

DRAFT

**KAI !GARIB MUNICIPALITY
FIRST AMENDED RATES POLICY**

2014/2015



**FORMULATED IN TERMS OF SECTION 3 OF THE LOCAL
GOVERNMENT: MUNICIPAL PROPERTY RATES ACT, NO. 6 OF 2004**

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FIRST AMENDED 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 Municipal must adopt a Rates Policy.
- 1.2. In terms section 5(1) of the act supra the municipality must annually during its budget process review its Rates Policy and if necessary amend the policy .The amended policy must accompany the annual budget when it is tabled and follow a process of community participation through the budget process.

Now therefore the following amended Rates Policy is tabled for adoption by Council and community comments.

- 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 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 term of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), the 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 Local Government: Municipal Finance Management Act, 2003 (No. 6 of 2003) the municipal manager must ensure that the municipality has implement a rates policy.

2. OBJECTIVES:

In developing and adopting this rates policy, the council has sought to give effect to the sentiments expressed in the preamble of the Property Rates Act, namely that: the Constitution enjoins local government to be developmental in nature, in addressing the service delivery priorities of our country and promoting the economic and financial viability of our municipalities;
 there is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfil its developmental responsibilities;
 revenues derived from property rates represent a critical source of income for municipalities to achieve their constitutional objectives, especially in areas neglected in the past because of racially discriminatory legislation and practices;
 and;
 it is essential that municipalities exercise their power to impose rates within a statutory framework which enhances certainty, uniformity and simplicity across the nation, and which takes account of historical imbalances and the burden of rates on the poor.
 In applying its rates policy, the council shall adhere to all the requirements of the Property Rates Act no. 6 of 2004 including any regulations promulgated in terms of the said Act.

The objectives of this policy are also to ensure that-

- all ratepayers within a specific category are treated equal and reasonable;
- all rates levied are affordable. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions or rebates.
- rates are levied in accordance with the market value of the property as determined through a valuation.
- the rate will be based on the value of all rateable property in that category and the amount required by the municipality to balance the operational budget, taking into account the surplus obtained from the trading- and economical services and the amounts required to finance exemptions, reductions and rebates that the municipality may approve from time to time;
- income derived from rates will be used to finance community- and subsidized services only;
- to optimally safeguard the income base of the municipality through exemptions, reductions and rebates that are reasonable and affordable taking into account the poor/indigent ratepayers;

In order to minimize major shocks to certain ratepayers the market values in the new valuation roll or tariffs determined by Council may be phased-in over the entire periods as stipulated in the Rates Act.

to adhere to the legal requirements of the Property Rates Act (Act 6/2004).

3 DEFINITIONS

- 3.1 “**Act**” means the Local Government: Municipal Property Rates Act, 2004 (Act No.6 of 2004)
- 3.2 “**Agricultural Purposes**” in relation to the use of property, excludes the use of property for the purpose of eco-tourism or for the trading in or hunting of game.
- 3.3 “**Bona fide farmers**” means genuine or real farmers whose dominant income is generated from farming.
- 3.4 “**Business**” means the activity of buying, selling or trade in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business of mining, agriculture, farming, or inter alia, any other business consisting of cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms.
- 3.5 “**category**” –
- (a) in relation to property, means a category of property determined in terms of section 8 of the Act;
 - (b) in relation to owners of property, means a category of owners determined in terms of section 15 (2) of the Act;
- 3.6 “**Eco –tourism property**” means agricultural property use for the purpose of eco-tourism
- 3.7 “**exclusion**” in relation to a municipality’s rating power, means a restriction of that power as provided for in section 17 of the Act;
- 3.8 “**game farming**” means agricultural property on which the trading in - or the hunting of game take place.
- 3.9 “**household income**” means the income accruing to all members of the household

permanently residing at the address. It includes income of spouses;

- 3.10 **“income tax act”** means the Income Tax Act ,1962 (Act 58 of 1962)
- 3.11 **“indigent person”** means a person whose household income does not exceed the minimum household income as predetermined by the council;
- 3.12 **“Industrial”** means any branch of trade or manufacturing, production assembling or Processing of finished or partially finished products from raw materials or fabricated part, on so large scale that capital and labor are significantly involved.
- 3.13 **“land reform beneficiary”** in relation to a property , means a person who- acquired the property through the Provincial Land and Assistance Act,1993 (Act 126/1993); the Restitution of Land Rights Act, 1994 (act 22/1994); holds the property subject to the Communal Property Associations Act,1996 (Act 28 of 1996); or holds or acquires the property in terms of such other land tenure enacted after this Act has taken effect;
- 3.14 **“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)
- 3.15 **“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 organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and
 - (iii) 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.
- 3.16 **“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;
- 3.17 **“market value”**, in relation to a property, means the value of the property determined in accordance with section 46 of the Act;
- 3.18 **“MEC for Local Government”** means the member of the Executive Council of a province who is responsible for local government in that province
- 3.19 **“Mining”** means any operation or activity for the purpose of extracting any mineral on, in or under the earth, water or any residue deposit , whether by underground or open working or otherwise and includes any operation or activity incidental thereto.
- 3.20 **“Multiple use properties”** means properties that cannot be assigned to a single category due to different uses.
- 3.21 **“Municipality”** means the municipal council for the municipal area of Kai !Garib.
- 3.22 **“Municipal properties”** means those properties of which the municipality is the owner.

- 3.23 “**Municipal Systems Act**” means the Local Government: municipal Systems Act, 2000 (Act 32 /2000);
- 3.24 “**Newly ratable property**” means any ratable property on which property rates were not levied by 30 June 2005m excluding a property that was incorrectly omitted from a valuation roll and for that reason was not rated before that date.
- 3.25 “**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;
- 3.26 “**Owner**” in relation to property referred to in paragraph (a) of the definition of “property”, means -
 a person in whose name ownership of the property is registered;
 in relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered; or
 in relation to a land tenure right referred to in paragraph (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, 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 curatorship;
 (vi) an usufructuary or other 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) buyer, in the case of a property that was sold and of which possession was given to the buyer pending registration of ownership in the name of the buyer;
- 2.27 “**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
 any alleviation of any such restrictions;
- 2.28 “**person**” includes an organ of the state;
- 2.29 “**prime rate**” means the prime rate of the bank where the primary account of the municipality is kept plus 1%
- 2.30 “**Protected area**” means an area that is or has to be listed in the register referred to in section 10 of the National Environmental Management Protected Areas Act, 2003.
- 2.31 “**Public Benefits Organization**” means an organization conducting specified public benefit activities as defined in the Act and registered in terms of Income Tax Act for tax reductions of those activities.

