

# UMSOBOMVU

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MUNICIPALITY

## PROPERTY RATES POLICY

# **UMSOBOMVU MUNICIPALITY** **PROPERTY RATES POLICY**

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## **1. LEGISLATIVE CONTEXT.**

- 1.1 This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.
- 1.2 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), a municipality may impose rates on property.
- 1.3 In terms of the Local Government: Municipal Property Rates Act, 2004 (Act 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
    - (iii) the rates policy.
- 1.4 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 properties.
- 1.5 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. 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;

“**agriculture purpose**”, in relation to the use of a property, excludes the use of a property for the use of eco-tourism or for trading in or hunting of game;

“**annually**”, means once every financial year;

**“appeal board”**, means a valuation board established in terms of section 56 of the Act;

**“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;

**“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 Umsobomvu 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 implemented;

**“ district municipality”** means a municipality that has executive and legislative authority in an area that includes more than one municipality, and is described in section 155(1) of the Constitution as a category C municipality;

**“economic service”**, means services for which the tariffs are fixed to recover the full cost of the service, for example refuse and sewerage services;

**“ effective date”-**

(a) in relation to a valuation roll, means the date on which the valuation takes effect, in terms of section 32(1) of the Act, or

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

**“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 of the Act;

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

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

- (a) acquired the property through-
  - (i) the Provision of Land and Assistance Act, 1993( Act 126 of 1993);
  - (ii) the Restitution of Land Rights Act, 1994(Act 22 of 1994);
- (b) holds the property subject to the Communal Property Associations Act, 1996(Act 28 of 1996); or
- (c) holds or acquires the property in terms of such other land tenure reform legislation as may be pursuant to section 25(6) and (7) of the Constitution be enacted after this Act has taken effect;

**“land tenure right”**, means an older right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004;

**“local community”**, in relation to a municipality-

- (a) means that body of persons comprising-
  - (i) the residents of a 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 bodies of persons;

**“local municipality”**, means a municipality that shares municipal executive and legislative authority in it's 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 a member of the Executive Council of a province who is responsible for local government in that province;

**“multiple purposes”**, in relation to a property, means the use of a property for more than one purpose;

**“Municipal Manager”**, means a person appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998);

**“municipality”** means the Umsobomvu Municipality;

**“Municipal Finance Management Act”** means the Local Government: Municipal Finance Management Act, 2003 (Act 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 Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004);

**“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) a property which was incorrectly omitted from the 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 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 the right to occupy the property;

**“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;
- (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 an 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 use of this Act be regarded by a municipality as the owner of the 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 property in a deceased estate
  - (iii) a trustee or liquidator, in the case of 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 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 property that is registered in the name of a municipality and is leased by it; 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”**, in 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 such restrictions;

**“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 on 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,2003 (Act 57 of 2003);

**“Protected Areas Act”** means the National Environmental Management: Protected Areas Act, 2003(Act 57 Of 2003);

**“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 1 of 1999);
- (b) a municipality;
- (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 conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewerage 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 a railway system;
- (f) communication towers masts, exchanges or lines forming part of a communication system serving the public;



- (g) runways or aprons at national or provincial airports;
- (h) breakwater, sea walls, channels, basin, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights power, sewage or similar service of ports, or navigational aids comprising light houses, radio navigational aids, buoys, or 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 (j);

“**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 levying of rates;

“**rebate**”, in relation to a rate payable on a property, means discount granted in terms 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 a property included on a valuation roll in terms of section 48(2)(b) of the Act as a residential property;

“**sectional titles unit**”, means a unit defined in section 1 of the Sectional Titles Act, 1986 (Act 95 of 1986);

“**specified public health benefit**”, means an activity listed as welfare and humanitarian, health care and education and development in Part 1 of the Ninth Schedule of 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 granted or land owned by the state which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act 22 of 1994);

“**trading service**”, means a service for which the tariffs are fixed to yield a trading profit, for example electricity and water services;

**all other terms** are used within the context of the definitions contained in the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004).

