



**PROPERTY RATES POLICY IN TERMS OF THE MUNICIPAL
PROPERTY RATES ACT**

2023-2024

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KING SABATA DALINDYEBO MUNICIPALITY
PROPERTY RATES POLICY IN TERMS OF THE MUNICIPAL PROPERTY RATES ACT

A. INTERPRETATION

Definitions

“Act”, means the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004);

“Agent”, in relation to the owner of a property-

- (a) to receive rental or other payments in respect of the property on behalf of the owner; or
- (b) to make payments in respect of the property on behalf of the owner;

“Agricultural property”, means property that is used primarily for agricultural purposes but, without derogating from section 9, excluded any portion thereof that is used commercially for the hospitality of guests, and excluded the use of the property for the purpose of eco-tourism or for the trading in or hunting game,

“day” means when any number of days are prescribed for the performance of any act, those days must be reckoned by excluding the first and including the last day, unless the last day falls on Saturday, Sunday or any public holiday, in which case the number of days must be reckoned by excluding the first day and also any such Saturday, Sunday or public holiday.

“Annually”, means once very financial year;

“Building Allotment”, means a property located in the rural area and described in the Deeds Office Records as Building Allotment;

“Category” –

- (a) in relation to property, means a category of properties determined in terms of section 8 of the Act;
 - (b) in relation to owners of properties, means a category of owners determined in terms of section 15 (2) of the Act;
- **“Business and commercial property”** refers to property on which the activity of buying, selling or trading in goods and/or services and any other commercial activity occurs and a property used for the purpose of eco-tourism or for the trading in or hunting of game. It includes any office or other accommodation on the same erf, the use of which is incidental to the business. Further includes, equestrian estates, horticulture activities, abattoirs, hostels, flats, communes, students accommodations, old age homes, selfcatering/holiday flats, any vacant property which is being used for storage or parking which is in line with the zoning of the property and any property used for a purpose which does not fall within any other category defined in this policy

“Category of properties”, means a category of properties determined according to the zoning, use of the property, permitted use of the property, or the geographical area in which the property is situated;

“Council” means the highest legislative body of the King Sabata Dalindyebo Local Municipality as referred to in section 157 (1) of the Constitution and section 18 (3) of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998);

“Date of valuation”, for the purposes of a general valuation, means the date to be determined by the municipality, which date may not be more than 12 months before the start of the financial year in which the valuation roll is to be first implemented;

“Definitions, words and expressions”, as used in the Act are applicable to this policy document where ever it is used;

“Economic services”, means services for which the tariffs are fixed to recover the full costs of the service, like refuse and sewer services;

“Effective date”-

- (a) in relation to a valuation roll, means the date on which the valuation roll takes effect, in terms of section 32 (1) of the Act, or
- (b) in relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect and in terms of section 78 (b);

“Exemption”, in relation to the payment of a rate, means an exemption from the payment of rates, granted by a municipality in terms of section 15;

“Financial year”, means the period starting from 1 July in a year to 30 June the next year;

“Garden Allotment”, means a property located in the rural area and described in the Deeds Office Records as Garden Allotment;

“Industrial property” refers to property on which a trade or manufacturing, production assembling or the processing of finished or partially finished products from raw materials or fabricated parts occurs on such a large scale that capital and labour are significantly involved. This includes factories and any office or other accommodation on the same property, the use of which is incidental to the use of such factory.

“Land reform beneficiary”, means a land in relation to a property, means a person who -

- (a) acquired the property through -
 - (i) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or
 - (ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);
- (b) holds the property subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996);
- (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution (Act No.108 of 1996) be enacted after this Act has taken effect;

“Land tenure right” means a land tenure right as defined in section 1 of the Upgrading of Land Tenure Rights Act, 1991 (Act No. 112 of 1991)

“Local community”, in relation to a municipality -

- (a) Means that body of persons comprising-
 - (i) the residents of the municipality;
 - (ii) the ratepayers of the municipality;
 - (iii) any civic organizations and non-governmental, private sector or labour organizations or bodies which are involved in local affairs within the municipality; and
 - (iv) visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality;
- (b) Includes, more specifically, the poor and other disadvantaged sections of such body of persons;

“Local municipality”, means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155(1) of the Constitution as a category B municipality;

“Market value”, in relation to a property, means the amount a property would have realized if sold on the date of valuation in the open market by a willing seller to a willing buyer;

“MEC for local Government”, means the member of the Executive Council of the Eastern Cape who is responsible for local government in the Eastern Cape

“mining property” means a property used for mining operations as defined in the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002);

“Multiple purposes”, in relation to a property, means the use of a property for more than one purpose, subject to section 9;

“Municipal Manager”, means a person appointed in terms of section 82 of the Municipal Structures Act, 1998;

“Municipality”, means the King Sabata Dalindyebo Local Municipality;

