programs can strengthen tax compliance and ensure efficient municipal revenue administration.



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