



# **PROPERTY RATES POLICY**

## **EFFECTIVE 1 JULY 2020**

As per Section 3 of Local Government: Municipal Property Rates Act, 6 of 2004,  
as amended



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## **PREAMBLE**

**WHEREAS** the Constitution of the Republic of South Africa, 1996 empowers the Council to impose rates on property in their Municipal area;

**AND WHEREAS** section 3 of the Local Government: Municipal Property Rates Act, 2004 (6 of 2004) as amended determines that the council of a municipality must adopt a rates policy in accordance to the determination of the Act;

**AND WHEREAS** the Council must, in terms of section 5(1) of the Act, annually review, and may, if necessary, amend the rates policy;

**AND WHEREAS** this policy does not contain all provisions of the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004) as amended, but lists the key provisions that the municipality deems necessary for ratepayers to be aware of so that they fully understand rating issues that will affect them and must therefore be read in conjunction with, and is subject to the stipulations of the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004) and any regulation promulgated in terms thereof from time to time;

**NOW THEREFORE** the following policy on the levying of property tax is adopted.

## **SECTION A**

### **1. INTRODUCTION**

The Local Government: Municipal Property Rates Act (2004) as amended requires Municipalities to develop and adopt rates policies consistent with the Act on the levying of rates on rateable property in the municipality. All inputs or representations received on the draft policy of Midvaal Local Municipality were considered in drafting the final policy.

The municipality needs a reliable source of revenue to provide basic services and perform its functions. Property rates are the most important source of general revenue for the municipality. Revenue from property rates is used to fund services that benefit the community as a whole as opposed to individual households. These include for example installing and maintaining streets, roads, sidewalks, lighting, and storm drainage facilities; and building and operating, parks, recreational facilities and cemeteries. Property rates revenue is also used to fund municipal administration, such as computer equipment and stationery, and costs of governance, such as council and community meetings, which facilitate community participation on issues of Integrated Development Plans (IDPs) and municipal budgets.

Municipal property rates are set, collected, and used locally. Revenue from property rates is spent within a municipality, where the citizens and voters have a voice in decisions on how the revenue is spent as part of the Integrated Development Plans (IDPs) and budget processes, which a municipality invites communities to input prior municipal council adoption of the budget.

### **2. OBJECTIVE**

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:

- 2.1 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;
- 2.2 There is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfill its developmental responsibilities;
- 2.3 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

- 2.4 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.
- 2.5 In applying its rates policy, the Council shall adhere to all the requirements of the Act including any regulations promulgated in terms of the Act.

The objective of this policy is also to ensure that:

- 2.6 All persons liable for property rates are treated fairly, equitably and reasonably;
- 2.7 Rates are levied in accordance with the market value of the property;
- 2.8 That rate will be based on the value of all rateable property and the amount required by the municipality to fulfill its developmental responsibility as well as to balance the operational budget, taking into account the surplus obtained from the trading and economical services and the amounts required to cover the costs of exemptions, reductions and rebates which the Council approves from time to time;

### **3. DEFINITIONS**

**"Act"** means the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004) as amended and includes the regulations made in terms of Section 83 of the Act;

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

**"Business and commercial property"** means:

- (a) Property used for the activity of buying, selling or trade in commodities, goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such activity, or
- (b) Property on which administration of business of private or public entities take place: and "business and commercial properties" has a corresponding meaning;

**"Category"**-

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

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

**“Certificate of occupancy”** means the certificate issued by the Council in terms of the National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977);

**“Chief financial officer”** means a person designated in terms of section 80(2)(a) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003);

**“Constitution”** means the Constitution of the Republic of South Africa, Act 108 of 1996;

**“Core family”** means a couple, irrespective of gender (whether married or not), with or without children and / or the parents of either;

**“Council”** means:

- (a) The Midvaal Local Municipality established in terms of Section 12 of the Local Government: Municipal Structures Act 1998 (Act 117 of 1998), as amended, exercising its legislative and executive authority through its Municipal Council; or
- (b) Its successor in title; or
- (c) A structure or person exercising a delegated power or carrying out an instruction, where any power in this policy has been delegated or sub-delegated, or an instruction given, as contemplated in section 59 of the Municipal Systems Act;
- (d) In respect of ownership of property, rateability and liability for rates, a service provider fulfilling a responsibility assigned to it;
- (e) Through a service delivery agreement in terms of section 81(2) of the Municipal Systems Act or any other law, as the case may be;