“Municipal Finance Management Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“Municipal valuer” or **“valuer of a municipality”** means a person designated as a municipal valuer in terms of section 33(1) of the Act;

“Newly rateable property”, means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which the Property Rates Act took effect, excluding -

- (a) property which was incorrectly omitted from valuation roll and for that reason was not rated before that date; and
- (b) a property identified by the Minister by notice in the *Gazette* where the phasing-in of a rate is not justified;

“Occupier”, in relation to a property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property;

“office bearer”, in relation to places of public worship, means the primary person who officiates at services at that place of worship;

“official residence”, in relation to places of public worship, means-

- (a) a portion of the property used for residential purposes; or
- (b) one residential property, if the residential property is not located on the same property as the place of public worship,
registered in the name of a religious community or registered in the name of a trust established for the sole benefit of a religious community and used as a place of residence for the office bearer;

“Owner”-

- (a) in relation to a property, means a person in whose name ownership of the property is registered;
- (b) in relation to a right means a person in whose name the right is registered;

“(bA) in relation to a time sharing interest contemplated in the Property Time-sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the Property Time-sharing Control Act, 1983, and published in Government Notice R327 of 24 February 1984;

“(bB) in relation to a share in a share block company, the share block company as defined in the Share Blocks Control Act, 1980 (Act No. 59 of 1980);

(bC) in relation to buildings, other immovable structures and infrastructure referred to in section 17(1)(f), means the holder of the mining right or the mining permit;"; and

- (c) in relation to a land tenure right means a person in whose name the right is registered; or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of " publicly controlled"; provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:-
- (i) A trustee, in the case of a property in a trust excluding state trust land;
 - (ii) an executor or administrator, in the case of a property in a deceased estate;
 - (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
 - (iv) a judicial manager, in the case of a property in the estate of a person under judicial management;
 - (v) a curator, in the case of a property in the estate of a person under judicial management;
 - (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
 - (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
“(viiA) a lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right or”;
 - (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

“Permitted use”, relation to a property, means the limited purposes for which the property may be used in terms of -

- (a) Any restrictions imposed by-
 - (i) a condition of title;
 - (ii) a provision of a town planning or land use scheme; or
 - (iii) any legislation applicable to any specific property or properties; or
- (b) Any alleviation of any such restrictions;

“ ‘Place of public worship’ means property used primarily for the purposes of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium: Provided that the property is—

- (a) registered in the name of the religious community;
- (b) registered in the name of a trust established for the sole benefit of a religious community; or
- (c) subject to a land tenure right;”

“Privately owned estates serviced by the owner” means single properties, situated in an area not ordinarily being serviced by the municipality, divided through sub division or township establishment into (ten or more) full title stands and/ or sectional units and where all services inclusive of water, electricity, sewerage and refuse removal and roads development are installed at the full cost of the developer and maintained and rendered by the residents of such estate.

“Property”, means-

- (a) immovable property registered in the name of a person including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a persons in terms of legislation; or
- (d) public service infrastructure;

“Property register”, means a register of properties referred to in section 23 of the Act;

“Protected area”, refers to nature reserves, botanical gardens or national parks provided that the specific area/s is declared as a “Protected area” referred to in section 10 of the Protected Areas Act;

“Property used for multiple purpose” refers to property utilised for more than one use.

“Protected Areas Act” means the National Environmental Management: Protected Areas Act, 2003 (Act No. 57, of 2004);

- **“Public benefit organisation property”** means property owned by public benefit organisations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act; and social housing

“Publicly controlled”, means owned by or otherwise under the control of an organ of state, including -

- (a) a public entity listed in the Public Finance Management Act, 1999 (Act No. 1 of 1999),
- (b) a municipality; or
- (c) a municipal entity as defined in the Municipal Systems Act;

“Public service infrastructure”, means publicly controlled infrastructure of the following kinds -

- (a) national, provincial or other public road on which goods, services or labour move across a municipal boundary;
- (b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- (e) railway lines forming part of national railway system;
- (f) communication towers masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways, aprons and the air traffic control unit at national or provincial airports, including the vacant land known as the obstacle free zone surrounding these, which must be vacant for air navigation purposes;”
- (h) breakwater, sea walls, channels, basin, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewage or similar services of ports, or

navigational aids comprising light houses, radio navigational aids, buoys, or any other device or system used to assist the safe and efficient navigation of vessels;

- (i) any other publicly controlled infrastructure as may be prescribed; or
- (j) rights of way, easements or servitudes in connection with infrastructure mention in paragraphs (a) to (i)

“ **public service purposes**”, in relation to the use of a property, means property owned and used by an organ of state as-

- (a) hospitals or clinics;
- (b) schools, pre-schools, early childhood development centres or further education and training colleges;
- (c) national and provincial libraries and archives;
- (d) police stations; (e) correctional facilities; or
- (f) courts of law,

but excludes property contemplated in the definition of ‘public service infrastructure’;”;

“**Rate**”, means a municipal rate on property envisaged in section 229(1)(a) of the Constitution;