- 2.32 **“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 and water supply reservoirs, 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) breakwater, sea walls, channels. Basin, 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 light houses, 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 as may be prescribed ; or
 - (j) rights of way easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i)
- 2.33 **“rate”** means a municipal rate on property envisaged in section 229(1)(a) of the Constitution;
- 2.34 **“rateable property”** means property on which a municipality may in terms of section 2 of the Act levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the Act;
- 2.35 **“rebate”**, in relation to a rate payable on a property, means a discount on the amount the rate payable on the property;
- 2.36 **“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;
- 2.37 **“Residential”** means a suite of rooms which forms a living unit that is exclusively used for human habitation purposes, or a multiple number os such units on a property, excluding a hotel, commune, boarding and under taking, hostel and place of instruction.
- 3.38 **“Sectional titles Act”** means the Sectional Titles Act , 1986 (Act 95/1986)
- 3.39 **“Sectional title unit”** means a unit defined in section 1 of the Sectional Titles

Act;

3.40 **“Specified public benefit activity”** means an 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:

3.41 **“State-owned properties”** means properties owned by the State, which are not included in the definition of public service infrastructure in the Act.

These state- owned properties are classified as follows:

- (a) State properties that provide local services.
- (b) State properties that provide regional / municipal district- wide / metro-wide service
- (c) State properties that provide provincial / national service

3.42 **“Vacant land”** means a land where no immovable improvements have been erected.

4. PURPOSE OF THE POLICY

The purposes of the policy are to:

- (1) Comply with the provisions section 3 of the Act.
- (2) Determine criteria to be applied for-
 - a) the levying of differential rates for different categories of properties;
 - b) exemptions;
 - c) grants and rebates; and
 - d) rate increases.
- (3) Determine or provide criteria for the determination of:-
 - a) categories of properties for the purpose of levying different rates; and
 - b) categories of owners of properties for the purpose for the granting of exemptions, rebates and reductions.
- (4) Determine how the municipality’s powers must be exercised in relation to multi purpose properties.
- (5) Identify and provide reasons for
 - a) exemptions, rebates and reductions;
 - b) exclusions; and
 - c) rates on properties that must be phased in.
- (6) Take into account the effect of rates on the poor.
- (7) Take into account the effect of rates on organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for tax exemptions because of those activities, in the case of property owned and used by such organisations for those activities.

- (8) Take into account the effect of rates on public service infrastructure.
- (9) Determine measures to promote local economic and social development.
- (10) Identify all rateable property that is not rated.

5 POLICY PRINCIPLES

5.1 Rates are levied in accordance with the Act as an amount in the rand based on the market value of all ratable property contained in the municipality's valuation roll and supplementary valuation roll.

5.2 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.

5.3 There would be no phasing in of rates based on the new valuation roll, except as prescribed by legislation.

5.4 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, reduction or rebates.
- (c) Sustainability
Rating of property will be implemented in a way that:
 - i it supports sustainable local government by providing a 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 ratable 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 reduction and phasing-in of rates as approved by the municipality from time to time.

6 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 Provincial Gazette and the Municipality's schedule of tariffs, which must be read in conjunction with this policy.

7 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.

8 CATEGORIES OF PROPERTY

8.1 Criteria for determining categories of properties for the purpose of levying different rates and for the purpose of granting exemptions will be according to:

- (a) the use of the property;
- (b) the permitted use of the property or;
- (c) the geographical area in which the property is situated

8.2 Categories of property for the municipality include-

- (a) resident properties;
- (b) business and commercial properties;
- (c) industrial properties;
- (d) public service infrastructure;
- (e) public benefit organizations;
- (f) Farm properties used for-
 - agricultural purposes;
 - business and commercial purposes;
 - industrial
 - residential purposes;
 - eco-tourism
 - game farming & hunting or
 - other than (i) to (v).
 - farm properties not used for any purpose.
- (g) Small holdings used for-
 - agricultural purposes;
 - residential purposes;
 - industrial purposes;
 - business and commercial purposes;
 - eco-tourism
 - game farming & hunting or
 - other than (i) to (iv).
- (h) state-owned properties;
- (i) municipal properties;
- (j) multiple use properties; (see item 11 below for qualification)
- (k) vacant land
- (l) eco-tourism properties
- (m) game farming properties
- (n) properties on which national monuments are proclaimed
- (o) formal & informal settlements

9 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 as determined by the income level of the owner;
- (b) limited income of owners of a property who are pensioners or dependant on social grants;

- (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

10 PROPERTIES USED FOR MULTIPLE PURPOSES

Properties used for multiple purposes may be categorized as follows for rating purpose

- (i) by apportioning the market value of a property to the different purposes for which the property is used as determined in item 8 (categories of properties) above.
- (ii) applying the relevant cent amount in the rand to the corresponding apportioned market value.

If the market value of the property can be apportioned, each portion must be categorized according to its individual use as determined in items 8 and/or 9 above. If the market value of the property cannot be apportioned to its various use purposes, then such a property must be categorized in terms of the dominant use of the property and;

11 CLASSIFICATION OF SERVICES AND EXPENDITURE

The Chief Financial Officer shall, subject to the guidelines provided by the Legislation and the Executive Mayor, provide for the classification of services as outlined in the Municipality's annual budget into trading and economic services.

12 LEVYING OF RATES

(1) Liability for rates by property owners:

Rates levied by a municipality on a property must be paid by the owner of the property, subject to section 9 of the Municipal Systems Act.

Joint owners are jointly and severally liable for the amount due for rates on that property.

In a case of agricultural property owned by more than one owner in undivided shares where the holding of such undivided shares was allowed before the commencement of the subdivision of the Agricultural Land Act (Act 70 of 1970) the municipality may consider the following options for determining the liability for rates:

If the joint owners are all available, the issue of who is liable for rates will be dealt with in the context of whether they have entered into an agreement or not regarding payment of rates liabilities.

Where the joint owners have a written agreement that a specific joint owner is liable for all the rates, the municipality will hold such a joint owner liable in respect of all the rates. A certified copy of the agreement must be submitted to the municipality.