**“Due date”** means the date specified as such on a municipal account for any rates payable and which is the last day allowed for the payment of such rates;

**“Dwelling”** means a house designed to accommodate a single core family, including the normal outbuildings associated therewith;

**“Exclusion”** in relation to a municipality’s rating power means a restriction of the power as provided for in Section 17 of the Act;

**“Exemption”** in relation to the payment of a rate, means an exemption granted by the Municipality in terms of Section 15 of the Act;

**“Financial year”** means any period commencing on 1 July of a calendar year and ending on 30 June of the succeeding calendar year;

**"Industrial property"** means property used for a 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 labour are significantly involved, and includes any office or other accommodation on the same property, the use of which is incidental to such activity;

**“Land tenure right”** means a land tenure right as defined in section 1 of the Upgrading of Land Tenure Rights Act, 1991 (Act 112 of 1991);

**“Market value”** in relation to a property, means the value of the property determined in accordance with Section 46 of the Act;

**"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;

**"Multiple use properties"** in relation to a property, means the use of a property for more than one purpose, subject to section 9 of the Municipal Property Rates Act, 6 of 2004, as amended;

**“Municipal Systems Act”** means the Local Government: Municipal Systems Act, 32 of 2000, as amended;

**“Municipality”** means the Midvaal Local Municipality;

**"Municipal properties"** means all properties of which the municipality is the owner or which property vest in the municipality but excludes such property owned by or vested in the municipality which is used for residential, business and commercial and /or industrial purposes.

**"Newly rateable property"** means any rateable property on which property rates were not levied by 30 June 2005, excluding a property that was incorrectly omitted from a valuation roll and for that reason was not rated before that date.

**"Owner"** means:

- (a) In relation to a property referred to in paragraph (a) of the definition of "property", a person in whose name ownership of the property is registered;
- (b) In relation to a right referred to in paragraph (b) of the definition of "property", a person in whose name the right is registered;
- (c) In relation to a land tenure right referred to in paragraph (c) of the definition of "property", a person in whose name the right is registered or to whom it was granted in terms of legislation; and
- (d) In relation to public service infrastructure referred to in paragraph (d) of the definition of "property", the organ of state that owns or controls that public service infrastructure; provided that a person mentioned below may for the purpose of the Act be regarded by a municipality as the owner of a property in the following circumstances:
  - (i) a trustee, in the case of a property registered in the name of the trustee of 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) 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;
  - (viii) a buyer, in the case of a property that has been sold by the Municipality and of which possession has been given to the buyer pending registration of ownership in the name of the buyer; or an occupier of a property that is registered in the name of the Municipality.

**"Pensioner"** mean retired property owners who reached the age of 60 years.



**“Place of Public worship”** means property used primarily for the purposes of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium: Provided that the property is-

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

**“Poor household”** means a household that complies with the conditions of Indigent households as per Council’s approved Indigent policy and have been approved as an Indigent household.

**“Properties owned by an organ of state and used for public service purposes”** means properties owned by the State and are used for public services, which are not included in the definition of public service infrastructure in the Act. Examples include hospitals, schools, police stations, etc.

**"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.

**"Public Benefits Organisation"** means an organisation conducting specified public benefit activities as defined in Section 30 of the Income Tax Act 1962 (Act 58 of 1962) and registered in terms of the Income Tax Act for tax reductions because of those activities.