“**Rateable property**”, means property on which a municipality may levy a rate, excluding property fully excluded from the levying of rates;

“**Ratio**”, in relation to section 19, means the relationship between the cent amount in the Rand applicable to residential properties and different categories of non-residential properties: Provided that the two relevant cent amounts in the Rand are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category;”;

“**Rebate**”, in relation to a rate payable on a property, means a discount granted in terms of the amount of the rate payable on the property;

“**Reduction**”, in relation to a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of the property at that lower amount;

“**Residential property**” means improved property that:

- (a) is used predominantly (60% or more) for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes.
- (b) is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes.
- (c) Is owned by a share-block company and used solely for residential purposes.
- (d) Is a residence used for residential purposes situated on property used for or related to educational purposes.

And specifically exclude hostels, flats, old age homes, guest houses and vacant land irrespective of its zoning or intended use.

“**Rural communal settlements**” means the residual portion of rural communal land excluding identifiable and rateable entities within the property and excluding State Trust Land and land reform beneficiaries as defined in the Act.

“**Sectional titles unit**”, means a unit defined in section 1 of the Sectional Titles Act; 1986 (Act No. 95 of 1986);

“Specified public benefit activity”, means an activity listed as welfare and humanitarian, health care and education and development in Part 1 of the Ninth Schedule to the Income Tax Act;

“State trust land”, means land owned by the state in trust for persons communally inhabiting the land in terms of a traditional system of land tenure, land owned by the state over which land tenure rights were registered or granted or land owned by the state which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);

“Trading services”, means services for which the tariffs are fixed to yield a trading surplus, like electricity and water services.

1. PURPOSE OF POLICY

- 1.1 The purpose of this policy is to allow Council to exercise its power to impose rates within a statutory framework, with the aim to enhance certainty, uniformity and simplicity, taking into account the historical imbalances within communities, as well as the burden of rates on the poor.
- 1.2 As trustees on behalf of the local community, the Municipality shall adhere to its legislative and moral obligation to ensure it implements this policy to safeguard the monetary value and future service provision invested in property.

2. LEGAL FRAMEWORK

- 2.1 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may impose rates on property.
- 2.2 In terms of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) a municipality in accordance with-
- a. Section 2(1), may levy a rate on property in its area; and
 - b. Section 2(3), must exercise its power to levy a rate on property subject to-
 - i. Section 229 and any other applicable provisions of the Constitution;
 - ii. the provisions of the Property Rates Act and any regulations promulgated in terms thereof; and
 - iii. the rates policy.
- 2.3 This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.
- 2.4 In terms of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, inter alia, rates on property.
- 2.5 In terms of Section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy.
- 2.6 This policy must be read together with, and is subject to the stipulations of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) and any regulations promulgated in terms thereof from time to time.
- 2.7 This policy shall be applied with due observance of the Municipality's policy with regard to delegated powers. Such delegations refer to delegations between the Municipal Manager and other responsible officials; the Council and the Executive Mayor as well as between Council and the Municipal Manager. All delegations in terms of this policy must be recorded in writing.

3. IMPOSITION OF PROPERTY RATES

3.1. The Council shall as part of each annual operating budget component levy different rates for different categories of properties on the market value of all rateable property recorded in the municipality's valuation roll and supplementary valuation roll.

3.2. The Council shall, in imposing the rate for each financial year, take proper cognizance of the aggregate burden of rates and service charges on representative property owners, in the various categories of property ownership, and of the extent to which this burden is or remains competitive with the comparable burden in other municipalities within the local economic region. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions, rebates and cross subsidy from the equitable share allocation.

3.3 Policy Principles

3.3.1 All ratepayers, in a specific category, as determined by Council from time to time, shall be treated equitably, as required by Section 3 (3) (a) of the Act;

3.3.2 Rates are raised in proportion to the market value of the property if they are in the same category;

3.3.3 The municipal manager or his/her nominee must, subject to the guidelines provided by the National Treasury and the Executive Mayor of the municipality, make provision for the following classification of services:-

(a) Trading services

i. Electricity.

(b) Economic services

i. Refuse removal.

(c) Community and subsidised services - These include all those services ordinarily being rendered by the municipality excluding those mentioned in 3.3.3(a) and (b).

3.3.4 Trading and economic services as referred to in clauses 3.3.3(a) and (b) must be ring fenced and financed from service charges while community and subsidised services referred to in clause 3.3.3(c) will be financed from surpluses on trading and economic services, regulatory fees, rates and rates related income.

3.3.5 Property rates shall not be used to subsidize trading services;

3.3.6 Exemptions, reductions and rebates should not unreasonably affect the revenue base of the municipality.

3.3.7 Therefore, pursuant to section 3 (3) (b) of the Act, it is the policy of the municipality, when –

- * levying different rates for different categories of properties;
- * exempting a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate on their properties;
- * granting rebates; or
- * increasing or decreasing rates;

To apply the following criteria -

- * poverty alleviation;
- * stimulation of industrial growth;
- * promotion of tourism;
- * creation of jobs;
- * maintenance of agricultural activity;
- * assist charity and other public benefit organizations;
- * this municipality's budgetary needs;
- * this municipality's integrated development plan; and
- * surpluses contributed by other services.