Where there is no agreement, the municipality will hold anyone of the joint owners responsible for the whole property or hold any joint owner only liable for his undivided share

(ii) If the joint owners are not traceable with the exception of one joint owner and such joint owner is occupying or using the entire property or a significant larger portion the municipality will hold that joint owner liable for the total rates bill.

(iii) If the traceable joint owner is only using or occupying a small portion of the entire property, the municipality will hold that joint owner only responsible for his own undivided share in that property.

2) Method and time of payment

The municipality will recover the rate levied in periodic instalments of equal amounts in twelve months. The monthly instalment is payable on or before the day determined by Council for payment of services. Interest will be charged at 1% above the **maximum rate commercial banks will charge** for any late payments received.

(3) Annual Payment Arrangements

By prior arrangement with the municipality the rate may be paid in a single amount before 30 September of the year it is levied in, however, application must be submitted before 31 May prior to the financial year of implementation of the arrangement. The Director of Financial Services will consider any applications after this date.

(4) (i) Recovery of arrear rates from owner

As soon as the annual rates becomes overdue or the monthly rates have been raised for the remaining months in the financial year, an overdue notice must be issued on the owner at the address selected by the owner.

If there is no response from the owner, a further overdue notice should be served at the property with a rider that the services to the property will be terminated within a reasonable period, the minimum being 30 days, should the rates not be paid or satisfactory arrangements made.

This notice should enquire whether the occupier is paying rent and other monies to an agent of the owner and the state that the municipality can, legally, attach the net payment. (i.e. gross receipts by the agent less commission due to the agent on those gross receipts) due to the owner by the agent to settle the arrears. Should the tenant refuse to co-operate, the services should be disconnected and the other debt management actions implemented

(4) (ii) Recovery of arrear rates from tenants, occupiers and agents

If an amount due for rates levied in respect of a property is unpaid after the day determined, the municipality may recover the amount in whole or in part from a tenant or occupier of the property. The amount the municipality might recover from the tenant or occupier of the property is limited to the amount of the rent or other money due and payable by the tenant or occupier to the owner of the property. Any amount the municipality recovers from the tenant or occupier of the property may be set off, by the tenant or occupier, against any money owed by the tenant or occupier to the owner.

The municipality may recover the amount due for rates from an agent of the owner after it has given written notice to that agent or person. The amount the municipality may recover from the agent or other person is limited to the amount of that rent received by the agent or person, less the commission due to that agent or person. (subject to the Estate Agents Act, 1976 (Act No. 112 of 1976). The agent or other person must, on request by the municipality, furnish the municipality with a written statement specifying all payments for rent on the property received by that agent or person during a period determined by the municipality. If the managing agent is identified through the tenant's assistance, a copy of the notice, which was served on the tenant, must be served on the agent stating that failure to co-operate would lead to action being taken against the agent as well as the termination of the services at the supply address. Should the payments by the agent not be able to redeem the arrears within the next 12 months, the monies must be attached and the next step in the debts management plan of the municipality implemented. The municipality may however decide to extend the 12 month period to such longer period that they deem fit based on the merit.

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 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.

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

(5) Deferral of payment of rates liabilities

The municipality will consider each and every application for deferral of rates, taking into account the merits and demerits of each and the financial implications thereof in so far the cash-flow of the municipality is concerned.

(6) Supplementary Valuation Debits

In the event that a property has been transferred to a new owner and an Supplementary Valuation took place, the previous owner as well as the new owner will jointly and separately be held responsible for the settling the supplementary rates account.

(7) 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.

(8) Clearance Certificate

Rates Clearance Certificates will be valid until 30 June of a financial year, if monies paid in full until such a date. However, should attorneys request to extend the certificate for 120 days beyond this date, and this extension of time surpasses the date of 30 June the full new year's rates or estimated rates become payable in full.

(9) Levying of rates on property in sectional title scheme

A rate on property, which is subject to a sectional title scheme, will be levied on the individual sectional title units in the scheme.

13 DIFFERENT RATING

13.1 Criteria for different 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 bona fide agricultural purposes.
- (b) The promotion of social and economic development of the community.

13.2 Different rating among the various property categories may be done by way of setting different cent amount in the rand for each property category and/or by way of reductions and rebates.

The Director of Financial Services will annually calculate the costs of these services and determine through a public participation process to which extent these services are used by the various categories of ratepayers. Inputs from representatives from the various categories of ratepayers must be considered and agreed upon. Different categories of properties may pay different rates in the rand based on the market value of their properties

14 IMPERMISSIBLE RATES

A municipality may not levy the following rates in terms of sections 16 (1) and 17 (1) of the Act.:

- (i) Rates that would prejudice national economic policies.
 - (ii) Rates that would prejudice economic activities across boundaries
- Rates that would prejudice national mobility of goods, services, capital or labour
- On the first 30% of market value of public service infrastructure
- On any part of the seashore as defined in the Seashore Act
- On any part of the territorial waters of the Republic in terms of the Marine Zones Act (15/1994)

On any island of which the state is the owner.

On 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 Environment Management: Biodiversity Act of 2004 (Act no 10 of 2004) which are not developed or used for commercial, business or residential agricultural purposes.

On a mineral right within the definition of property

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

On the first **R15, 000** of the market value of a property assigned in the valuation roll or supplementary valuation roll to a category determined as residential property or multiple used property provided that one or more component is used for residential purposes.

On 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 is, officiates at services at that place of worship.

(The exclusion lapses if not used for the purposes as indicated above)

15 EXEMPTIONS

15.1 The following categories of property are conditionally partially or fully exempted from rates:

(a) Municipal properties

Municipal properties are exempted from paying rates.

(b) Residential properties

(i) The first **R50, 000** of the market value of a residential property contemplated in terms of section 17(1)(h) of the Property Rates Act or a multiple used property (provided that one or more component is used for residential purposes) are exempted from rates.

(ii) Owners of residential property qualifying for indigent grant in terms of the council's Indigent Policy and/or rebates in terms of item 17 of this policy, with a market value below the amount annually determined by council during its budget process, are exempted from paying rates. (see section 15(2) (e) of the act supra.)

This is an important part of the council's Indigent Policy and is aimed primarily at alleviating poverty.

(c) Cemeteries and crematoriums

All burial facilities registered in the names of private persons and operated not for gain.

(d) Public Service Infrastructure

The first 30% of the valuation all public infrastructure as defined on paragraph 2.12 are exempted from rates as they provide essential facilities and services to the community.