### **3. POLICY PRINCIPLES.**

- 3.1 Rates are levied in accordance with the Act as an amount in the Rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.
- 3.2 As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis, other than by way of an exemption, rebate or reduction provided for in this policy.
- 3.3 There would be no phasing in of rates based on the new valuation roll, except as prescribed by legislation.
- 3.4 The rates policy for the municipality is based on the following principles:
  - (a) Equity: The municipality will treat all ratepayers with similar properties the same.
  - (b) Affordability: The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions or rebates.
  - (c) Sustainability: Rating of property will be implemented in a way that:
    - (i) it supports sustainable local government by providing stable and buoyant revenue source within the discretionary control of the municipality; and
    - (ii) supports local social economic development
  - (d) Cost efficiency.

Rates will be based on the value of all rateable property and the amount required by the municipality to balance the operating budget after taking into account profits generated on trading (water, electricity) and economic (refuse removal, sewerage removal) services and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality

from time to time.

#### **4. SCOPE OF THE POLICY.**

This policy document guides the annual setting (or revision) of property rates. It does not make specific property rates proposals. Details pertaining to the applications of the various property rates are published in the Municipal Budget and the municipality's schedule of tariffs, which must be read in conjunction with this policy. This policy must also be read with the Tariff Policy of the municipality.

#### **5. APPLICATION OF THE POLICY.**

In imposing the rate in the Rand for each annual operating budget component, the municipality shall grant exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this policy document.

#### **6. CLASSIFICATION OF SERVICES AND EXPENDITURE.**

**6.1** The Municipal Manager or his/her nominee must, subject to the guidelines provided by the National Treasury and the budget of the municipality, make provision for the following classification of services:-

- (a) Trading services.
  - (i) Water
  - (ii) Electricity
- (b) Economic services.
  - (i) Refuse removal.
  - (ii) Sewerage disposal.
- (c) Community services.
  - (i) Air pollution
  - (ii) Fire fighting services
  - (iii) Local tourism
  - (iv) Municipal planning
  - (v) Municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and to administer functions specially assigned to them under the Constitution or any other law.
  - (vi) Storm-water management system in built-up areas.
  - (vii) Trading regulations
  - (viii) Fixed billboards and the display of advertisements in public places
  - (ix) Cemeteries
  - (x) Control of public nuisances
  - (xi) Control of undertakings that sell liquor to the public
  - (xii) Township development

- (xiii) Facilities for accommodation, care and burial of animals
- (xiv) Fencing and fences
- (xv) Licensing of dogs
- (xvi) Licensing and control of undertakings that sell food to the public
- (xvii) Local amenities
- (xviii) Local sport facilities
- (xix) Municipal parks and recreation
- (xx) Municipal roads
- (xxi) Noise pollution
- (xxii) Pounds
- (xxiii) Public places
- (xxiv) Street trading/street lighting
- (xxv) Traffic and parking
- (xxvi) Building control
- (xxvii) Licensing of motor vehicles and transport permits
- (xxviii) Nature reserves
- (xxix) Forestry
- (d) Subsidised services.
  - (i) Health and ambulance.
  - (ii) Libraries and museums.
  - (iii) Proclaimed roads.

6.2 Trading and economic services must be ring-fenced and financed from service charges while community and subsidised services will be financed from profits on trading and economic services, regulatory fees, rates and rates related income.

6.3 **Expenditure** will be classified in the following categories:

- (a) Salaries, wages and allowances
- (b) Bulk purchases
- (c) General expenditure
- (d) Repairs and maintenance
- (e) Capital charges (interest and redemption)/depreciation
- (f) Contribution to fixed assets
- (g) Contribution to funds
  - (i) bad debts.
  - (ii) working capital; and
  - (iii) statutory funds.
- (h) Contribution to reserves.
- (i) Gross expenditure.
- (j) Less charge-out.
- (k) Net expenditure.
- (l) Income.
- (m) Surplus/Deficit

- 6.4 **Cost centers** will be created to which the costs associated with providing the service can be allocated-
- (a) by Department;
  - (b) by Section/service; and
  - (c) by Division/service.
- 6.5 The subjective classification of expenditure each with a unique vote will be applied to all cost centers.