3.3.8 Compliance with section 3 (3) (c) of the Act

In terms of Section 3 (3) (c) of the Act the municipality has determined categories as referred to in clause 4 of this policy.

3.3.9 Compliance with section 3 (3) (d) of the Act

Pursuant to section 3 (3) (d) of the Act, it is the policy of the municipality to exercise its powers in terms of section 9 (1) of the Act in relation to properties used for multiple purposes by assigning a property use for multiple purposes to a category based on the purpose corresponding with the dominant use of the property.

3.3.10 Compliance with section 3 (3) (e) of the Act

Having regard to –

- (a) exemptions, rebates and reductions;
- (b) exclusions referred to in section 17 (1)(a), (e) (g) (h) and (i) of the Act; and
- (c) rates on properties that must be phased in terms of section 21 of the Act.

It is the policy of this Council to identify and quantify in terms of cost to the municipality and any benefit to the local community of all of the above.

3.3.11 Compliance with section 3 (3) (f) of the Act

Pursuant to section 3 (3) (f) of the Act, it is the policy of the municipality to provide indigent property owners as registered in terms of this municipality's indigents policy a rebate on their rates account as specified later on in this policy.

3.3.12 Compliance with section 3 (3) (g) of the Act

It is the policy of this municipality in terms of section 3 (3) (g) of the Act, with regard to organizations conducting specific public benefit activities registered in terms of the Income Tax Act, 1962 (Act No 58 of 1962) for tax reductions because of those activities, to provide exemptions, rebates on the payment of rates where the property is owned and used by such organizations.

3.3.13 Compliance with section 3 (3) (h) of the Act

Pursuant to section 3 (3) (h) of the Act, it is the policy of the Municipality to adapt a ratio determined by the central government

3.3.14 Compliance with section 3 (3) (i) of the Act

Pursuant to section 3 (3) (i) of the Act, it is the policy of the Municipality to promote the interests of social or economic development, or when competing with other municipalities for investment of a specific nature, to consider providing special rates in order to attract such development or investment, provided such development or investment is quantifiably beneficial to the community and should not amount to unfair discrimination as contemplated in Chapter 2, section 9 of the Constitution.

3.3.15 Compliance with section 3 (3) (j) of the Act

Pursuant to section 3 (3) (j) of the Act, it is the policy of the Municipality not to levy rates on property, owned by the municipality or vested in the municipality, except when a vacant site is leased; and on a right registered against an immovable property.

3.4 Valuation Criteria

- 3.4.1 In recognizing that the valuation function and the rates function is interrelated in so far as the imposition of rates depends on the provision of a valuation roll, the valuation function and its related objects and procedures is completely independent in its existence and its operation from the rates function and operation.
- 3.4.2 With reference to paragraph (1) and in terms of the Act in general and sections 45, 46 and 47 of the Act in particular, the following valuation criteria are prescribed -
- 3.4.2.1 Property must be valued in accordance with generally recognised valuation practices, methods and standards.
- 3.4.2.2 If the available market-related data of any category of rateable property is not sufficient such property may be valued in accordance with any mass valuation system or technique approved by the municipality, after having considered any recommendations of its municipal valuer and as may be appropriate in the circumstances.
- 3.4.2.3 The market value of a property is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.
- 3.4.2.4 Where the available market related data is not sufficient to determine the market value of a property, other generally recognised valuation practices, methods and standards may be used (For example: Discounted Cash Flow, Replacement Cost Less Depreciation).
- 3.4.2.5 When valuing a property that is subject to a sectional title scheme, the valuer must determine the market value of each sectional title unit in the scheme in accordance with section 47 of the Act.

4. CATEGORIES OF RATEABLE PROPERTIES

- 4.1 Different rates may be levied in respect of the following categories of rateable properties and such rates will be determined on an annual basis during the compilation of the annual budget:-
- 4.1.1 Urban residential properties;
- 4.1.2 Non urban residential properties;
- 4.1.2.1 Building allotments owned by the state which have not been surveyed.

“Differential rates”

8. (1) Subject to section 19, a municipality may, in terms of the criteria set out in its rates policy, levy different rates for different categories of rateable property, determined in subsection (2) and (3), which must be determined according to the-

- (a) use of the property;
- (b) permitted use of the property; or
- (c) a combination of (a) and (b).

