



# **PHUMELELA LOCAL MUNICIPALITY**

## **PROPERTY RATES POLICY**

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PHUMELELA LOCAL MUNICIPALITY

PROPERTY RATES POLICY

**1. LEGISLATIVE CONTEXT**

- 1.1 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.
- 1.2 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.
- 1.3 In terms of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) a local 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 the regulations promulgated in terms thereof; 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 Council of a municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.
- 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.
- 1.6 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.

**2. DEFINITIONS**

- 2.1 “**Act**” means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) and any amendment thereof;
- 2.2 “**Agent**”, in relation to the owner of a property, means a person appointed by the owner of the 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;

- 2.3 “**Agricultural purpose**” in relation to the use of a property, includes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game;
- 2.4 “**Annually**” means once every financial year;
- 2.5 “**Business and commercial property**” – means -
- (a) property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity; or
  - (b) property on which the administration of the business of private or public entities take place;
- 2.6 “**Category**”
- (a) in relation to property, means a category of properties determined in terms of Section 7 of this policy; and
  - (b) in relation to owners of properties, means a category of owners determined in terms of Section 8 of this policy.
- 2.7 “**Child-headed household**” means a household where the main caregiver of the said household is younger than 18 years of age. Child-headed household means a household headed by a child as defined in terms of section 28(3) of the Constitution.
- 2.8 “**Definitions, words and expressions**” as used in the Act are applicable to this policy document where ever it is used;
- 2.9 “**Exclusion**” – in relation to a municipality’s rating power, means a restriction of that power as provided for in sections 16 and 17 of the Act;
- 2.10 “**Exemption**” - in respect of the calculation of a rate means an exemption granted in terms of section 15(1)(a) of the Act;
- 2.11 “**Farm property or small holdings used for agricultural purpose**” – means property that is used for the cultivation of soils for purposes of planting and gathering in of crops; forestry in the context of the planting or growing of trees in a managed and structured fashion; the rearing of livestock and game or the propagation and harvesting of fish, but excludes the use of a property for the purpose of eco-tourism; and in the respect of property on which game is reared, trade or hunted, it excludes any portion that is used for commercial, accommodation or business purposes;
- 2.12 “**Farm property not used for any purpose**” – means agricultural property which is not used for such purpose, regardless of whether such portion of such property has a dwelling on it which is used as a dwelling and must be regarded as residential property or vacant land;
- 2.13 “**Financial year**” – the period starting from 1 July in a year to 30 June the following year;

- 2.14 “**Industrial property**” – means property used for a branch of trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, and includes any office or other accommodation on the same property, the use of which is incidental to such activity;
- 2.15 “**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 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;
- 2.16 “**Land tenure right**” means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004 (Act No.11 of 2004);
- 2.17 “**Municipality**” means the Local Municipality of Phumelela;
- 2.18 “**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 Act took effect, excluding –
- (a) a property which was incorrectly omitted from a 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;
- 2.19 “**Occupier**” – in respect of a property means a person in actual occupation of a property, whether or not that person has a right to occupy the property;
- 2.20 “**Open space**” - means land that is used as a park, garden, for passive leisure or maintained in its natural state;
- 2.21 “**Owner**”-
- (a) in relation to a property referred to in paragraph 2.23(a) of the definition of “property”, means a person in whose name ownership of the property is registered;
  - (b) in relation to a right referred to in paragraph 2.23(b) of the definition of “property”, means a person in whose name the right is registered;
  - (c) in relation to a land tenure right referred to in paragraph 2.23(c) of the definition of “property”, 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 referred to in paragraph 2.23(d) of the definition of “property”, 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
- (iv) a judicial manager, in the case of a property in the estate of a person under
- (v) a curator, in the case of a property in the estate of a person under curatorship;
- (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
- (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;

2.22 **“Privately open space”** means land that is privately owned and used for practising of sport, play- or leisure facilities or used as a botanical garden, cemetery or nature area;

2.23 **“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 person in terms of legislation; or
- (d) public service infrastructure.

2.24 **“Public service infrastructure”** means publicly controlled infrastructure of the following kinds:

- (a) national, provincial or other public roads 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 a national railway system;

- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons 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 mentioned in paragraphs (a) to (i).

