

SOL PLAATJE MUNICIPALITY

PROPERTY RATES POLICY

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Council resolves in terms of section 3(1) of the Property Rates Act (No. 6 of 2004), to adopt the following proposal as the Property Rates Policy of the **Sol Plaatje Municipality.**

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SOL PLAATJE MUNICIPALITY

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A. INTERPRETATION

A.1 Definitions

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

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

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

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

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

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

“**category**” –

- (a) in relation to property, means a category of properties determined in terms of section 8;

(b) in relation to owners of properties, means a category of owners determined in terms of section 15 (2);

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

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

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

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

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

“effective date”-

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

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

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

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

“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); or
- (c) person who 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 be enacted after this Act has taken effect;

“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;

“local community”, in relation to a municipality-

- (a) means that body of persons comprising-
 - (i) the residents of the municipality;
 - (ii) the ratepayers of the municipality;
 - (iii) any civic organizations and non-governmental, private sector or labour organizations or bodies which are involved in local affairs within the municipality; and

- (iv) visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality;

- (b) includes, more specifically, the poor and other disadvantaged sections of such body of persons;

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

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

“MEC for local Government”, means the member of the Executive Council of a province who is responsible for local government in that province;

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

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

“municipality”, means the Sol Plaatje Municipality;

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

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

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

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

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

“**owner**”-

- (a) in relation to a property, means a person in whose name ownership of the property is registered;
- (b) in relation to a right means a person in whose name the right is registered;
- (c) in relation to a land tenure right means a person in whose name the right is registered; or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”; provided that a person mentioned below

may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:

- (i) A trustee, in the case of a property in a trust excluding state trust land;
- (ii) an executor or administrator, in the case of a property in a deceased estate;
- (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- (iv) a judicial manager, in the case of a property in the estate of a person under judicial management;
- (v) a curator, in the case of a property in the estate of a person under judicial management;
- (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
- (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
- (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

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

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

“property”, means-

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

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

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

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

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

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

“**public service infrastructure**”, means publicly controlled infrastructure of the following kinds:

- (a) national, provincial or other public road on which goods, services or labour move across a municipal boundary;
- (b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- (e) railway lines forming part of national railway system;
- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) breakwater, sea walls, channels, basin, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewage or similar services of ports, or navigational aids comprising light houses, radio navigational aids, buoys, or any other device or system used to assist the safe and efficient navigation of vessels;
- (i) any other publicly controlled infrastructure as may be prescribed; or
- (j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i)

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

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

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

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

“**residential property**”, means a property included on a valuation roll in terms of section 48(2) (b) of the Act as residential property;

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

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

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

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

1. PURPOSE OF POLICY

1.1 The purpose of this policy is to allow Council to exercise its power to impose rates within a statutory framework, with the aim to enhance certainty, uniformity and simplicity, taking into account the historical imbalances within communities, as well as the burden of rates on the poor.

1.2 As trustees on behalf of the local community, the Municipality shall adhere to its legislative and moral obligation to ensure it implements this policy to safeguard the monetary value and future service provision invested in property.

2. LEGAL FRAMEWORK

2.1 This policy has been compiled in accordance with: -

2.1.1 Section 229 of the Constitution of the Republic of South Africa, giving the municipality power to value and rate property in its area of jurisdiction;

2.1.2 The Municipal Property Rates Act, 6 of 2004;

2.1.3 The Local Government: Municipal Finance Management Act 2003, hereinafter referred to as the “MFMA”; and

2.1.4 The Local Government: Municipal Systems Act, 2000, hereinafter referred to as the “Systems Act”.

2.2 This policy shall be subject to the applicable legislation.

2.3 This policy shall be applied with due observance of the Municipality’s policy with regard to delegated powers. Such delegations refer to delegations between the

Municipal Manager and other responsible officials; the Council and the Executive Mayor as well as between Council and the Municipal Manager. All delegations in terms of this policy must be recorded in writing.

2.4 The Council shall, as stipulated in Chapter 4 of the Municipal Systems Act and section 22 of the MFMA, provide measures for continuous consultation with the community and other stakeholders in the development and ultimate adoption of this Property Rates Policy.