(2) A municipality must determine the following categories of rateable property in terms of subsection (1): Provided such property category exists within the municipal jurisdiction:

- (a) Residential properties;
- (b) industrial properties;
- (c) business and commercial properties;
- (d) agricultural properties;
- (e) mining properties;
- (f) properties owned by an organ of state and used for public service purposes;
- (g) public service infrastructure properties;
- (h) properties owned by public benefit organisations and used for specified public benefit activities;
- (i) properties used for multiple purposes, subject to section 9; or
- (j) any other category of property as may be determined by the Minister, with the concurrence of the Minister of Finance, by notice in the Gazette.

(3) In addition to the categories of rateable property determined in terms of subsection (2), a municipality may determine additional categories of rateable property, including vacant land: Provided that, with the exception of vacant land, the determination of such property categories does not circumvent the categories of rateable property that must be determined in terms of subsection (2).

(4) (a) Where a municipality can, on good cause, show that there is a need to sub-categorise the property categories listed in subsection (2), a municipality must apply to the Minister in writing for authorisation to create one or more of such sub-categories.

(b) Such application must—

- (i) be accompanied by a motivation for such sub-categorisation;
- (ii) demonstrate that such sub-categorisation is not in contravention of section 19; and

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(iii) reach the Minister at least 15 months before the start of the municipal financial year in which the municipality envisages levying a rate on such sub-categorised property.”

4.2. In determining the category of a property referred to in 4.1 the municipality shall take into consideration the dominant land use of the property.

5. CATEGORIES OF OWNERS

5.1 For the purpose of granting exemptions, reductions and rebates in terms of clause 6,7 and 8

respectively the following categories of owners of properties are determined:-

- 5.1.1 Those owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality;
- 5.1.2 Those owners who do not qualify as indigents in terms of the adopted indigent policy of the municipality but whose total monthly income is less than the amount annually determined by the municipality in its budget;
- 5.1.3 Owners of property situated within an area affected by-
 - 5.1.3.1 a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
 - 5.1.3.2 serious adverse social or economic conditions.
- 5.1.4 Owners of residential properties with a market value below the amount as determined annually by the municipality in its budget; and

6. EXEMPTIONS

6.1 The following categories of property are exempted from rates:-

- (a) Municipal properties
Municipal properties are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers. However, where municipal properties are leased, the lessee will be responsible for the payment of determined assessment rates in accordance with the lease agreement.
- (b) Residential properties
All residential developed properties with a market value of less than the amount as annually determined by the municipality (R60 000) are exempted from paying rates, which amount shall not be less than the amount provided as rebate by the Municipal Rates Act.
- (c) All non urban residential properties.
- (d) Public Service Infrastructure
Is exempted from paying rates as allowed for in the Act as they provide essential services to the community.
- (e) Right registered against a property
Any right registered against a property as defined under definitions in this policy is exempted from paying rates.

6.2 Exemptions in 6.1 will automatically apply and no application is thus required.

6.3 Impermissible Rates: In terms of section 17(1) of the Property Rates Act 17 the municipality may, inter alia, not levy a rate:-

- (a) On those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No. 57 of 2003) or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, or residential agricultural purposes.
- (b) On mineral rights within the meaning of paragraph (b) of the definition of "property" in section 1 of the Act.

- (c) On a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds.
- (d) On a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

6.4 The following categories of owners are exempted from rates:-

(a) Child headed families –

- i. Families headed by children are exempted from paying rates, according to monthly household income. To qualify for exemption the head of the family must:-
 - a. occupy the property as his/her normal residence;
 - b. not be older than 18 years of age;
 - c. still be a scholar or jobless; and
 - d. be in receipt of a total monthly income from all sources not exceeding an amount to be determined annually by the Municipality;
- ii. The family head must apply on a prescribed application form for an exemption as determined by the municipality and must be assisted by the municipality with completion of the application form.

(b) Indigent consumers –

Owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality.

7. REDUCTIONS

7.1 Reductions as contemplated in section 15 of the Act will be considered on an ad-hoc basis in the event of the following:-

7.1.1 Partial or total destruction of a property.

7.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).

7.2 The following conditions shall be applicable in respect of 7.1:-

7.2.1 The owner referred to in 7.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the municipality that his property has been totally or partially destroyed. He/ she will also have to indicate to what extent the property can still be used and the impact on the value of the property.

7.2.2 Property owners will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).

7.2.3 An amount of reduction equaling the same percentage as the damage to the property will be allowed in respect of both 7.1.1 and 7.1.2.

7.2.4 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the municipality gives further extension on application.

7.2.5 If rates were paid in advance prior to granting of a reduction the municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.