2.25 **“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 is used predominantly for residential purposes;
- (c) is owned by a share-block company and is used predominantly for residential purposes;
- (d) is a residence used for residential purposes situated on a property used for educational purposes;
- (e) is property which is included as residential in a valuation list in terms of section 48(2)(b) of the Act;
- (f) are retirement schemes and life right schemes used predominantly (60% or more) for residential purposes;

Vacant land (empty stands), hotels, hostels, old-age homes and accommodation establishments, irrespective of their zoning or intended use, have been specifically excluded from this property category;

2.26 **“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.

2.27 **“Small holding”** - means

- (a) all agricultural zoned land units situated within an urban region with an area of one to three hectares; or
- (b) any agricultural zoned land unit situated outside an urban region with an area of three hectares or less;

2.28 **“State owned property”** – means property owned by the State but excludes any property included in the valuation roll under the category ‘residential property’ or ‘vacant land’.

- 2.29 “state trust land” means land owned by the state-
- (a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;
  - (b) over which land tenure rights were registered or granted; or
  - (c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994).
- 2.30 “Urban land” means land that is situated within a proclaimed township
- 2.31 “Vacant land” means land within the limits of a proclaimed urban area / township on which no immovable improvements such as buildings or structures of a permanent nature have been erected

### 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 as contemplated in clauses 7 and 8 of this policy. 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.
- 3.3 There would be no phasing in of rates based on the new valuation roll, except as prescribed by legislation and in accordance with clause 16 of this policy.
- 3.4 In accordance with section 3(3) of the Act, 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.  
The following are reasons why ratepayers may pay different rates:

    - different rates levied on different categories of properties
    - Exemptions
    - Rebates and reductions
  - (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, rebates and cross subsidy from the equitable share allocation. The Municipality will endeavour to limit the annual increases in rates in terms of the Consumer Price Index (CPI) and the budget growth guidelines provided by National



Treasury.

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(c) Sustainability

Rating of property will be implemented in a way that it:-

- i. Supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality;
- ii. Supports local, social and economic development; and
- iii. Secures the economic sustainability of every category of ratepayer.

(d) Cost efficiency

Rates will be based on the value of all rateable property and will be used to fund community and subsidised services after taking into account profits generated on trading (water, electricity) and economic (refuse removal, sewerage disposal) 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

- 4.1 This policy document guides the annual setting (or revision) of property rates tariffs. It does not necessarily make specific property rates tariff proposals. Details pertaining to the applications of the various property rates tariffs are annually published in the Provincial Gazette and the municipality's schedule of tariffs, which must be read in conjunction with this policy.

#### 5. APPLICATION OF THE POLICY

- 5.1 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. PRINCIPLES APPLICABLE TO FINANCING OF SERVICES

- 6.1 The municipal manager or his/her nominee must, subject to the guidelines provided by the National Treasury and the Executive Committee 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 and subsidised services

These include all those services ordinarily being rendered by the municipality excluding those mentioned in 6.1 (a) and (b).

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

## **7. CATEGORIES OF PROPERTY**

- 7.1 Subject to section 19 of the Act, Phumelela Local Municipality may, in terms of the criteria set out in its rates policy, levy different rates for different categories of rateable properties, which may include categories determined 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 Categories of rateable property that may be determined in terms of paragraph 7.1 include the following: –

7.2.1 residential (improved property);

7.2.2 property that is vacant (empty stands) with zoning or proposed use earmarked for residential;

7.2.3 property that is vacant (empty stands) with zoning or proposed use earmarked for industrial, business or commercial;

7.2.4 industrial;

7.2.5 business and commercial;

7.2.6 farm properties used for –

- (i) agricultural purposes;
- (ii) other commercial or business purposes;
- (iii) residential purposes; or
- (iv) purposes other than those specified in subparagraphs (i) to (iii);

7.2.7 farm properties not used for any purpose;

7.2.8 smallholdings used for –

- (i) agricultural purposes;
- (ii) residential purposes;
- (iii) industrial purposes;
- (iv) commercial and business purposes; or
- (v) purposes other than those specified in subparagraphs (i) to (iv).