3. **IMPOSITION OF PROPERTY RATES**

3.1.1 The Council shall as part of each annual operating budget component impose a rate in the rand on the market value of all rateable property recorded in the municipality's valuation roll and supplementary valuation roll.

3.1.2 The Council pledges itself, subject to any applicable limitations by law, to limit each annual increase as far as practicable to the increase in the consumer price index over the period preceding the financial year to which the increase relates and to any limitations imposed by National Treasury.

3.1.3 The Council shall, in imposing the rate for each financial year, take proper cognizance of the aggregate burden of rates and service charges on representative property owners, in the various categories of property ownership, and of the extent to which this burden is or remains competitive with the comparable burden in other municipalities within the local economic region.

3.2 Policy principles

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

3.2.1 Rates shall be raised in proportion to the improved value of the property;

3.2.2 The rates tariff shall be based on the value of all rateable properties and the amount required by the municipality to balance the operating budget after taking into account profits generated by trading and economic services and the amounts required to finance exemptions, rebates and reductions of rates as approved by Council from time to time;

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

3.2.4 Exemptions, reductions and rebates should not unreasonably affect the income base of the municipality.

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

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

to apply the following criteria -

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

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

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

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

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

3.2.7 Compliance with section 3 (3) (e) of the Act.

Having regard to –

- (a) exemptions, rebates and reductions;
- (b) exclusions referred to in section 17 (1)(a), (e) (g) (h) and (i) of the act; and

- (c) rates on properties that must be phased in terms of section 21 of the Act.

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

3.2.8 Compliance with section 3 (3) (f) of the Act.

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

3.2.9 Compliance with section 3 (3) (g) of the Act.

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

3.2.10 Compliance with section 3 (3) (h) of the Act.

Pursuant to section 3 (3) (h) of the Act, it is the policy of the Municipality to, in addition to the exemption of the first 30% of value and the phasing in as prescribed in the Act, to consider further rebates on public service infrastructure, taking into account the Integrated Development Plan (IDP) priorities and objectives. The quantification of such rebates is to be determined by the annual budgetary process.

3.2.11 Compliance with section 3 (3) (i) of the Act.

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

3.2.12 Compliance with section 3 (3) (j) of the Act.

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

3.3 Valuation Criteria

3.3.1 In recognising that the valuation function and the rates function is interrelated in so far as the imposition of rates depends on the provision of a valuation roll, the valuation function and its related objects and procedures is completely independent in its existence and its operation from the rates function and operation.

3.3.2 With reference to paragraph (1) and in terms of the Act in general and sections 45, 46 and 47 of the Act in particular, the following valuation criteria are prescribed:

3.3.2.1 Property must be valued in accordance with generally recognised valuation practices, methods and standards.

- 3.3.2.2 If the available market-related data of any category of rateable property is not sufficient for the proper application of paragraph 3.3.2.1 and 3.3.2.3 such property may be valued in accordance with any mass valuation system or technique approved by the municipality, after having considered any recommendations of its municipal valuer and as may be appropriate in the circumstances.
- 3.3.2.3 The market value of a property is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.
- 3.3.2.4 Where the available market related data is not sufficient to determine the market value of a property, other generally recognised valuation practices, methods and standards may be used (For example: Discounted Cash Flow, Replacement Cost Less Depreciation).
- 3.3.2.5 When valuing a property that is subject to a sectional title scheme, the valuer must determine the market value of each sectional title unit in the scheme in accordance with paragraph 8.4 and section 46 of the Act.

4. CATEGORIES OF RATEABLE PROPERTIES

- 4.1 In terms of Section 8 and in pursuant to section 3 (3) (c) of the Act, the municipality may levy different rates for the different categories of rateable properties as set out below. The categories include the following: -

- residential properties;
- industrial properties;
- business and commercial properties;
- farm properties used for –
 - agricultural purposes,
 - other business and commercial purposes;
 - residential purposes; or
- small holdings used for –
 - agricultural purposes,
 - residential purposes,
 - industrial purposes,
 - business and commercial purposes; or
- state-owned properties;
- non-residential municipal properties;
- municipal owned residential property;
- public service infrastructure;
- formal and informal settlements;
- state trust land;
- properties acquired through provision of the Communal Land Rights Act, 1993, (No. 126 of 1993) or the restitution of land rights or which is subject to the Communal Property Associations Act, 2006;
- protected areas;
- properties on which national monuments are proclaimed;
- Properties owned by public benefit organisations and used for any specific public benefit activities; and
- Properties used for multiple purposes
 - Kimberley Airport
 - Private schools
 - Public schools
 - Mining properties (excluding mineral rights)
 - Registered residential businesses
 - Unregistered residential businesses
 - Sports fields

- 4.1.1 Pursuant or section 3 (3) (c) of the Act, the Council will, in determining the category of a property, take into consideration the actual or permitted use of the property and the geographical area in which the property is situated.