8. REBATES

8.1. Categories of property

(a) Business, commercial and industrial properties

- i. The municipality may grant rebates to rateable enterprises that promote local, social and economic development in its area of jurisdiction, based on its Local, Social and Economic Development Policy. The following criteria will apply:-
 - a. job creation in the municipal area;
 - b. social upliftment of the local community; and
 - c. creation of infrastructure for the benefit of the community.
- ii. A maximum rebate as annually determined by the municipality will be granted on application subject to:-
 - a. a business plan issued by the directors of the company indicating how the local, social and economic development objectives of the municipality are going to be met;
 - b. a continuation plan issued by the directors and certified by auditors of the company stating that the objectives have been met in the first year after establishment and how the company plan to continue to meet the objectives;
 - c. an assessment by the municipal manager or his/her nominee indicating that the company qualifies; and
 - d. a municipal resolution.
- iii. In determining the annual rebate the municipality shall take into consideration all relevant and applicable circumstances.
 - a. Municipality to grant 50% rebate only on the first financial year subject to a,b,c and d above.

(b) Residential properties

In terms of Section 11(2) of the Act the municipality may, instead of levying property rates on the market value of the property, levy property rates as a uniform fixed amount per property on properties with a market value below a prescribed valuation level. The prescribed valuation level is R60 000.

Senior citizens aged 60 and above will receive 20% rebate on up to date account only on one registered residential property (this applies on rates only). This rebate will be granted through application by the property owner in the form of application form that is provided by the Municipality.

(c) Privately owned estates serviced by the owner

The municipality grants a rebate, to be determined on an annual basis, which applies to privately owned estates serviced by the owner qualifying as defined in this policy provided that an application to that effect is received not later than 30 September of each year.

- (d) The following Public Benefit Organizations may apply for rebates producing a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962), provided that an application in the prescribed format is received not later than 31 October preceding the start of the new municipal financial year for which relief is sought.

- (i) *Sporting bodies*
Property used by an organization for sporting purposes on a non-professional basis
- (ii) *Cultural institutions*
Property used for purposes declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989
- (iii) *Museums, libraries, art galleries and botanical gardens*
Property registered in the name of private persons, open to the public and not operated for gain
- (iv) *Animal welfare*
Property owned or used by organizations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis
- (v) *Cemeteries and crematoriums*
Property used for cemeteries and crematoriums
- (vi) *Charitable institutions*
Property owned or used by institutions or organizations whose aim is to perform charitable work on a not-for-gain basis
- (vii) *Welfare institutions*
Properties used exclusively as an orphanage, non-profit retirement villages, old age homes or benevolent/charitable institutions, including workshops used by the inmates, laundry or cafeteria facilities: provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality
- (viii) *Welfare and humanitarian*
For example PBOs providing disaster relief
- (ix) *Health Care*
For example PBO's providing counselling and treatment of persons afflicted with HIV and AIDS including the care of their families and dependents in this regard
- (x) *Education and development*
For example a PBO's providing early childhood development services for pre-school children.

8.2 All applications referred to in 8.1 (d) must be addressed in writing to the municipality;

8.3 A SARS tax exemption certificate must be attached to the relevant applications;

8.4 The council must approve all applications under 8.1.;

8.5 The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.

8.6 Categories of owners

- (a) Retired and Disabled Persons Rate Rebate

- i. To qualify for the rebate a property owner must:-
 - a. occupy one property as his/her normal residence;
 - b. be at least 60 years of age or in receipt of a disability pension from the Department of Social Development; and
 - c. that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.
- ii. Property owners must apply on a prescribed application form for a rebate as determined by the municipality.
- iii. Applications must be accompanied by:-
 - a. a certified copy of the identity document or any other proof of the owners age which is acceptable to the municipality;
 - b. sufficient proof of retirement
 - c. an affidavit from the owner;
 - d. if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
 - e. if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
- iv. These applications must reach the municipality before the start of the new municipal financial year for which relief is sought.

Retired senior Will receive 20% rebate on up to date accounts on the citizens age 60 first registered residential property. and above,

- v. The municipality retains the right to refuse rebates if the details supplied in the application form were incomplete, incorrect or false.

8.4 The extent of the rebate in terms of 8.1, 8.2 and 8.3 shall annually be determined by the municipality and it shall be included in the annual budget.

9. PHASING IN OF RATES

9.1 The rates to be levied on newly rateable property shall be phased in as explicitly provided for in section 21 of the Act.

9.2 The phasing-in discount on the properties referred to in section 21 shall be as follows:-

- First year : 75% of the relevant rate;
- Second year : 50% of the relevant rate; and
- Third year : 25% of the relevant rate.

9.3 No rates shall be levied on newly rateable properties that are owned and used by organisations conducting activities that are beneficial to the public and that are registered in terms of the Income Tax Act for those activities, during the first year. Thereafter, the phasing-in discount on these properties shall be as indicated in paragraph 9.2 above.

10. SPECIAL RATING AREAS

10.1 The municipality may from time to time, as provided for in Section 22 of the Act, and as to be depicted in its annual budget and by resolution of the Council, determine a certain area within the boundaries of the municipality, as a special rating area.

