

Government of India
Ministry of Finance
Department of Revenue

RAJYA SABHA
UN-STARRED QUESTION NO-2631
ANSWERED ON-12/08/2025

TAXES COLLECTED BY GOVERNMENT IN CANTONMENT AREAS

2631 # DR.LAXMIKANT BAJPAYEE:

Will the Minister of FINANCE be pleased to state:

- (a) various taxes levied by Government in the areas under the jurisdiction of Cantonment Boards in the country and the taxes levied by the Cantonment Boards in their own jurisdiction along with component-wise details thereof;
- (b) whether any part of such collections made by Government in the Cantonment areas is given to the Cantonment Boards, if not, the reasons therefor; and
- (c) whether Government proposes to share the collections made by Government in the Cantonment areas, with the Cantonment Boards so that this amount is utilized for the development of Cantonment areas?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

- (a) In cantonment areas, taxation is governed by a combination of central, state, and various taxes imposed by Cantonment Boards under the provisions of the Cantonments Act, 2006, depending on the nature of the tax.

1. Central Government Taxes: The Central Government levies and collects applicable taxes uniformly across the country, including in cantonment areas. These include:

- Income Tax
- Goods and Services Tax (GST) on interstate supply or imports
- Customs Duty

2. State Government Taxes: State Governments levy and collect taxes applicable within their respective territories, including cantonments. These may include:

- State GST (SGST) on intra-state supplies of goods and services
- Stamp Duty and Registration Charges
- Motor Vehicle Tax
- Professional Tax
- State Excise (on alcohol for human consumption)
- Electricity Duty (where applicable)

3. Taxes by Cantonment Boards: Under the Cantonments Act, 2006, the respective Cantonment Boards are empowered to levy and collect local taxes within their jurisdictions. These include:

- Property Tax
- Water Tax
- Conservancy Tax
- Trade and Profession Tax (in a few Cantonments)
- Terminal Tax (in a few Cantonments)
- Lighting Tax, etc.

In this regard, the details of taxes collected by the Cantonment Boards for the year 2024-25 are enclosed herewith as **Annexure-A**.

(b) and (c) At present, there is no statutory mechanism under which the Central/State Government shares a portion of the taxes levied and collected by them in areas falling under the jurisdiction of Cantonment Boards. Cantonment Boards are statutory local bodies constituted under the Cantonments Act, 2006, responsible for providing essential civic services to the residents within their jurisdictions and performing functions similar to those of Municipalities and Urban Local Bodies (ULBs).

The main reasons for not sharing tax collections with the Cantonment Boards are as under:-

(i) The Cantonment Boards are autonomous local bodies functioning under the administrative control of the Ministry of Defence and are governed by the provisions of the Cantonments Act, 2006. Unlike Urban Local Bodies (ULBs) under State Governments, Cantonment Boards do not directly fall under the purview of the State Finance Commission (SFCs), which recommend the devolution of taxes to Municipalities and Panchayats.

(ii) Since the Cantonment Boards do not figure under Article 243Q of the Constitution of India, they cannot claim any share from the allocation of taxes/grants to the Municipalities constituted under Article 243Q of the Constitution.

(iii) The 73rd and 74th Constitutional Amendments provide for the sharing of State taxes with municipalities through SFCs, but Cantonment Boards, being under Union jurisdiction, are excluded from such devolution.

S. N o.	Command	Details of taxes collected by Cantonment Board, FY 2024-25 (in Rs)											
		Water Tax	Property Tax	Howker Tax	Conservancy Tax	Trade and Profession	Animal Tax	Education Tax	Advertisement Tax	Passenger Tax	Lighting Tax	Any other	Remarks
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
1.	Central	6,58,16,239	20,79,72,120	900	1,02,57,789	9,90,182	4,470	-	-	5,15,949	23,71,835	10,75,852	
2.	South Western	4,57,360	23,34,345	-	47,84,438	31,200	-	-	-	-	-	-	
3.	Northern	-	24,73,720	-	-	2,13,300	-	-	-	-	-	-	
4.	Eastern	21,40,399	40,44,753	-	23,94,341	7,07,086	930	-	-	-	18,93,802	65,93,530	
5.	Western	1,89,79,520	10,67,07,429	7,00,736	4,86,790	4,37,025	1,440	-	-	-	13,234	9,608	
6.	Sotherrn	12,69,88,937	1,49,74,14,491	-	29,02,86,519	5,71,63,465	73,58,497	4,30,10,709	2,300	-	17,79,87,473	12,93,26,354	
	Total	21,43,82,455	1,82,09,46,858	7,01,636	30,82,09,877	5,95,42,258	73,65,337	4,30,10,709	2,300	5,15,949	18,22,66,344	13,70,05,344	