## **7. CATEGORIES OF RATEABLE PROPERTIES.**

- 7.1 Criteria for determining categories of properties for the purpose of levying different rates and for the purpose of granting exemptions will be according to the-
- (a) use of the property;
  - (b) permitted use of the property or
  - (c) geographical area in which the property is situated
- 7.2 In terms of section 3 (3) (c) of the Act, the municipality may levy different rates for the different categories of rateable properties as set out below. The categories include the following:-
- residential properties;
  - business and commercial properties;
  - industrial properties;
  - public service infrastructure;
  - farm properties used for-agricultural purposes;
  - business and commercial purposes;
  - residential purposes;
  - industrial purposes;
  - small holdings used for-agricultural purposes;
  - business and commercial purposes;
  - residential purposes;
  - industrial purposes;
  - municipal owned residential properties;
  - non – residential municipal properties;
  - multiple use properties;
  - properties acquired through provision of the Communal Land Rights Act, 1993 (Act 126 of 1993) or the restitution of land rights or which is subjected to the Communal Property Associations Act, 2006;
  - properties on which monuments are proclaimed;
  - properties owned by public benefit organisations and used for any specific public benefit activities;

- protected areas;
- private schools;
- public schools;
- mining properties (excluding mineral rights);
- registered residential businesses;
- unregistered residential businesses;
- sports fields;
- vacant land.

## **8. CATEGORIES OF OWNERS.**

Criteria for determining categories of owners of properties, for the purpose of granting exemptions, rebates and reductions will be according to the-

- (a) indigent status of the owner of a property;
- (b) sources of income of the owner of a property;
- (c) owners of property situated within an area affected by
  - (i) a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
  - (ii) any other serious adverse social or economic conditions;
- (d) owners of residential properties with a market value below a determined threshold; or
- (e) owners of agricultural properties who are *bona fide* farmers

## **9. PROPERTIES USED FOR MULTIPLE PURPOSES.**

Rates on properties used for multiple purposes will be levied on properties used for-

- (a) a purpose corresponding with the permitted use of the property, if the permitted use of the property is regulated;
- (b) a purpose corresponding with the dominant use of the property; or
- (c) by apportioning the market value of a property to the different purposes for which the property is used; and
- (d) applying the relevant cent amount in the Rand to the corresponding apportioned market value.

## **10. DIFFERENTIAL RATING.**

10.1 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.

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

and/or  
10.3 by way of reductions and rebates.

## **11. EXEMPTIONS.**

11.1 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.)
- (b) Residential properties with a market value of less than R 15 000 are exempted from paying rates. This is an important part of the Council's indigent policy and is aimed primarily at alleviating poverty.
- (c) Cemeteries and crematoriums  
Registered in the names of private persons and operated not for gain.
- (d) Public Service Infrastructure  
Is exempted from paying rates as they provide essential services to the community
- (e) Public Benefit Organisations  
The following Public Benefit Organisations may apply for the exemption of property rates subject to 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):
  - (i) Health care institutions  
Rateable properties registered in the name of an institution or organization which has as it's exclusive objective health care or counseling for terminally ill persons or persons with a severe physical or mental disability and persons affected by HIV/AIDS , 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.
  - (ii) Welfare institutions  
Properties used exclusively as an orphanage, non-profit retirement villages, old age home or benevolent institution, 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.
  - (iii) Independent schools  
Property used by registered independent schools for educational purposes only.
  - (iv) Charitable institutions

- Property belonging to not-for-gain institutions or organisations that perform charitable work.
  - (v) Sporting bodies  
Property used by an organisation whose sole purpose is to use the property for sporting purposes on a non-professional basis.
  - (vi) Cultural institutions  
Properties declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.
  - (vii) Museums, libraries, art galleries and botanical gardens  
Registered in the name of private persons, open to the public and not operated for gain.
  - (viii) Youth development organisations  
Property owned and/or used by organisations for the provision of youth leadership or development programmes.
  - (ix) Animal welfare  
Property owned or used by institutions/organisations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.
  - (f) 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.
  - (g) any other property designated in terms of Section 17 of the Local Government: Property Rates Act, 2004 (Act 6 of 2004) as impermissible rates.
- 11.2 Exemptions will be subject to the following conditions:
- (a) all applications must be addressed in writing to the municipality;
  - (b) a SARS tax exemption certificate must be attached to all applications;
  - (c) the Municipal Manager or his/her nominee must approve all applications;
  - (d) applications must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought; and
  - (e) the municipality retains the right to refuse exemptions if the details supplied in the application form were incomplete, incorrect or false.