10.2 Before determining a special rating area, the municipality shall:-

10.2.1 Propose boundaries of the special rating area;

10.2.2 Statistical data of the area concerned giving a comprehensive picture of the number of erven with its zoning, services being rendered and detail of services such as capacity, number of vacant erven and services that are not rendered;

10.2.3 Proposed improvements clearly indicating the estimated costs of each individual improvement;

10.2.4 Proposed financing of the improvements or projects;

10.2.5 Priority of projects if more than one;

10.2.6 Social economic factors of the relevant community;

- 10.2.7 Different categories of property;
- 10.2.8 The amount of the proposed special rating;
- 10.2.9 Details regarding the implementation of the special rating;
- 10.2.10 The additional income that will be generated by means of this special rating.
- 10.3 An additional rate, as will be depicted in the annual budget, shall be levied on the properties in the identified area, for the purpose of raising funds for improving or upgrading of the specified area.
- 10.4 The municipality may differentiate between categories of properties when levying the additional special rate.
- 10.5 The municipality shall establish separate accounting and other record-keeping systems, compliant with GAMAP/GRAP, for the identified area and the households concerned shall be kept informed of projects and financial implications on an annual basis.
- 10.6 The municipality shall establish a committee, composed by representatives from the specific area, to act as consultative and advisory forum. This committee shall be a sub-committee of the ward committee/s in the area. The election of the committee will happen under the guidance of the Municipal Manager. Gender representivity shall be taken into consideration with the establishment of the committee. The committee will serve in an advisory capacity only and will have no decisive powers.
- 10.7 In determining the special additional rates the municipality shall differentiate between different categories as referred to in clause 4.
- 10.8 The additional rates levied shall be utilised for the purpose of improving or upgrading of the specific area only and not for any other purposes whatsoever.

11. PAYMENT OF RATES

- 11.1 The rates levied on the properties shall be payable:-
- (a) on a monthly basis; or
- (b) annually, before 30 September each year
- 11.2 the municipality shall determine the due dates for payments in monthly installments and the single annual payment and this date shall appear on the accounts forwarded to the owner/ tenant/ occupants/ agent;
- 11.3 Interest on arrears rates, whether payable on or before 30 September or in equal monthly installments, shall be calculated in accordance with the provisions of the credit control and debt collection policy of the Municipality.
- 11.4 If a property owner who is responsible for the payment of property rates in terms of this policy fails to pay such rates in the prescribed manner, it will be recovered from him/her in

accordance with the provisions of the Credit Control and Debt Collection Policy of the Municipality.

11.5 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act as follows:-

11.5.1 If an amount, due for rates levied on a property, is not paid by the owner by the due date as shown on the account and no reaction is forthcoming from the owner after two written reminders have been issued, the municipality shall recover the amount in full or partially as follows:-

- (a) From the agent who is lawfully responsible to collect commission or rental in respect of the property concerned;
- (b) From a tenant or occupier of the property, only after an attempt was made to collect it from an agent refer to in 11.5.1 (a) but such attempt was unsuccessful or no such agent exists or only a part of the outstanding amount could successfully be recovered.

11.5.2 The amount recoverable is limited to the amount as stipulated in the Act and it may only be recovered after written notice has been served on the party concerned (tenant, occupier or agent) of the rates due and payable, but not yet paid by owner of the property.

11.5.3 The notice referred to in 11.5.2 shall give the party concerned at least 14 calendar days to pay the outstanding rates.

11.6 Rates levied on property in sectional title schemes, shall be payable by the owner of each unit.

11.7 Rates levied on property in sectional title schemes, where the Body Corporate is the owner of any specific sectional title unit, shall be payable by the Body Corporate.

12. ACCOUNTS TO BE FURNISHED

12.1 The municipality will furnish each person liable for the payment of rates with a written account, which will specify:

- (i) the amount due for rates payable,
- (ii) the date on or before which the amount is payable,
- (iii) how the amount was calculated,
- (iv) the market value of the property,
- (v) if the property is subject to any compulsory phasing –in discount, the amount of the discount; and
- (vi) rebates, exemptions, reductions or phasing-in, if applicable.

12.2 A person liable for payment of rates remains liable for such payment, whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he/she must make the necessary enquiries with the municipality.

12.3 In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

13. GENERAL VALUATION OF RATEABLE PROPERTY

- 13.1 The first valuation roll prepared in terms of the Act, shall take effect from the start of the financial year following completion of the public inspection period.
- 13.2 The municipality shall prepare a new valuation roll every 5 (five) years, with the option to extend the validity of the valuation roll to 5 (five) years with the approval of the MEC for Local Government and Housing in the province.
- 13.3 Supplementary valuations will be done on a continual basis to ensure that the valuation roll is properly maintained.