(e) Public Benefit Organizations

The following Public Benefit Organizations 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
Properties used exclusively as a hospital , clinic and mental hospital. 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 for (to) charitable purposes within the municipality.
- ii Education institutions
Property belonging to non-profitable independent schools for educational purposes only.
- iv Independent schools
Property used by registered non-profitable independent schools for educational purposes only.
- v. Charitable institutions
Property belonging to not-for-gain institutions or organizations that Perform charitable work.
- vi Sporting bodies
Property used by an organization whose sole purpose is to use the Property for sporting purposes on a non-professional basis.
- vii Cultural institutions
Properties declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.
- viii Museums, libraries, art galleries and botanical gardens
Registered in the name of private persons, open to the public and not operated for gain.
- ix Youth development organizations
Property owned and/or used by organizations for the provision of youth Leadership or development programme.
- x Animal welfare
Property owned or used by institutions/ organizations whose exclusive Aim is to protect birds, reptiles and animals on a not-for gain basis.

15.2 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 Council 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;
- (e) the municipality retains the right to refuse exemptions if the details supplied in the application form were incomplete, incorrect of false; and
- (f) exemptions will only be granted by Council resolution.

16 REBATES

16.1 Categories of property

(a) Residential Properties:

Council may annually during the budget process, by means of an approved sliding scale based on monthly household income, grant qualifying owners a rebate on their rates payable.

(b) Business, commercial and industrial properties

- i. The municipality may grant rebates to 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) an Council resolution.
- (c) Agricultural property rates ratio & rebate
- i. Agricultural properties :
The rates ratio between agricultural properties used for agricultural purposes; agricultural properties not used for any purpose; small holdings used for agricultural purposes and small holdings not used for any purpose and residential properties may not be more than the ratio that the Minister for Provincial and Local Government in concurrence with the Minister of Finance may from time to time determine and promulgate in the Government Gazette
 - ii Council may however when reviewing its rates policy during its budget process resolve to approve further rebates on farm properties used for agricultural purposes.
Qualifying requirements are that the property must be categorized according to its useage in terms of section 8 (2) (d) (i) of the act supra or the owner should be taxed by SARS as a *bona fide* farmer and the last tax assessment must be provided as proof ,or
 - iii where the owner is not taxed as a farmer, proof is required that income from farming activities exceeds 60% of the household income.
- (d) Conservation Land
No rebates are granted to privately owned properties whether designated or used for conservation purposes.
- (e) Historical or heritage properties
No rebates are granted other than residential rebates if appropriate
- (f) Game Farms:
Taking into account the contribution to the local economy, Council may annually during the budget process determine the rebate on game farms
- (g) Eco –Tourism Farms:
Taking into account the contribution to the local economy, Council may annually during the budget process determine the rebate on Eco- Tourism farms

16.2 Categories of owners

(a) Retired and Disabled Persons Rate Rebate

- i Retired and disabled persons qualify for special rebates according to monthly house hold 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 retired due to medical reasons or in receipt of a disability pension.
 - c. be in receipt of a total monthly income from all sources (including income of spouses of owner) not exceeding the amount annually set by Council
 - 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.
 - f. Owners of properties within a specific geographical area in terms of section 8 (1) (c) of the Act may according to conditions adopted by council apply for rebate.

(b) Method of application

Property owners must apply on a prescribed application form for a rebate as determined by the municipality.

- a. Applications must (where applicable) be accompanied by –
 - i a certified copy of the identity document or any other proof of the owner's age which is acceptable to the municipality;
 - ii. an affidavit from the owner;
 - iii if the owner is a disabled person proof of a disability pension must be supplied ; and
 - iv if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
 - v 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.
The Municipality retains the right to refuse rebates if the details supplied in the application form are incomplete, incorrect or false.

OWNERS WILL ONLY QUALIFY FOR A REBATE IN TERMS OF ONE CATEGORY

17 REDUCTIONS

- 17.1 A reduction in the municipal valuation as contemplated in section 15(1) (b) of Act will be granted where the value of a property is affected by-
 - (a) a disaster within the meaning of Disaster Management Act, 2002 (Act No.57 of 2002); or
 - (b) any other serious adverse social or economic conditions
- 17.2 The reduction will be in relation to the certificate issued for this purpose by the municipal valueuer.

17.3 All categories of owners can apply for a reduction in the rates payable as described above.

17.4 Reduction will only be granted as per Council resolution

18 COSTS OF EXEMPTIONS, REBATES, REDUCTIONS, PHASING IN OF RATES AND GRANTS-IN-LIEU OF RATES

- (1) During the budget process the Chief Financial Officer must inform council of all the costs associated with the suggested exemptions, rebates, reductions, phasing in of rates and grants-in-lieu of rates.
- (2) Provisions must be made in the operating budget –
 - (a) for the full potential income associated with property rates; and
 - (b) for the full costs associated with exemptions, rebates, reductions, phasing in of rates and grants-in-lieu of rates.
Projections regarding revenue foregone for a financial year in relation to exemptions, rebates, reductions, exclusions, phasing – in etc. must be reflected in the council's annual budget for that year.
 - (c) A list of all exemptions, rebates, reductions, exclusions, phasing in etc. must be tabled before council.

19 SPECIAL RATING AREA

The municipality may by council resolution determine an area within its boundaries as a special rating area for the purpose of raising funds for improving or upgrading that area; and differentiate between categories of property when levying an additional rate

Before determining a special rating area the municipality must consult the local community on the proposed boundaries of the area, the proposed improvement or upgrading of the area and obtain the consent of the majority of the ratepayers in that proposed special rating area.

The municipality must determine the boundaries and indicate how the area is to be improved or upgraded by the funds derived from the additional rate. Establish a separate accounting and record-keeping system regarding the revenue generated by the special rate and the improvement or upgrading of the area.

The municipality may establish a committee composed of persons representing the community to act as a consultative and advisory forum. Representivity, including gender must be taken into account when such a committee is established.

20. RATES INCREASES

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

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

20.3 Relating to community and subsidized services the following annual adjustments to rates payable will at least 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 contribution to statutory funds, and
- iii Additional depreciation costs or interest and redemption on loans associated with the assets created during the previous financial year

- 20.4 Extraordinary expenditure related to community service 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.
- 20.5 All increases in property rates will be communicated to the local community in terms of the municipality's policy on community participation.