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

**"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 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);

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

**“Ratepayer”** means any owner of rateable property as well as any owner of a rateable property held under sectional title, situated within the area of jurisdiction of the Council;

**“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;

**“Ratio”** means the relationship between two similar magnitudes in respect of quantity, determined by the number of times one contains the other;

**“Rebate”** in relation to a rate payable on a property, means a discount granted in terms of Section 15 of the Act on the amount of the rate payable on the property;

**“Reduction”** in relation to a rate payable on a property, means the lowering in terms of Section 15 of the Act of the amount for which the property was valued and the rating of the property at that lower amount;

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

- (a) Is used for residential purposes, including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes;
- (b) Is a unit registered in terms of the Sectional Title Act and is used for residential purposes;
- (c) Is owned by a share-block company and is used for residential purposes;
- (d) Is a residence used for residential purposes situated on a property used for educational purposes;
- (e) Is property which is included as residential in a valuation roll in terms of section 48(2)(b) of the Act;
- (f) Is part of a retirement scheme and / or life right scheme used for residential purposes;
- (g) But excluding vacant (empty) stands or is used as a guesthouse, utilized for income generating purposes, hotel, and accommodation establishment, irrespective of their zoning or intended use.

**“Sectional Titles Act”** means the Sectional Titles Act, 1986 (Act 95 of 1986);

**“Sectional title scheme”** means a scheme defined in section 1 of the Sectional Titles Act;

**“Sectional title unit”** means a unit defined in section 1 of the Sectional Titles Act;

**“Service provider”** means a service provider contemplated in paragraph (d) of the definition of “Council”;

**“State”** means the National Government and the Gauteng Provincial Government;

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

**“State trust land / Communal Land”** means land owned by the state:

- (a) In trust for persons communally inhabiting the land in terms of a traditional system of land tenure;
- (b) Over which land tenure rights were registered or granted; or

- (c) Which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act 22 of 1994);

**“Town planning scheme”** means

- (a) A town-planning scheme, which is in operation as contemplated in the Town Planning and Townships Ordinance 15 of 1986;
- (b) Any scheme or document which in terms of any applicable legislation is legally in operation and records or sets out, by means of maps, schedules or any other document, the development rights specifying the purpose for which land may lawfully be used or any buildings may be erected, or both;

**“Vacant”** shall mean land which is devoid of habitable structures, is unoccupied and has no predominant use and shall the words Vacant: Residential properties, Vacant Industrial, Business and Commercial properties, and Vacant Agricultural properties, as it may appear on the valuation roll, shall have a corresponding meaning.”

**“Zoning”** means the purpose for which land may lawfully be used or on which buildings may be erected or used, or both, as contained in the applicable town planning scheme and “zoned” has a corresponding meaning. Where a property carries multiple zoning rights, the categorization of such property will 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.

#### **4. PURPOSE OF THE POLICY**

The purpose of the policy is:

- 4.1 To comply with the provisions as set out in section 3 of the Act.
- 4.2 To determine criteria to be applied for:
  - 4.2.1 Levying differential rates for different categories of properties;
  - 4.2.2 Exemptions relating to a specific category of owners of properties, or the owners of a specific category of properties;
  - 4.2.3 Rebates and reductions and
  - 4.2.4 Rate increases.
- 4.3 To determine or provide criteria for the determination of:
  - 4.3.1 Categories of properties for the purpose of levying different rates; and
  - 4.3.2 Categories of owners of properties or categories of properties for the purpose of granting of exemptions, rebates and reductions.
- 4.4 Determine how the municipality's powers must be exercised in relation to properties which are to be categorized for multiple purposes.
- 4.5 Identify and provide reasons for:
  - 4.5.1 Exemptions, rebates and reductions;
  - 4.5.2 Exclusions; and
  - 4.5.3 Where provided for by the Minister for Local Government, rates on properties that must be phased in.
- 4.6 Take into account the effect of rates on the poor and to provide for appropriate measures to alleviate the rates burden on them;
- 4.7 Take into account the effect of rates on organisations conducting public benefit activities;
- 4.8 Take into account the effect of rates on public service infrastructure;
- 4.9 Determine measures to promote local economic and social development; and
- 4.10 Identify all ratable properties that are not rated.