- 7.2.9 state-owned property;
  - 7.2.10 municipal property;
  - 7.2.11 public services infrastructure;
  - 7.2.12 properties used for any specific public benefit activities listed in Part 1 of the Ninth Schedule to the Income Tax Act, 1962 (Act No 58 of 1962);
  - 7.2.13 such other categories as may be determined by the Municipality from time to time.
- 7.3 In determining the category of a property referred to in 7.2 the municipality shall take into consideration the dominant use of the property, regardless the formal zoning of the property.
- 7.4 Properties used for multiple purposes shall be categorised and rated as provided for in section 9 of the Act and as more fully described in clause 9 of this policy.

## **8. CATEGORIES OF OWNERS**

- 8.1 For the purpose of granting exemptions, reductions and rebates in terms of clause 11, 12 and 13 respectively the following categories of owners of properties are determined:-
- 8.1.1 Those owners who qualify and who are registered as indigent in terms of the adopted indigent policy of the municipality;
  - 8.1.2 Owners of properties situated within an area affected by: –
    - (a) a disaster within the meaning of the Disaster Management Act, 2002 (Act No 57 of 2002);
    - or
    - (b) any serious adverse social or economic conditions.
  - 8.1.3 Owners of agricultural properties as referred to in clause 13(1)(b) of this policy;
  - 8.1.4 Owners of farm properties that are used for residential purposes;
  - 8.1.5 Owners of farm properties that are used for industrial, commercial and business purposes;
  - 8.1.6 Owners of smallholdings used for residential purposes;
  - 8.1.7 Owners of smallholdings used for industrial, commercial and business purposes; and
  - 8.1.8 Owners of developed properties not yet sold and transferred.
  - 8.1.9 Owners of vacant land (stands)

## 9. PROPERTIES USED FOR MULTIPLE PURPOSES

9.1 Rates on properties used for multiple purposes will be levied in accordance with the “dominant use of the property”.

## 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 local, social and economic development of the municipality.

10.2 Differential rating among the various property categories will be done by way of:-

- (a) setting different cent amount in the rand for each property category; and
- (b) by way of reductions and rebates as provided for in this policy document.

## 11. EXEMPTIONS AND IMPERMISSIBLE RATES

### 11.1 Categories of properties

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

#### 11.1.1.1 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.

#### 11.1.1.2 Residential properties

All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. **For the 2012/2013 financial year the maximum rebate is determined as R45 000.** The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality.

#### 11.1.1.3 Public Service Infrastructure

Is exempted from paying rates as allowed for in the Act as they provide essential services to the community.

#### 11.1.1.4 Public Benefit Organisations

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), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act.

- 11.1.2 Exemptions in 11.1.1.1 and 11.1.1.3 will automatically apply and no application is thus required by the owners of such property.
- 11.1.3 All possible benefiting organisations in clause 11.1.1.4 must apply annually, by 31 August, for exemption for the financial year in respect of which the application is made. If the exemption applied for is approved the exemption will be valid for the full financial year. Applications received after 31 August for the financial year in respect of which the application is made will only be applied for the remainder of that financial year if approved.
- 11.1.4 A rate-exemption certificate as issued by the South African Revenue Service (SARS), as contemplated in terms of Part 1 of the Ninth Schedule to the Income Tax Act, 1962 (Act No 58 of 1962), must be submitted together with the application.
- 11.1.5 The municipality retains the right to refuse the application for exemption if the details supplied in the application were incomplete, incorrect or false.

## **11.2 Impermissible Rates**

- 11.2.1 In terms of section 17(1) of the Property Rates Act the municipality may, inter alia, not levy a rate:-
- 11.2.1.1 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.
- 11.2.1.2 On mineral rights within the meaning of paragraph (b) of the definition of "property" in section 1 of the Act.
- 11.2.1.3 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.
- 11.2.1.4 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.

## **12. REDUCTIONS**

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

12.1.1 Partial or total destruction of a property.

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

12.2 The following conditions shall be applicable in respect of clause 12.1:-

12.2.1 The owner of the property referred to in clause 12.1.1 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.

12.2.2 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).

12.2.3 A maximum reduction to be determined on an annual basis shall be allowed in respect of both clauses 12.1.1 and 12.1.2. For the 2012/2013 financial year the maximum reduction is determined as 80%.

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

12.2.5 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.