5. EXEMPTIONS, REBATES AND REDUCTIONS ON RATES

- 5.1 In terms of Section 15(1) of the Act, the Municipality may: -

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

5.1.2 Grant to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate or a reduction in the rates payable in respect of their properties;

- 5.2 Determination of any possible exemptions, rebates or reduction will be considered annually as part of the budget process of the Municipality. As a guide in determining the possible exemptions, rebates or reductions the following will be considered:

5.2.1 Exemptions

Categories of owners

- 5.2.1.1 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.

5.2.1.2 *Public benefit activities (welfare and humanitarian)*

- (i) Rateable property registered in the name of an institution or organization that performs welfare and humanitarian work as contemplated in the ninth Schedule of the Income Tax Act, 1962 (Act 58 of 1962) which is not operated for gain.
- (ii) Rateable property, registered in the name of a trustee or any organization, which is maintained for the welfare of war veterans which is not operated for gain.

5.2.1.3 *Public benefit activities (cultural)*

- (i) Rateable property registered in the name of Boy Scouts, Girl Guides, Sea Scouts, Voortrekkers and similar organizations which is not operated for gain.
- (ii) Rateable properties registered in the name of the organizations that are involved in the promotion, establishment, protection, preservation or maintenance of areas, collections or buildings of historical or cultural interest, national monuments, national heritage sites, museums, including art galleries, archives and libraries which is not operated for gain.

5.2.1.4 *Public benefit activities (sport)*

- (i) Rateable properties used for the purpose of amateur and social activities, which are connected with such sport which is not operated for gain.

5.2.1.5 *Rateable properties used for public benefit activities
(conservation, environment and animal welfare)*

- (i) Properties that are in the name of an organisation or institution that is engaged in the conservation, rehabilitation or protection of the natural environment, including flora and fauna which is not operated for gain.
- (ii) Rateable property registered in the name of an institution or organisation that has as its exclusive objective the protection of tame or wild animals or birds which is not operated for gain.

5.2.1.6 *Public benefit activities (health care)*

- (i) Rateable property registered in the name of an institution or organisation which has as its exclusive objective health care or counselling for terminally ill persons or persons with a severe physical or mental disability and persons affected by HIV/ AIDS which is not operated for gain.

5.2.1.7 *Agricultural*

Rateable property, registered in the name of an agricultural society affiliated to or recognized by the South African Agricultural Union, which is used for the purposes of such a society which is not operated for gain.

5.2.1.8 *Rateable property registered in the name of an institution or organisation, which, in the opinion of the Council, performs charitable work.*

5.2.2 **Rebates**

Categories of owners

Rebates for the following categories of owners of properties being utilized for the intended purpose will be considered:

5.2.2.1 *Rebates in respect of income categories: such as indigents, pensioners, disabled, etc.*

The following owners may be granted a rebate on or a reduction in the rates payable on their property if they meet all the following criteria:

- Registered owner of the property;
- Must reside on the property;
- Income must not exceed an amount annually set by the Council; and
- Applications for the rebate must be submitted before 30 June.
- Late applications will be considered in terms of this policy and granted pro-rata from the date of the successful application.

5.2.2.2 *Municipal property and usage*

- (i) A pro-rata rebate will be granted where the municipality is engaged in land sales transactions that have taken place after the financial year has started.

- (ii) Where the municipality registers a road reserve or servitude on a privately owned property a pro rata rebate equal to the value of the reserve or servitude will be given to the owner of the property.