## **5. PRINCIPLES**

- 5.1 The Council shall as part of each annual operating budget impose a rate in the rand on the market value of all rateable property as recorded in the municipality's valuation roll and supplementary valuation roll. Rateable property shall include any rights registered against such property, excluding a mortgage bond;
- 5.2 The Council pledges itself to limit each annual rates increase as far as practicable so that the Council does not overburden its ratepayers.
- 5.3 The Council shall, in imposing the rate in respect of each financial year, take proper cognizance of the aggregate burden of rates and service charges on property owners, in the various categories of property ownership.
- 5.4 Other policy principles:
- 5.4.1 All persons liable for property rates will be treated equitably and reasonably;
- 5.4.2 Rates will be levied in proportion to the market value of the property and based on the use of the property in line with Section 8(1)(a) of the Local Government: Municipal Property Rates Act, Act 6 of 2004, as amended (2014);

## **SECTION B**

### **CATEGORIES OF PROPERTY**

#### **6. CRITERIA FOR CATEGORIES OF PROPERTY FOR THE PURPOSE OF LEVYING DIFFERENT RATES**

- 6.1 The Council may levy different rates to different categories of rateable property. All rateable property will be classified in a category and will be rated based on the category of the property. For purposes of levying rates, categorisation will be based on the use of the property as allowed for in section 8(1) read with sections 3(3)(b) and 3(3)(c) of the Act, the following categories (including clarification of category) of properties are determined in line with Section 8(1)(a) of the Local Government: Municipal Property Rates Act, Act. 6 of 2004 as amended (2014):

Ref no	Category	Clarification (Must be read together with definitions)
1	Residential properties	As per definition of “residential properties”.
2	Industrial properties	As per definition of “industrial properties”.
3	Business and Commercial properties	As per definition of “business and commercial property”.
4	Agricultural properties	Properties primarily used for agricultural purposes.
5	Mining Properties	Properties used for mining operations as defined in the Minerals and Petroleum Resources Development Act, 2002 (Act 28 of 2002).
6	Properties owned by an organ of state and used for public service purposes	As per definition of “Properties owned by an organ of state and used for public service purposes”.
7	Public Service Infrastructure properties	As per definition of “public service infrastructure”.
8	Properties owned by Public Benefit Organisations and used for specified public benefit activities	As per definition of “Public Benefit Properties”.
9	Properties used for multiple purposes	Properties used for multiple purposes and not assigned to any other category where the property cannot readily be categorised by referring to the permitted or dominant use of the property will be apportioned to the different purposes for which the property is used. <b>Whilst this is not a property category, it is listed here to show how these properties will be dealt with as per section 9 of the Municipal Systems Act.</b>
10	State Owned Properties	State owned Properties other than Public Service Infrastructure and that are not used for public service purposes.
11	Protected areas	As per definition of “protected area”.
12	Municipal properties	All properties of which the municipality is the owner or which property vests in the municipality

Ref no	Category	Clarification (Must be read together with definitions)
		but excludes such properties owned by or vested in the Municipality which is used for residential and / or commercial purposes.
13	Public monuments and memorials	Monument and memorials (i) erected on land belonging to any branch of central, provincial or local government, or on land belonging to any organization funded by or established in term of the legislation of such a branch of government; or (ii) which were paid for by public subscription, government funds, or a public-spirited or military organization, and are on land belonging to any private individual.
14	Unregistered Properties	To be used for admin purposes for properties not yet registered in the Deeds office. <b>Whilst this is not a property category, it is listed here to show how these properties will be dealt with as per section 9 of the Municipal Systems Act.</b>
15	Communal land	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.
16	Place of Worship and Vicarage	As per definition of "Place of Public Worship".
17	Vacant land	"Vacant" shall mean land which is devoid of habitable structures, is unoccupied and has no predominant use and shall the words Vacant: Residential properties, Vacant Industrial, Business and Comercial properties, and Vacant Agricultural properties, as it may appear on the valuation roll, shall have a corresponding meaning."

6.2 Owners of properties who are of the view that their property has been categorised incorrectly may apply to the Council in writing for the category to be reviewed. The Council has the right to request documentary evidence and / or to request the municipal valuer to conduct a physical inspection of the property in order for the



municipal valuer to review the category and to amend the valuation roll accordingly, if the review is successful.

- 6.3 Properties used for multiple purposes which do not fall within the definition of a single category and accordingly do not qualify entirely for a rate in that single category maybe included into a combination of categories of multiple use properties for which an apportionment according to use of that value for each distinct category of property will be calculated by the municipal valuer and used for billing at the appropriate and applicable rate, in cases where the municipal valuer considers to apply this category.”
- 6.4 If no “Certificate of occupancy” is available or cannot be produced the property will be categorized in line with Section 8(1)(a) and Section 78 of the Local Government Municipal Property Rates Act, Act 6 of 2004, as amended (2014).
- 6.5 For categorization of all properties the properties must be categorized in line with Sections 8(1)(a) and 46 of the Local Government: Municipal Property Rates Act, Act 6 of 2004, as amended (2014).