## **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. 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 approval, subject to:-
  - a. a business plan issued by the directors of the company indicating how the local, social and economic development (LED) 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; and

- c. an assessment by the municipal manager or his/her nominee indicating that the company qualifies.
- iii. The Municipality will consider all LED requests on an individual basis according to merits.
- (b) Agricultural property rebate

When considering the criteria to be applied in respect of any exemptions, rebates and reductions on any property used for agricultural purposes the municipality must take into account:-

(i) The extent of services rendered / not rendered by the Municipality.

Where the Municipality does not provide any of the under-mentioned services in respect of farm properties for agricultural purposes, the indicated reduction / rebate shall apply:

- Roads and maintenance thereof	15%
- Water	15%
- Electricity	15%
- Sewerage	5%
- Refuse collection	<u>5%</u>
<b>Subtotal</b>	<b><u>55%</u></b>

(ii) Contribution of Agriculture to the local economy

The contribution to the local economy is a given and acknowledged. In the absence of measureable guidelines a rebate of 20%, as agreed, is allowed.

<b>Subtotal</b>	<b><u>20%</u></b>
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(iii) Contribution of Agriculture to the social and economic welfare of farm workers

Where the owner provides land/facilities in respect of the following to farm workers, the relevant reductions / rebates are:

- Provision of accommodation in a permanent and or other approved structure:	2.5%
- Provision of potable water	2.5%
- The electrification of accommodation of farm workers:	2.5%
- Provision of land for educational, burial, recreational or other purposes to farm workers	2.5%
<b>Subtotal</b>	<b><u>10%</u></b>

The granting of the rebates for social and economic welfare is subject to the following:

- Application in writing on the prescribed form must be addressed to the Municipality before the end of August of the financial year in respect of which the application is made. This application will be done as a once-off requirement.
- If the rebate(s) applied for is granted, the rebate(s) will apply for the full financial year and such application will be regarded as a once-off requirement.
- Applications received after 31 August of the financial year will only, if approved/granted, be applied for the remainder of that financial year.

- The onus rests on the recipients of the rebates to immediately notify the Municipality of changes to their original applications. The Municipality reserves the right to conduct on-site audits for the verification of details supplied.
  - The Municipality reserves the right to refuse applications for rebates if the details supplied in the application form were incomplete, incorrect or false.
- (iv) The effective rate (after rebates) levied on farm land for agricultural purposes shall not exceed the promulgated ratio for residential properties versus farm land for agricultural purposes. The current promulgated ratio, which remains unchanged for the 2012/2013 financial year, is 1:0.25 (25% of the residential rate).
- (v) No other rebates will be granted to properties that qualify for rebates for agricultural purposes.

### **13.2 Categories of owners**

Indigent owners and child headed families will receive a 100% rebate from payment of property tax:-

(a) Indigent owners

Owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality. If qualifying in terms of the indigent policy this 100% rebate will automatically apply and no further application is thus required.

(b) Child headed families

- i. Families headed by children will receive a 100% rebate for paying property tax, according to monthly household income. To qualify for this rebate 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
- ii. The family head must apply on a prescribed application form for registration as a child headed household and must be assisted by the municipality with completion of the application form. If qualifying, this rebate will automatically apply and no further application is thus required.

(c) Retired and Disabled Persons Rate Rebate

- i. Retired and Disabled Persons, not registered as indigents, 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 or in receipt of a disability pension from the Department of Welfare and Population Development;
  - c. be in receipt of a total monthly income from all sources as annually determined by the municipality (including income of spouses of owner);



- 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. 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 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.
- iii. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year. For the 2012/2013 financial year the total monthly income and corresponding rebate is determined as follows:-
- a. R0 to R2 500 per month - 100%.
  - b. R2 501 to R5 000 per month - 50%.
  - c. R5 001 to R8 000 per month - 20%.
- iv. The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- 13.3 Properties with a market value below a prescribed valuation level of a value to be determined annually by the Municipality may, instead of a rate being determined on the market value, be rated a uniform fixed amount per property.
- 13.4 The extent of the rebates granted in terms of clauses 13.1 and 13.2 must annually be determined by the municipality and included in the annual budget.