## **12. REDUCTIONS.**

- 12.1 A reduction in the municipal valuation as contemplated in section 15(1)(b) of the Act will be granted where the value of a property is affected by-
- (a) a disaster within the meaning of the Disaster Management Act,



- 2002 (Act No. 57 of 2002); or
- (b) any other serious adverse social or economic conditions
- 12.2 The reduction will be in relation to the certificate issued for this purpose by the municipal valuer.
- 12.3 All categories of owners can apply for a reduction in the rates payable as described above.

### **13. REBATES.**

#### 13.1 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) Rebates 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.
- (b) State properties.  
Receive a rebate provided for in the annual budget.
- (c) Residential properties.  
The municipality grants a rebate provided for in the annual budget, which applies to improved residential property that is:
- (i) used predominantly for residential purposes, with not more than two dwelling units per property,
- (ii) registered in terms of the Sectional Title Act,
- (iii) owned by a share-block company,
- (iv) a rateable residence on property used for or related to educational purposes,
- (d) Agricultural property rebate.

Agricultural property rebate is fixed at 85% across the board, excluding properties positioned and marketed as hunting or safari establishments.

- (e) Conservation Land  
No rebates are granted to privately owned properties whether designated or used for conservation purposes.
- (f) Historical or heritage properties  
No rebates are granted other than residential rebates if appropriate.

### 13.2 Categories of owners

- (a) Retired and Disabled Persons Rate Rebate
  - (i) Retired and Disabled Persons qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must:
    - (a) occupy the property as his/her normal residence;
    - (b) be at least 60 years of age, in receipt of a disability pension, old age pension or retirement annuity/pension privately provided;
    - (c) be in receipt of a total monthly income from all sources (including income of spouses of owner) not exceeding R 5 000.00;
    - (d) not be the owner of more than one property; and
    - (e) provided 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 (three months bank statement) of income of the owner and his/her spouse;
    - (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 end of October preceding the start of the new municipal financial year for which relief is sought.
  - (v) The municipality retains the right to refuse rebates if the

details supplied in the application form were incomplete, incorrect or false.

- 13.3 The following percentage of rebates will be applicable to pensioners, pensioners in receipt of state grants or annuity benefactors, subject to the discretionary powers of the Municipal manager or the availability of funds.

| <b>Total household Income Per Month</b>  | <b>Rebate</b> |
|--|---------------|
| R 2 250.00 to R 3 000.00   | 80%           |
| R 3 001.00 to R 3 500.00   | 60%           |
| R 3 501.00 to R 4 000.00   | 50%           |
| R 4 001.00 to R 4 500.00   | 40%           |
| R 4 501.00 to R 5 000.00   | 20%           |
| Disabled persons – subject to the alterations made to a property to accommodate the specific disability, the discretion of the Municipal Manager and availability of funds | 100%          |

- 13.4 Properties with a market value below a prescribed valuation level. These properties may instead of a rate determined on the market value may be a uniform fixed amount per property.

**14. COST TO THE MUNICIPALITY DUE TO EXEMPTION, REDUCTIONS, REBATES, EXCLUSIONS, PHASING IN AND THE BENEFIT THEREOF TO THE LOCAL COMMUNITY.**

- 14.1 During the budget process the accounting officer must inform the Council of all costs associated with suggested exemptions, rebates, reductions and phasing in of rates. The report of the accounting officer should display the costs in the following categories:

(i) Exemptions R c:

- Municipal properties .
- Residential properties.
- Cemeteries and crematoriums.
- Public service infrastructure .
- Public benefit organisations

(ii) Reductions:

- Properties affected by disaster.
- Properties affected by serious adverse.
- social or economic conditions.