21. DISREGARDED ITEMS FOR VALUATION PURPOSES

The following must not be taken into account in determining the market value of a property

- (i) Any building or other immovable structure under the surface of the property which is the subject matter of any mining authorization or mining right defined in the Mineral and Petroleum Resources Development Act, 2002 (Act no 28 of 2002)
- (ii) the value of any equipment or machinery which, in relation to the property concerned, is immovable property, excluding-
 - a lift
 - an escalator
 - an air-conditioning plant
 - fire extinguishing apparatus
 - a water pump installation for a swimming pool or for irrigation or domestic purposes; and
 - any other equipment or machinery that may be prescribed; and
- (iii) an unregistered lease in respect of the property
- (iv) in respect of property used for agricultural purposes the value of any annual crops or growing timber on the property that have yet not been harvested at the date of valuation.
- (v) Public Service Infrastructure needs only too be valued if it is the council's intention to levy rates on it.

22 LOCAL, SOCIAL AND ECONOMIC DEVELOPMENTS

The municipality may grant rebates to organisations that remotes local, social and economic development in its area of jurisdiction based on the criteria determined in 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 poverty alleviation to the indigents
- (c) Improve local economic growth
- (d) Promote service delivery

23. REGISTER OF PROPERTIES

The Chief Financial Officer must draw up and maintain a register of properties as contemplated in section 23 of the Act.

24. NOTIFICATION OF RATES

- 24.1 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 affective. Accounts delivered after 30 days notice will be based in the new rates.
- 24.2 A notice stating the purpose of the municipality's resolution and the date on which the new rates become operational will be displayed by the municipality at places provided for that purpose.

25. FREQUENCY OF VALUATIONS

The municipality shall prepare a new valuation roll every 4 (four) years and a supplementary valuation roll annually.

26. GENERAL VALUATION AND PREPARATION OF VALUATION ROLLS

A municipality intending to levy a rate on property must cause a general valuation to be made of all properties in the municipality, and must prepare a valuation roll of all properties in terms of such valuation.

All ratable properties in a municipal area must be valued during such general valuation, including all properties fully or partially excluded from rates in terms of Section 17 of the present Act. However, if the municipality does not intend to levy rates on its own property, on public service infrastructure owned by a municipal entity, on rights in properties, and on properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racial discrimination, the municipality is not obliged to value such properties as part of the valuation process.

A municipality may also apply to the Minister for exemption from the obligation to value properties excluded from rates in terms of Section 17 if the municipality can demonstrate that the valuation of such properties is too onerous for it, given its financial and administrative capacity.

Properties which have not been valued, because of any of the foregoing considerations, must nevertheless be included in the valuation roll.

27. DATE OF VALUATION

For the purposes of a general valuation a municipality must determine a date that may be not more than 12 months before the start of the financial year in which the valuation roll is to be first implemented.

The general valuation must reflect the market values of properties in accordance with market conditions which apply as at the date of the valuation, and in accordance with any other applicable provisions of the present Act.

28. COMMENCEMENT AND PERIOD OF VALIDITY OF VALUATION ROLLS

A valuation roll takes effect from the start of the financial year following completion of the public inspection period required by the present Act, and remains valid for that financial year or for one or more subsequent financial years, as the municipality may decide, but in total not for more than four financial years.

Section 32(2) provides for the extension of the period of validity of the valuation roll by the MEC for Local Government, but only up to a period of five financial years, and only in specified circumstances

29. GENERAL BASIS OF VALUATION

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.

30. VALUATION OF PROPERTY IN SECTIONAL TITLE SCHEMES

When valuing a property which is subject to a sectional title scheme, the valuer must determine the market value of each sectional title unit in the scheme.

31. SUPPLEMENTARY VALUATIONS

A municipality must regularly, but at least once a year, update its valuation roll by causing a supplementary valuation roll to be prepared, or the valuation roll itself to be amended.

32. REGULAR REVIEW OF RATES POLICY

- 32.1 The rates policy must be reviewed on an annual basis during the Budget period to ensure that it complies with the Municipality's strategic objectives and with legislation.

33. ENFORCEMENT / IMPLEMENTATION

This amended draft policy has been approved by the Municipality in terms of resolution A952

dated xx/xx/xxxx and comes into effect from 1 July 20xx

34. LEGAL REQUIREMENTS

A paraphrase – and in some instances an abridgement – of the key requirements of the Local Government: Property Rates Act no. 6 of 2004 is attached as an Addendum “A” to this policy.

35 SHORT TITLE

35.1 This policy is the Property Rates Policy of the Kai !Garib Municipality.

ADDENDUM “A”

LEGAL REQUIREMENTS:

CAUTIONARY NOTE

This paraphrase is not meant to cover the complete contents of the Property Rates Act, but is focused rather on those requirements, which are immediately relevant to a municipality’s rates policy. Thus, the section dealing with transitional arrangements has been omitted, and so have most of the provisions dealing with the valuation process.

SECTION 2: POWER TO LEVY RATES

A metropolitan or local municipality may levy a rate on property in its municipal area.

A municipality must exercise its power to levy a rate on property subject to Section 229 and any other applicable provisions of the Constitution, the provisions of the present Act, the regulations pertaining thereto and the rates policy it must adopt in terms of this Act.

SECTION 3: ADOPTION AND CONTENTS OF RATES POLICY

Logical order of processes for implementation of the Act.

Rates policy development and adoption including categorization of properties for the purpose of compiling the valuation roll.

Compilation of the valuation roll in order to determine the market value of properties so as to inform the determination of a reasonable amount in a Rand to be determined in respect of the various categories of ratable property taking into account the budget.

Tabling of the municipal budget accompanied by an adopted rates policy in terms of section 3 (2) of the Act.

(2) Section 3 (3) (e) of the Act must be complied with by providing a general description of that which may be foregone by the municipality without quantifying it in Rand & Cent

The council of a municipality must adopt a policy consistent with the present Act on the levying of rates on ratable property in the municipality.

Such a rates policy will take effect on the effective date of the first valuation roll prepared by the municipality in terms of the present Act, and such policy must accompany the municipality’s budget for the financial year concerned when that budget is tabled in the council in terms of the requirements of the Municipal Finance Management Act.