#### **14. PAYMENT OF RATES**

- 14.1 The rates levied on the properties shall be payable:-
- (a) on a monthly basis;
  - (b) biannually
  - (c) or annually, before 30 September each year.
- 14.2 Ratepayers may choose paying rates annually in one instalment on or before 30 September each year. If the owner of property that is subject to rates, notify the municipal manager or his/her nominee in writing not later than 30 June in any financial year, or such later date in such financial year as may be determined by the municipality that he/she wishes to pay all rates annually, such owner shall be entitled to pay all rates in the subsequent financial year and each subsequent financial year annually until such notice is withdrawn by him/her in a similar manner.

- 14.3 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.
- 14.4 Rates payable on an annual basis will be subject to a discount of 10% if paid in full on or before 30 September of each year.
- 14.5 Interest on arrears rates, whether payable on or before 30 September or in equal monthly instalments, shall be calculated in accordance with the provisions of the Credit Control and Debt Collection Policy of the Municipality.
- 14.6 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 By-law of the Municipality.
- 14.7 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act and the Municipality's credit control and debt collection by-law.
- 14.8 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.
- 14.9 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.
- 14.10 In the event of rates levied emanating from a supplementary valuation, payment thereof will be according to the date determined by the Municipality and payment thereof may not be withheld pending an objection or appeal as determined by section 78(2) of the Act.
- 14.11 In the event that a property has been transferred to a new owner and rates emanating from a supplementary valuation become due and payable, the owner on date of the levy will be held responsible for the settlement of the interim rates account.
- 14.12 Rates Clearance Certificates will be valid for up to 60 days. No extension on a certificate will be granted. If it expires a new application for clearance must be made.

**15. ACCOUNTS TO BE FURNISHED**

- 15.1 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, and
  - (v) rebates, exemptions, reductions or phasing-in, if applicable.
- 15.2 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.
- 15.3 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.

**16. PHASING IN OF RATES**

- 16.1 The rates to be levied on newly rateable property shall be phased in as explicitly provided for in section 21 of the Act.
- 16.2 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.
- 16.3 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. The phasing-in discount on these properties shall be as indicated below:-
- First year : 100% of the relevant rate;
  - Second year : 75% of the relevant rate;
  - Third year : 50% of the relevant rate; and
  - Fourth year : 25% of the relevant rate.

**17. FREQUENCY OF VALUATION**

- 17.1 The municipality shall prepare a new valuation roll at least every 4 (four) years.
- 17.2 In accordance with the Act the municipality, under exceptional circumstances, may request the MEC for Local Government and Housing in the province to extend the validity of the valuation roll to 5 (five) years.

17.3 Supplementary valuations may be done on a continual basis but at least on an annual basis.

## **18. COMMUNITY PARTICIPATION**

18.1 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:-

18.1.1 The Municipality must establish appropriate mechanisms, processes and procedures to enable the local community to participate and will provide for consultative sessions with locally recognised community organisations and where appropriate traditional authorities.

18.1.2 Conspicuously display the draft rates policy for a period of at least 30 days (municipality to include period decided on) at the municipality's head and satellite offices, libraries and on the website.

18.1.3 Advertise in the media a notice stating that the draft rates policy has been prepared for submission to the Municipality and that such policy is available at the various municipal offices and on the website for public inspection.

18.1.4 Property owners and interested persons may obtain a copy of the draft policy from the municipal offices during office hours at a fee as determined by the Municipality as part of its annual tariffs. Property owners and interest persons are invited to submit written comments or representations to the municipality within the specified period in the notice.

18.1.5 The Municipality will consider all comments and/or representations received when considering the finalisation of the rates policy.

18.1.6 The municipality will communicate the outcomes of the consultation process in accordance with section 17 of the Municipal Systems Act 32 of 2000.

## **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 during the supplementary valuation process.

19.6 Part B of the register will be updated on an annual basis as part of the implementation of the municipality's annual budget.

**20. BY-LAWS TO GIVE EFFECT TO THE RATES POLICY**

20.1 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.

**21. REGULAR REVIEW PROCESSES**

21.1 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 recent legislation.

**22. ENFORCEMENT/IMPLEMENTATION AND ENQUIRIES**

22.1 This policy has been approved by the Municipality in terms of Council resolution ..... dated ..... and takes effect on the effective date of the first valuation roll on 01 July 2012.