14. LIABILITY FOR AND RECOVERY OF RATES

- 14.1 The owner of a property shall be liable for the payment of the rates levied on the property.
- 14.2 Joint owners of a property shall be jointly and severally liable for payment of the rates levied on the property.
- 14.3 In the case where an agricultural property is owned by more than one owner in undivided shares and these undivided shares were allowed before the commencement date of the Subdivision of Agricultural Land Act, 1970, Act No. 70 of 1970, the municipality shall hold any joint owners liable for all rates levied in respect of the agricultural property concerned or hold any joint owners only liable for that portion of rates levied on the property that represents joint owner's undivided share in the property.
- 14.4 In the event that a property has been transferred to a new owner and a Supplementary Valuation took place, the new owner, will be held responsible for settling the additional account.
- 14.5 Properties, which vest in the Municipality during developments, i.e. open spaces and roads should be transferred at the cost of the developer to the Municipality. Until such time, rates levied will be for the account of the developer.
- 14.6 Rates Clearance Certificates will be valid until 30 June in each financial year.

15. CORRECTION OF ERRORS AND OMISSIONS

- 15.1 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.

- 15.2 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation. In the case where an agricultural property is owned by more than one owner in undivided shares and these undivided shares were allowed before the commencement date of the Subdivision of Agricultural Land Act, 1970, Act No. 70 of 1970, the municipality shall hold any joint owners liable for all rates levied in respect of the agricultural property concerned or hold any joint owners only liable for that portion of rates levied on the property that represents joint owner's undivided share in the property.

16 DIFFERENTIAL RATES

- 16.1 Criteria for differential rating on different categories of properties will be according to:-

- (a) The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.
- (b) The promotion of social and economic development of the municipality.

- 16.2 Differential rating among the various property categories will be done by way of setting different cent amount in the rand for each property category;

- 16.2.1 Vacant sites to be charged two times the domestic and commercial site amount in the Rand to encourage prompt development of such sites;

- 16.3 by way of reductions and rebates as provided for in this policy document.

17. COSTS OF EXEMPTIONS, REBATES, REDUCTIONS AND PHASING IN OF RATES

- 17.1 During the budget process the accounting officer must inform Council of all costs associated with suggested exemptions, rebates, reductions and phasing in of rates.

- 17.2 Provisions must be made on the operating budget for: -

- (a) the full potential income associated with property rates; and
- (b) the full costs associated with exemptions, rebates, reductions and phasing in of rates.

- 17.3 The revenue foregone should be further appropriately disclosed in the annual financial statements, and the rebates also be indicated on the rates accounts submitted to each property owner.

18. LOCAL, SOCIAL AND ECONOMIC DEVELOPMENT

- 18.1 The municipality may grant rebates to organisations that promote local, social and economic development in its area of jurisdiction.

- 18.2 The Municipality's LED Unit must validate the qualification for the continued application of the rebate and the said rebates must be phased- out within 3 years from the date that the rebate was granted for the first time.

- 18.3 Rebates will be restricted to a percentage determined by Council from time to time.

19. REGISTER OF PROPERTIES

- 19.1 The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.
- 19.2 Part A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations done from time to time.
- 19.3 Part B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to:-
- i. Exemption from rates in terms of section 15 of the Property Rates Act,
 - ii. Rebate or reduction in terms of section 15,
 - iii. Phasing-in of rates in terms of section 21, and
 - iv. Exclusions as referred to in section 17.
- 19.4 The register will be open for inspection by the public at the municipal main offices during office hours or on the website of the municipality.
- 19.5 The municipality will update Part A of the register every 6 months during the supplementary valuation process.
- 19.6 Part B of the register will be updated on a continuous basis.

20. COMMUNITY PARTICIPATION

- 20.1 Before the municipality adopts the rates policy, the municipal manager will follow the process of community participation envisaged in chapter 4 of the Municipal Systems Act and comply with the following requirements:
- 20.1.1 Conspicuously display the draft rates policy for a period of at least 30 days at the municipality's head and satellite offices and libraries and on the website.
- 20.1.2 Advertise in the media a notice stating that the draft rates policy has been prepared for submission to council and that such policy is available at the various municipal offices and on the website for public inspection. (Property owners and interest persons may obtain a copy of the draft policy from the municipal offices during office hours at a fee determined annually by the municipality).
Property owners and interest persons are invited to submit written comments or representations to the municipality within the specified period in the notice.
- 20.1.3 Council will consider all comments and/or representations received when considering the finalisation of the rates policy.

21. NOTIFICATION OF RATES

- 21.1 A notice stating the date on which the new rates shall become operational as resolved by Council must be displayed and published by the Municipality.
- 21.2 This is to be aligned with the annual budgetary process and shall be subject to the same obligations as contemplated in the MFMA.

22. BY-LAWS TO GIVE EFFECT TO THE RATES POLICY

- 22.1 The municipality will adopt By-laws to give effect to the implementation of the Rates Policy and such By-laws may differentiate between different categories of properties and different categories of owners of properties liable for the payment of rates.

23 REGULAR REVIEW PROCESSES

- 23.1 The rates policy must be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives as contained in the Integrated Development Plan and with legislation.

24 ENFORCEMENT/IMPLEMENTATION



N. Pakade

Municipal Manager

RESOLUTION NUMBER: SCM 448/05/23