## **SECTION C**

### **DIFFERENTIAL RATING**

#### **7. CRITERIA FOR DIFFERENTIAL RATING ON DIFFERENT CATEGORIES OF PROPERTIES**

The following has been taken into consideration for the purpose of differential rating:

- 7.1 The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.
- 7.2 Undeveloped or vacant land will be rated higher (in terms of a rate in the Rand) as the municipality is encouraging owners of vacant land to develop it and that the vacant land should not be used for speculation purposes by owners.
- 7.3 Promotion of social and economic development of a municipality.
- 7.4 Differential rating among the various property categories will be done by way of setting different Cent amount in the Rand for each property category (through the use of ratio's) rather than by way of reductions and rebates.

## **SECTION D**

### **RELIEF MEASURES RELATED TO CATEGORIES OF PROPERTIES AND CATEGORIES OF OWNERS OF PROPERTIES**

#### **8. FACTORS TO BE CONSIDERED FOR EXEMPTIONS, REBATES AND REDUCTIONS**

- 8.1 In granting exemptions, rebates and reductions to the categories of properties and categories of owners, the Council recognises the following factors:
- 8.1.1 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 services which they provide;
- 8.1.2 The need to accommodate indigents and less affluent pensioners and persons dependent on a nominal income due to medical incapacitation or other factors as may be determined by Council from time to time;
- 8.1.3 The services provided to the community by public service organisations;
- 8.1.4 The value of agricultural activities to the local economy coupled with the limited municipal services extended to such activities, but also taking into account the municipal services provided to municipal residents who are employed in such activities;
- 8.1.5 The need to preserve the cultural heritage of the local community;
- 8.1.6 The need to encourage the expansion of public service infrastructure;
- 8.1.7 The indispensable 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; and
- 8.1.8 The requirements of the Act.

## **9. GRANTING OF EXEMPTIONS, REBATES AND REDUCTIONS**

Compulsory and mandatory exemptions will be in line with Sections 15 and 17 of the Local Government: Municipal Property Rates Act, 2004.

### **9.1 Exemptions**

Sections 15 and 17 of the Act allows the granting of exemptions, reductions and rebates. These exemptions, reductions and rebates can be granted to either a specific category of properties, or a specific category of property owners.

- 9.1.1 Public Benefit Organisations will be exempted from paying property rates, subject to the property being in fully operation as the registered institution;
- 9.1.2 Municipal properties will be exempted from property rates;
- 9.1.3 Properties on which Public Monuments and Memorials are located will be exempted from property rates;
- 9.1.4 Properties located on special nature reserves, national parks or nature reserves within the meaning of the National Environmental Management: Protected Areas Act, 2003 (57 of 2003) or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act 2004, (10 of 2004), which are not developed or used for commercial, business, agricultural or residential purposes will be exempt from paying property rates;
- 9.1.5 Properties belonging to a land reform beneficiary or his or her heirs, dependents or spouse will be exempt from paying property rates for the first ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds provided that upon alienation of the property by the land reform beneficiary or his or her heirs, dependents or spouse, property rates shall become payable;
- 9.1.6 Properties registered in the name of and used primarily as a place of public worship by a religious community, including the official residence registered in the name of that community which is occupied by the office bearer of that community who officiates at services at that place of worship will be exempt from paying property rates; and

9.1.7 Public Service Infrastructure will be exempted from paying property rates.

9.1.8 In order to alleviate the tax burden on residential property owners, all properties categorised as residential properties will, in addition to the impermissible rate of R15 000 prescribed in section 17(1)(h) of the Act, receive a further R135 000 exemption on the market value of a property.

## **9.2 Reductions**

The Council may determine reductions to be applied to the market value of properties from time to time.

## **9.3 Rebates**

### **Pensioners**

Persons dependent on a nominal income due to medical incapacitation – medical certificate must be attached as proof thereof.