5.2.2.3 *State hospitals, state clinics and institutions for mentally ill persons, which are not operated for gain.*

5.2.2.4 *Road reserves are exempted from payment of rates in accordance with Act No. 7 of 1998 on Road Agencies.*

5.2.2.5 *All categories of properties as listed in paragraph 4.1 “Rateable Property” may be subject to rebate. Such rebate shall be considered as part of the budgetary process envisioned in the MFMA.*

5.3 In determining any exemptions, rebates or reductions the Council shall consider: -

5.3.1 The financial sustainability of the municipality and the cost of services to be provided from the assessment of the rates income.

5.3.2 The inability of residential property owners to pass on the burden of rates, as opposed to the ability of the owners of business, commercial, industrial and certain other properties to recover such rates as part of the expenses associated with the goods or service which they produce.

5.3.3 The need to accommodate indigents and pensioners will be dealt with in terms of the Council's indigent's policy.

- 5.3.4 The value of agricultural activities to the local economy coupled with the limited municipal services extended to such activities.
 - 5.3.5 The need to preserve the cultural heritage of the local community.
 - 5.3.6 The need to encourage the expansion of public service infrastructure.
 - 5.3.7 The contribution which property developers (especially in regard to commercial and industrial property development) make towards local economic development, and the continuing need to encourage such development.
- 5.4 All exemptions, rebates and reductions projected in a financial year must be reflected in the municipality's budget for that year.
- 5.5 In terms of Section 17 of the Act, the Municipality shall further grant the following exemptions from rates:
- 5.5.1 At least the first R15 000 of the market value of residential properties and properties used for multiple purposes of which one or more components is used for residential purposes, where, in the case of residential properties, the properties referred to shall be vacant or improved properties and shall be zoned as residential and where, in the case of properties used for multiple purpose and of which one or more components is used for residential purposes.
 - 5.5.2 The first 30% of the market value of public service infrastructure.

- 5.5.3 Protected areas, where these areas refer to nature reserves, botanical gardens or national parks provided that the specific area/s is declared a “Protected area” in terms of the Protected Areas Act.
- 5.5.4 Mineral rights, where mineral rights refer to structures under the surfaces of the earth related to mineral extraction.
- 5.5.5 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 (see also 6.2 below).
- 5.5.6 Properties registered in the name of and primarily used for religious purposes, including the official residence occupied by the officiating office bearer. The exclusion from rates shall lapse if the property: -
- 5.5.6.1 is disposed of by the religious community owning it;
 - 5.5.6.2 is no longer used primarily as a place of worship by a religious community;
 - 5.5.6.3 referring to the official residence is no longer used as an official residence as specified in 5.2.1.

When the exclusion from rates of the property used as an official residence lapses, the religious community owning the property becomes liable for the rates that would have been payable on the property during the period of one year preceding the date on which the exclusion lapses.

The amount, for which the religious community shall then become liable for, shall be regarded as rates in arrears.

5.6 Public service infrastructure

Public service infrastructure is to be valued at market value and where there is insufficient data such properties are to be valued using alternative acceptable valuation methods.

5.7 Local, social and economic development

The municipality may grant rebates to organizations that promotes local, social and economic development as referred to in paragraphs 3.2.11 and 15 of this policy.

6. PHASING IN OF RATES

6.1 The rates to be levied on newly rateable public service infrastructure shall be phased in over a period of three financial years.

6.1.1 The phasing-in discount on public service infrastructure shall be as follows:

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

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

The phasing-in discount on the properties mentioned in 6.2 above shall be as follows: -

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

6.3 The rates to be levied on newly rateable property belonging to a land reform beneficiary or his or her heirs, shall be phased in over period of three financial years, which three years shall commence after the exclusion period of ten years following the date on which the title was registered in the name of the beneficiary or his/her heirs at the Registrar of Deeds, has lapsed.

7. SPECIAL RATING AREAS

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

7.2 Before determining a special rating area, the municipality shall:

- consult the community on the proposed boundaries of the area,
- inform the community regarding the proposed improvement or upgrading to be effected in the area, 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.

7.3 An additional rate, as will be depicted in the annual budget, shall be levied on the properties in the identified area, for the purpose of raising funds for improving or upgrading of the specified area.