(iii) Rebates:

- Enterprises that promote local, social and economic development .
- State properties .
- Residential properties .

- Retired and disabled persons .
- (iv) Phasing in:
- Newly rateable property.
  - Land reform beneficiaries .
- (v) Exclusions:
- Public service infrastructure .
  - Protected areas .
  - Land reform beneficiary
  - Residential property (mandated R 15 000 exemption)
  - Public places of worship .

14.2 The benefit to the community of granting relief measures will be:

- (i) the promotion of local economic development including attracting business investment, for example small business establishment;
- (ii) creation of employment for municipal residents;
- (iii) promotion of service delivery, for example by farmers;
- (iv) poverty alleviation to the indigents;
- (v) social development and moral development, for example, by religious institutions, sports institutions, schools and other non- governmental organisations which promote health and other benefit to the community; and
- (vi) Improved local economic growth.

## **15. RATES INCREASES.**

15.1 The municipality will consider increasing rates annually during the budget process in terms of the guidelines issued by National Treasury from time to time.

15.2 Rate increases will be used to finance the increase in operating costs of community and subsidised services.

15.3 Relating to community and subsidised services the following annual adjustments will be made:

- (i) All salary and wage increases as agreed at the South African Local Government Bargaining Council
- (ii) An inflation adjustment for general expenditure, repairs and maintenance and contributions to statutory funds, and
- (iii) Additional depreciation costs or interest and redemption on loans associated with the assets created during the previous financial year.

15.4 Extraordinary expenditure related to community services not foreseen during the previous budget period and approved by the

Council during a budget review process will be financed by an increase in property rates.

15.5 Affordability of rates to ratepayers.

15.6 All increases in property rates will be communicated to the local community in terms of the municipality's policy on community participation.

## **16. NOTIFICATION OF RATES.**

16.1 The municipality will give notice of all rates approved at the annual budget meeting at least 30 days prior to the date that the rates become effective. Accounts delivered after the 30 days notice will be based on the new rates.

16.2 A notice stating the purport of the municipality's resolution and the date on which the new rates become operational will be displayed by the municipality at places installed for that purpose.

## **17. PAYMENT OF RATES.**

17.1 Ratepayers may choose between paying rates annually in one installment on or before 30 September or in twelve equal installments on or before the seventh day of the month following on the month in which it becomes payable.

17.2 If the owner of property that is subject to rates, notify the Municipal Manager or his/her nominee not later than 31 May in any financial year, or such later date in such financial year as may be determined by the municipal manager or his/her nominee that he/she wishes to pay all rates in respect of such property in installments, such owner shall be entitled to pay all rates in the subsequent financial year and each subsequent financial year in twelve installments until such notice is withdrawn by him/her in a similar manner.

17.3 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, debt collection and indigent policy of the municipality.

17.4 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act.

17.5 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.

17.6 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.

## **18. REGULAR REVIEW PROCESSES.**

The rates policy will be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives and with legislation.

## **19. PHASING IN OF RATES**

19.1 The rate levied on new rateable property owned and used by organisations conducting specific public benefit activities and registered in terms of the Income Tax Act for those activities, shall be phased in over a period of four years.

The phasing-in discount on properties mentioned in 19.1 shall be as follows:

- First year: 100% of the rate for that year otherwise applicable to the property;
- Second year: 75% of the rate for that year otherwise applicable to the property;
- Third year: 50% of the rate for that year otherwise applicable to the property;
- Fourth year: 25% of the rate for that year otherwise applicable to the property;
- Fifth year: Full Charge

19.2 The rate levied on all other newly rateable property shall be as follows:

- First year: 75% of the rate for that year otherwise applicable to the property;
- Second year: 50% of the rate for that year otherwise applicable to the property;
- Third year: 25% of the rate for that year otherwise applicable to the property;
- Fourth year: Full charge.