A rates policy must:

treat persons liable for rates equitably;

determine the criteria to be applied by the municipality if it:

levies different rates for different categories of property;

exempts a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate on their properties;

grants to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate on or a reduction in the rate payable in respect of their properties; or

increases rates;

determine or provide criteria for the determination of categories of properties for the purposes of levying different rates, and categories of owners of properties, or categories of properties, for the purpose of granting exemptions, rebates and reductions;

determine how the municipality's powers in terms of Section 9 must be exercised in relation to properties used for multiple purposes;

identify and quantify in terms of cost to the municipality and any benefit to the local community, exemptions, rebates and reductions; exclusions; and rates on properties that must be phased in in terms of Section 21;

take into account the effect of rates on the poor and include appropriate measures to alleviate the rates burden on them;

take into account the effect of rates on organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for tax reductions because of those activities, in the case of property owned and used by such organisations for those activities;

take into account the effect of rates on public service infrastructure;

allow the municipality to promote local, social and economic development; and

identify, on a basis as may be prescribed, all ratable properties in the municipality that are not rated in terms of Section 7.

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

the extent of services provided by the municipality in respect of such properties;

the contribution of agriculture to the local economy;

the extent of which agriculture assists in meeting the service delivery and development obligations of the municipality; and

the contribution of agriculture to the social and economic welfare of farm workers.

Any exemptions, rebates or reductions granted and provided for in the rates policy adopted by a municipality must comply and be implemented in accordance with a national framework that may be prescribed after consultation with organized local government.

No municipality may grant relief in respect of the payment of rates to:

a category of owners of properties, or to the owners of a category of properties, other than by way of an exemption, rebate or reduction as provided for in its rates policy and granted in terms of Section 15 of the present Act; or

the owners of properties on an individual basis.

SECTION 4: COMMUNITY PARTICIPATION

Before a municipality adopts its rates policy, the municipality must follow the process of community participation envisaged in Chapter 4 of the Municipal Systems Act; and comply with the following requirements, as set out below.

The municipal manager of the municipality must:

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, if the municipality has an official website or a website available to it, on that website as well; and

publish in the media a notice stating that a draft rates policy has been prepared for submission to the council, and that such policy is available at the various municipal offices for public inspection, and (where applicable) is also available on the relevant website; and inviting the local community to submit comments and representations to the municipality within a period specified in the notice, but which period shall not be less than 30 days.

The council must take all comments and representations made to it into account when it considers the draft rates policy.

SECTION 5: ANNUAL REVIEW OF RATES POLICY

The council must annually review, and – if needed – amend its rates policy. Any amendments to the rates policy must accompany the municipality's annual budget

when it is tabled in the council in terms of the Municipal Finance Management Act.

When the council decides to amend the rates policy, community participation must be allowed for as part of the municipality's annual budget process.

SECTION 6: BY-LAWS TO GIVE EFFECT TO RATES POLICY

A municipality must adopt by-laws to give effect to the implementation of its 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.

SECTION 7: RATES TO BE LEVIED ON ALL RATEABLE PROPERTY

When levying rates a municipality must levy such rates on all rateable property in its area, but it is nevertheless not obliged to levy rates on:

properties of which the municipality itself is the owner;
 public service infrastructure owned by a municipal entity;
 rights registered against immovable property in the name of a person;
 properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure attributable to past racially discriminatory laws or practices.

The requirement to levy rates on all rateable properties does not prevent a municipality from granting exemptions or rebates on, or reductions in rates levied.

SECTION 8: DIFFERENTIAL RATES

A municipality may in terms of the criteria set out in its rates policy levy different rates for different categories of rateable property, and these categories may be determined according to the:

use of the property;
 permitted use of the property; or
 geographical area in which the property is situated.

Categories of rateable property that may be determined include the following:

residential properties
 industrial properties
 business and commercial properties

farm properties used for:
 agricultural purposes
 other business and commercial purposes
 residential purposes
 Industrial
 eco-tourism
 game farming & -hunting
 purposes other than those specified above
 farm properties not used for any purpose

smallholdings used for:
 agricultural purposes
 residential purposes
 industrial purposes
 business and commercial purposes
 eco-tourism
 game farming & -hunting
 purposes other than those specified above

state owned properties
 municipal properties
 public service infrastructure
 privately owned towns serviced by the owner
 formal and informal settlements
 communal land
 state trust land
 properties acquired through the provision of Land Assistance Act 1993 or the Restitution of Land Rights Act 1994 or which is subject to the Communal Property Associations Act 1996
 protected areas

properties on which national monuments are proclaimed
 properties owned by public benefit organisations and used for any specific public benefit activities
 properties used for multiple purposes.

SECTION 9: PROPERTIES USED FOR MULTIPLE PURPOSES

A property used for multiple purposes must, for rates purposes, be assigned to a category determined by the municipality for properties used for: a purpose corresponding with the permitted use of the property, if the permitted use of the property is regulated; a purpose corresponding with the dominant use of the property; or multiple purposes, as specified in Section 8 above.

A rate levied on a property assigned to a category of properties used for multiple purposes must be determined by:

apportioning the market value of the property, in a manner as may be prescribed to the different purposes for which the property is used; and

applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments.

SECTION 10: LEVYING OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES

A rate on a property, which is subject to a sectional title scheme, must be levied on the individual sectional title units in the scheme, and not on the property on a whole.

SECTION 11: AMOUNT DUE FOR RATES

A rate levied by a municipality on property must be stated as an amount in the rand:

on the market value on the property;

in the case of public service infrastructure, on the market value of the public service infrastructure less 30% of that value;

in the case of property to which Section 17(1)(h) applies, on the market value of the property less the amount stated in that section (note the section concerned deals with the requirement that the first R15 000 of the market value of certain properties is not ratable).

SECTION 12: PERIODS FOR WHICH RATES MAY BE LEVIED

In levying rates, a municipality must levy the rate for a financial year. A rate lapses at the end of the financial year for which it was levied.

The levying of rates forms part of the municipality's annual budget process, and the municipality must therefore annually, at the time of its budget process, review the amount in the rand of its current rates in line with the annual budget for the next financial year.

SECTION 13: COMMENCEMENT OF RATES

A rate becomes payable as from the start of the particular financial year, or if the municipality's annual budget is not approved by the start of the financial year, as from such later date when the municipality's annual budget, including the resolution levying the rates, is approved by the provincial executive in terms of section 26 of the Municipal Finance Management Act.

SECTION 14: PROMULGATION OF RESOLUTIONS LEVYING RATES

A rate is levied by a municipality by a resolution passed by the council with a supporting vote of a simple majority of its members.