7.4 The municipality may differentiate between categories of properties when levying the additional special rate.

7.5 The municipality shall establish separate accounting and other record-keeping systems for the identified area.

7.6 The municipality shall establish a committee, composed by representatives from the specific area, to act as consultative and advisory forum. This committee shall be a sub-committee of the ward committee/s in the area. Gender representivity shall be taken into consideration with the establishment of the committee.

8. LIABILITIES FOR AND RECOVERY OF RATES

8.1 The owner of a property shall be liable for the payment of the rates levied on the property.

8.2 Joint owners of a property shall be jointly and severally liable for payment of the rates levied on the property.

8.3 In the case where an agricultural property is owned by more than one owner in undivided shares and these undivided shares were allowed before the commencement date of the Subdivision of Agricultural Land Act, 1970, Act No. 70 of 1970, the municipality shall hold any joint owners liable for all rates levied in respect of the agricultural property concerned or hold any joint owners only liable for that portion of rates levied on the property that represents joint owner's undivided share in the property.

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

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

9. GENERAL VALUATION OF RATEABLE PROPERTY

9.1 The first valuation roll prepared in terms of the Act, shall take effect from the start of the financial year following completion of the public inspection period.

9.2 A valuation roll 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.

10. METHOD AND TIME OF PAYMENT

10.1 The rates levied on the properties shall be payable:

- (a) on a monthly basis; or
- (b) annually, before 30 September each year

- (c) 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;

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

- (a) the amounts due for rates payable;
- (b) the date on or before which the amount is payable;
- (c) how the amount was calculated;
- (d) the market value of the property;
- (e) if the property is subject to any compulsory phasing-in discount in terms of paragraph 6 above, the amount of the discount; and
- (f) if the property is subject to any additional rate in terms of paragraph 7 above, the amount due for additional rates.

10.2 A person is liable for the payment of the rates, whether or not a written account was received. If a person has not received a written account, that person must make the necessary enquiries from the municipality.

11. RECOVERY OF RATES IN ARREARS

11.1 Tenants and occupiers

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

- 11.1.2 The amount to be recovered in terms of paragraph 11.1.1 above is limited to the amount of the rent or other money due and payable, but not yet paid, by the tenant or occupier to the owner of the property.
- 11.1.3 Any amount recovered from the tenant or occupier of the property must be set off by the tenant or occupier against any money owned by the tenant or occupier to the owner.
- 11.1.4 The tenant or occupier of a property must, on request by the municipality, furnish the municipality with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the municipality.

11.2 Agents

- 11.2.1 If the amount due for rates levied on a property is not paid by the owner by the due date shown on the account, the municipality shall recover the amount in full or partially, from the agent of the owner of the property, after a written notice is served on the agent.
- 11.2.2 The amount to be recovered in terms of paragraph 11.2.1 above is limited to the amount of any rent or other amount received by the agent on behalf of the owner, less any commission due to the agent.
- 11.2.3 The agent must, on request by the municipality, furnish the municipality with a written statement specifying all payments for recent on the property and any other money received by the agent on behalf of the owner during a period determined by the municipality.

11.3 Credit Control and Collection

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

11.4 Interim Valuation Debits

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

11.5 Ownership

Properties, which vest in the Municipality during developments, i.e. open spaces and roads should be transferred at the cost of the developer to the Municipality. Until such time, rates levied will be for the account of the developer.

11.6 Clearance Certificate

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

11.7 Rebate for indigent debtors

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

12. CORRECTION OF ERRORS AND OMISSIONS

- 12.1 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the person 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 deemed back to the date on which rates were first levied in terms of the current valuation roll.
- 12.2 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

13. DIFFERENTIAL RATES

- 13.1 Differential rates will be applied on categories of properties as contemplated in Section 8 of the Act and as listed in paragraph 4 of this policy.
- 13.2 Different categories of properties may pay different rates in the rand based on the market value of the properties.

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

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

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

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

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

15. **LOCAL, SOCIAL AND ECONOMIC DEVELOPMENT**

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

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

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

16. **REGISTER OF PROPERTIES**

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

17. **NOTIFICATION OF RATES**

17.1 A notice stating the date on which the new rates shall become operational as resolved by Council must be displayed and publicised by the Municipality.

17.2 This is to be aligned with the annual budgetary process and shall be subject to the same obligations as contemplated in the MFMA.

18. COMMENCEMENT AND PERIOD OF RATES

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