19.3 The rates levied on newly rateable property belonging to a land reform beneficiary or his/her heirs, shall be phased in over a period of three financial years, which three financial years shall commence after the exclusion period of ten years following the date on which the title was

registered in the name of the beneficiary or his/her heirs at the Registrar of Deeds, has lapsed.

- First year: 75% of the rate for that year otherwise applicable to the property;
- Second year: 50% of the rate for that year otherwise applicable to the property;
- Third year: 25% of the rate for that year otherwise applicable to the property;
- Fourth year: 100% of the rate for that year otherwise applicable to the property.

## **20. LIABILITY FOR AND RECOVERY OF RATES**

- 20.1 The owner of a property shall be liable for the payment of the rates levied on the property.
- 20.2 Joint owners of a property shall be jointly and severally be liable for the payment of rates levied on the property.
- 20.3 In the case where an agriculture property is owned by more than one owner in undivided shares and these undivided shares were allocated before the commencement of the date of the Subdivision of Agriculture Land Act, 1970 (Act 70 of 1970), the municipality shall hold any joint owners liable for all rates levied in respect of the agriculture 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.
- 20.4 Rates levied on properties in sectional title schemes, shall be payable by the owner of each unit;
- 20.5 Rates levied on property in sectional title schemes, where the Body Corporate is the owner of a specific section title unit, shall be payable by the Body Corporate.

## **21. RECOVERY OF RATES IN ARREARS**

### **21.1 Tenants and occupiers**

- 21.1.1 If the owner of a property does not pay the full amount due for rates levied on a property by the due date shown on the account, the municipality shall recover the amount in full or partially, from the tenant or occupier of the property, after a written notice is served on the tenant or occupier.

- 21.1.2 The amount to be recovered in terms of paragraph 21.1.1 above is limited to the amount of the rent or other money due and payable, but not yet paid, by the tenant or occupier to the owner of the property.
- 21.1.3 Any amount recovered from the tenant or occupier of the property must be set off by the tenant or occupier against any money owned by the tenant or occupier to the owner.
- 21.1.4 The tenant or occupier of a property must, on request by the municipality, furnish the municipality with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the municipality.

## 21.2 **Agents**

- 21.2.1 If the amount due for rates levied on a property is not paid by the owner by the due date shown on the account, the municipality shall recover the amount in full or partially, from the agent of the owner of the property, after a written notice is served on the agent.
- 21.2.2 The amount to be recovered in terms of paragraph 21.2.1 above is limited to the amount of the rent or other money due and payable, but not yet paid, by the agent on behalf of the owner of the property less any commission due to the agent.
- 21.2.3 The agent must, on request by the municipality, furnish the municipality with a written statement specifying all payments for recent on the property and any other money received by the agent on behalf of the owner during a period determined by the municipality.

## 21.3 **Credit Control and Collection**

- 21.3.1 Where applicable, credit control and debt collection will be applied, in accordance with the approved Credit Control and Debt Collection Policy of the Council, for any outstanding amounts.

## 21.4 **Interim Valuation Debits**

In the event that a property has been transferred to a new owner and an Interim Valuation took place, the immediate predecessor in title, as well as the new owner, will be jointly and severally be held responsible for settling the interim account.

## 21.5 **Ownership**

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.

**21.6 Rates Clearance Certificates**

Rates Clearance Certificates will be valid until 30 June in each financial year.

**21.7 Rebate for Indigent debtors**

The rebate is as determined by the municipality's policy on indigent debtors.

**21.8 Liability of directors and members for assessment rates**

Where a company, closed corporation, trust or a body corporate in terms of the Sectional Titles Act, 1986 (Act 95 of 1986) as amended is responsible for the payment of any arrear amounts to the municipality, the liability for such entry shall be extended to the directors or members thereof jointly as the case may be.

**22. REGISTER OF PROPERTIES**

The accounting officer must ensure that a register of properties is drawn up and maintained as contemplated in section 23(3) of the Act.

**23. COMMENCEMENT AND PERIOD OF RATES**

This policy takes effect on the date specified in the municipal Council resolution.

**24. APPROVAL**

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**Municipal Manager**

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**Date**

**Council Resolution Nr.  
34/05/2013**

**Date  
31 May 2013**