The resolution for levying the rates must be promulgated by publishing the resolution in the provincial gazette.

Whenever a municipality passes a resolution to levy rates, the municipal manager must, without delay, conspicuously display the resolution for a period of at least 30 days at the municipality's head and satellite offices and libraries, and if the municipality has an official website or a website is available to it, on that website as well; and advertise in the media a notice stating that the resolution levying the property rates has been passed by the council, and that the resolution is available at the municipality's head and satellite offices as so forth.

SECTION 15: EXEMPTIONS, REDUCTIONS AND REBATES

A municipality may in terms of the criteria, which it has set out in its rates policy:

exempt a specific category of owners of properties, or the owners of a specific category of properties, from payment of the rate levied on their property; or

grant to a specific category of owners, or to the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.

In granting exemptions, reductions and rebates in respect of owners or categories of properties, a municipality may determine such categories in accordance with Section 8 of the Act, and when granting exemptions, reductions or rebates in respect of categories of owners of properties, such categories may include:

indigent owners;

owners dependent on pensions or social grants for their livelihood including owners of properties within the income group of pensions or social grants

owners temporarily without income;

owners of property situated within an area affected by a disaster or any other serious adverse social or economic conditions;

owners of residential properties with a market value lower than an amount determined by the municipality; and owners of agricultural properties who are bona fide farmers.

The municipal manager must annually table in the council a list of all exemptions, reductions and rebates granted by the municipality during the previous financial year; and

a statement reflecting the income, which the municipality has forgone during the previous financial year by way of such exemption, reductions and rebates, exclusions referred to in the Act, and the phasing in discount granted in terms of Section 21.

All exemptions, reductions and rebates projected for a financial year must be reflected in the municipality's annual budget for that year as income on the revenue side and expenditure on the expenditure side. In terms of the Constitution, a municipality may not exercise its power to levy rates on property in a manner that materially and unreasonably prejudices national economic policies, economic activities across its boundaries, or the national mobility of goods, services, capital and labour.

If a rate on a specific category of properties, or a rate on a specific category of owners of properties above a specific amount in the rand, is materially and unreasonably prejudicing any of the matters referred to above, the Minister of Provincial and Local Government may, by notice in the gazette, give notice to the relevant municipality that the rate must be limited to an amount in the rand specified in the notice.

SECTION 17: OTHER IMPERMISSIBLE RATES (ABRIDGED)

A municipality may not levy a rate on:

the first 30% of the market value of public service infrastructure;

any part of the seashore;

any part of the territorial waters of the Republic;

any islands of which the state is the owner;

those parts of a special nature reserve, national park or nature reserve or national botanical garden which are not developed or used for commercial, business, agricultural or residential purposes;

mineral rights;

property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses 10 years from the date on which such beneficiary's title was registered in the office of the registrar of deeds;

the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll to a category determined by the municipality for residential purposes or for properties used for multiple purposes, provided one or more components of the property are used for residential purposes;

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 and who officiates at services at that place of workshop.

(The remainder of this Section deals with situations where the various exemptions lapse).

SECTION 18: EXEMPTION OF MUNICIPALITIES FROM PROVISIONS OF SECTION 17

The municipality may apply in writing to the Minister for Provincial and Local Government to be exempted from applying the exemptions granted in respect of the first 30% of the market value of public infrastructure, the exemptions on nature reserves, national parks and national botanical gardens, the exemption on property belonging to land beneficiaries, and the exemption applying to the first R15 000 of the market value of residential and multiple used property. If the municipality can demonstrate that such exclusions are compromising or impeding its ability or right to exercise its powers or perform its functions within the meaning of the Constitution.

SECTION 19: IMPERMISSIBLE DIFFERENTIATION

A municipality may not levy:

different rates on residential properties (except where transitional arrangements apply or where some of the properties are newly ratable) as [provided for in terms of section 11(i) (b) and section 89 of the act supra.

a rate on non-residential properties that exceeds a prescribed ratio to the rate on residential properties;

rates which unreasonably discriminate between categories of non-residential properties; and

additional rates, except as provided for in Section 22.

The municipality will comply with the ratios set by the Minister of Provincial and Local Government in concurrence with the Minister of Finance.

SECTION 20: LIMITS ON ANNUAL INCREASES OF RATES

The Minister of Provincial Local Government may, with the concurrence of the Minister of Finance and by notice in the gazette, set an upper limit on the percentage by which rates on properties or a rate on a specific category of properties may be increased. Different limits may be set for different kinds of municipalities or different categories of properties.

The Minister may, on written application by a municipality, and on good cause shown, exempt such municipality from a limit set in terms of the foregoing. This section must be read with section 43 of the Municipal Finance Management Act

SECTION 21: COMPULSORY PHASING IN OF CERTAIN RATES

A rate levied on newly ratable property must be phased in over a period of three financial years. Similarly, a rate levied on property owned by a land reform beneficiary must, after the exclusion period of ten years has lapsed, be phased in over a period of three financial years.

A rate levied on a newly ratable property owned and used by organisations conducting specified public benefit activities must be phased in over a period of four financial years.

The phasing in discount on a property must:

in the first year, be at least 75% of the rate for that year otherwise applicable to that property;

in the second year, be at least 50% of the rate for that year otherwise applicable to that property, and;

in the third year, be at least 25% of the rate for that year otherwise applicable to that property.

No rate may be levied during the first year on newly ratable property owned and used by organisations conducting specified public benefit activities. Thereafter the phasing in discount shall apply as for other newly ratable property except that the 75% discount shall apply to the second year, the 50% to the third year, and the 25% to the fourth year.

A rate levied on newly ratable property may not be higher than the rate levied on similar property or categories of property in the municipality.

SECTION 22: SPECIAL RATING AREAS (ABRIDGED)

A municipality may by a resolution of its council determine an area within that municipality as a special rating area, levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area, and differentiate between categories of properties when levying such additional rate.

For determining such a special rating area, the municipality must undertake a prescribed process of consultation with the local community, and obtain the consent of the majority of the members of the local community in the proposed special rating area who will be liable for paying the additional rate.

The levying of an additional rate may not be used to reinforce existing inequities in the development of the municipality, and any determination of a special rating area must be consistent with the objectives of the municipality's IDP.

SECTION 23: REGISTER OF PROPERTIES

The municipality must draw up and maintain a register in respect of all properties situated within that municipality, dividing such register into a part A and a part B.

Part A of the register consists of the current valuation roll of the municipality, including any supplementary valuation rolls prepared from time to time.

Part B of the register specifies which properties on the valuation roll or any supplementary valuation rolls are subject to:

an exemption from rates in terms of Section 15 of the present Act;

a rebate on or a reduction in the rate in terms of Section 15;

a phasing in of the rate in terms of Section 21; and

an exclusion referred to in Section 17.

The register must be open for inspection by the public during office hours, and if the municipality has an official website or a website available to it, the register must also be displayed on that website.

The municipality must at regular intervals, but at least annually, update part B of the register.

SECTION 24: PROPERTY RATES PAYABLE BY OWNERS

The owner of the property must pay a rate levied by a municipality on property.

Joint owners of a property are jointly and severally liable for the amount due for rates on that property.

In the case of agricultural property owned by more than one owner in undivided shares, the municipality must consider whether in the particular circumstances it would be more appropriate for the municipality to hold any one of the joint owners liable for all rates levied in respect of the agricultural property, or to hold any joint owner only liable for that portion of the rates levied on the property that represent that joint owner's undivided share in the agricultural property.

SECTION 25: PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES

The rate levied by a municipality on a sectional title unit is payable by the owner of the unit.

The municipality may not recover the rate on such sectional title unit, or any part of such rate, from the body corporate controlling the sectional title scheme, except when the body corporate itself is the owner of any specific sectional title unit

SECTION 26: METHOD AND TIME OF PAYMENT

A municipality must recover a rate on a monthly basis, or less often as may be prescribed in terms of the Municipal Finance Management Act, or annually, as may be agreed to with the owner of the property.

If the rate is payable in a single annual amount, it must be paid on or before a date determined by the municipality. If the rate is payable in installments, it must be paid on or before a date in each period determined by the municipality.

Payment of rates may be deferred but only in special circumstances

SECTION 27: ACCOUNTS TO BE FURNISHED

A municipality must furnish each person liable for the payment of a rate with a written account specifying:

the amount due for rates payable;

the date on or before which the amount is payable;

how the amount was calculated;

the market value of the property;

if the property is subject to any compulsory phasing in discount in terms of Section 21, the amount of the discount, and

if the property is subject to any additional rate in terms of Section 22, the amount due for additional rates.

The person liable for payment of the 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, that person must make the necessary enquiries from the municipality.

SECTION 28: RECOVERY OF RATES IN ARREARS FROM TENANTS AND OCCUPIERS

If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined for payment by the municipality, the municipality may recover the amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier. The municipality may recover an amount only after it has served a written notice on such tenant or occupier.

The amount that the municipality may recover from the tenant or occupier is limited to the amount of the rent or other money due or payable, but not yet paid, by such tenant or occupier to the owner of the property.

SECTION 29: RECOVERY OF RATES FROM AGENTS

A municipality may recover the amount due for rates on a property in whole or in part from the agent of the owner, if this is more convenient for the municipality, but only after the municipality has served a written notice on the agent in this regard.

The amount that the municipality may recover from the agent is limited to the amount of any rent or other money received by the agent on behalf of the owner, less any commission due to the agent.

SECTION 30: GENERAL VALUATION AND PREPARATION OF VALUATION ROLLS

A municipality intending to levy a rate on property must cause a general valuation to be made of all properties in the municipality, and must prepare a valuation roll of all properties in terms of such valuation.

All ratable properties in a municipal area must be valued during such general valuation, including all properties fully or partially excluded from rates in terms of Section 17 of Act. However, if the municipality does not intend to levy rates on its own property, on public service infrastructure owned by a municipal entity, on rights in properties, and on properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racial discrimination, the municipality is not obliged to value such properties as part of the valuation process.

A municipality may also apply to the Minister for exemption from the obligation to value properties excluded from rates in terms of Section 17 if the municipality can demonstrate that the valuation of such properties is too onerous for it, given its financial and administrative capacity.

Properties, which have not been valued, because of any of the foregoing considerations, must nevertheless be included in the valuation roll.

SECTION 31: DATE OF VALUATION

For the purposes of a general valuation, a municipality must determine a date that may be not more than 12 months before the start of the financial year in which the valuation roll is to be first implemented.

The general valuation must reflect the market values of properties in accordance with market conditions, which apply as at the date of the valuation, and in accordance with any other applicable provisions of the present Act.

SECTION 32: COMMENCEMENT AND PERIOD OF VALIDITY OF VALUATION ROLLS (ABRIDGED)

A valuation roll takes effect from the start of the financial year following completion of the public inspection period required by the present Act, and remains valid for that financial year or for one or more subsequent financial years, as the municipality may decide, but in total not for more than four financial years.

Section 32(2) provides for the extension of the period of validity of the valuation roll by the MEC for Local Government, but only up to a period of five financial years, and only in specified circumstances.

SECTION 46: GENERAL BASIS OF VALUATION (ABRIDGED)

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.

SECTION 47: VALUATION OF PROPERTY IN SECTIONAL TITLE SCHEMES

When valuing a property, which is subject to a sectional title scheme, the valuer must determine the market value of each sectional title unit in the scheme.

SECTION 77: GENERAL

A municipality must regularly, but at least once a year, update its valuation roll by causing a supplementary valuation roll to be prepared, or the valuation roll itself to be amended.

SECTION 80: CONDONATION OF NON-COMPLIANCE WITH TIME PERIODS:

The MEC for local government in a province may, on good cause shown, and on such conditions as the MEC may impose, condone any non-compliance with a provision of this Act requiring any act to be done within a specified period or permitting any act to be done only within a specific period.

Non-compliance with section 21,23 or 32 may not be condoned in terms of subsection (1

The powers conferred in terms of this section on an MEC for local government may only be exercised within a framework as may be prescribed.

SECTION 81: PROVINCIAL MONITORING:

The MEC for local government in a province must monitor whether municipalities in the province comply with the provisions of this Act

If the municipality fails to comply with the provisions of this Act, the MEC may take any appropriate steps to ensure compliance, including proposing an intervention by the provincial executive in terms of section 139 of the Constitution.

SECTION 87: APPLICATION WHEN IN CONFLICT WITH OTHER LAWS

This Act prevails in the event of any inconsistency between this Act and any other legislation regulating the levying of municipal rates