9.3.1 Owners dependent on pensions or social grants: Residential property owners who are over 60 years of age, who are both permanent occupiers and the sole owners of the property concerned whose aggregate household income is between R5 000 and R6 000 per month does not exceed two state pensions per month will receive a rebate of 100% of their property rates for the first R1 300 000 of their property value. Residential property owners who are over 60 years of age, who are both permanent occupiers and the sole owners of the property concerned whose aggregate household income does not exceed R7 500 per month will receive a rebate of 50% of their property rates for the first R1 300 000 of their property value (i.e. maximum of R1 150 000 after the first R150 000 residential reduction has been applied). Property Owners with more than 1 property will not qualify for Pensioner Rebates. Pensioner rebates will be valid for a period of 12 months from date of approval.

9.3.2 Sports grounds used for amateur sports will receive a rebate of 75% of their property rates (application based, annually).

9.3.3 Old age institutions registered at the Department of Welfare will receive a rebate of 85% of their property rates (application based, annually).

- 9.3.4 Owners of small holdings (with property type as contained in the valuation roll, agricultural holdings / farms) where the usage is indicated as a residential dwelling, will receive a rebate of 50% of their property rates for the first R750 000 of their property value (i.e. maximum of R600 000 after the first R150 000 residential reduction has been applied).
- 9.3.5 Owners of Private Schools will receive a 50% rebates of their property rates, subject to the school being registered as such at the Deeds Office and with the department...
- 9.3.6 First time owners of Government Flisp Housing who qualified for government subsidy will receive a 75% rebate of their property rates for the first R500 000 of their property value (i.e. maximum of R350 000 after the first R150 000 residential reduction has been applied). Once the Flisp subsidy beneficiary sells the property, the new property owner will not qualify for the rebate unless he / she is also a Flisp subsidy beneficiary.
- 9.3.7 Indigent Customers will be exempted from Property Rates.
- 9.3.8 In the event of owners of properties situated within an area affected by a disaster within a meaning of Disaster Management Act, (Act No. 57 of 2002), and the Property Rates Act, as amended, Section 15(2) (c) and (d), and any other serious adverse social or economic conditions, an additional R70 000 exemption on municipal valuation may be provided to Pensioners, Indigent households, Flisp properties and Residential properties. Council will determine the period for which the rebate will apply.

#### **9.4 Development incentives and special rebates**

##### **9.4.1 Development Incentives**

The objectives of the incentives are to attract investors who will bring the expertise, funds and the capacity to develop property categories such as residential, business and commercial, industrial, agricultural, educational institutions and others but also to fast track other normal developments within the Midvaal Local Municipality area;

Property Developers must submit a proper motivation (in writing) to the municipality which should include but not limited to:

- Timeframes;
- Cost of development;
- How will municipality and community benefit, etc;

The particulars of the incentive such as the percentage, cent in the rand, etc. will only be granted once formally approved by the Council or if such and incentive forms part of the Councils approved Land Development Incentive Policy;

The Municipality reserves the right to refuse or reverse any rebate if the details submitted in the application are incomplete, incorrect, or false.

#### **9.4.2 Special rebate on Residential**

In order to be granted a special rebate, the development must consist of at least 10 residential units and more.

For the purpose of special rebates on residential development which is defined as any construction in a designated (Residential zoned area), the property rates will be phased in as follows after completion of the development, which is subjected to the occupancy certificate being issued:

- In the first year a rebate of 100%
- In the second year a rebate of 75%
- In the third year a rebate of 50%

The rebate will fall away on receipt of an Occupancy Certificate, and the full property rates will be payable.

#### **9.4.3 Special rebate on Industrial**

For the purpose of special rebates on industry development which is defined as any construction in a designated (Industrial Site Zone), the property rates will be phased in as follows after completion of the development:

- In the first year a rebate of 100%
- In the second year a rebate of 75%
- In the third year a rebate of 50%

In the fourth year the full property rates will be payable

**9 COST TO MUNICIPALITIES DUE TO EXEMPTION, REBATES, REDUCTIONS, EXCLUSIONS, PHASING IN AND THE BENEFIT THEREOF TO MUNICIPALITIES**

The cost to the municipality of having granted the relief measures (exemptions, rebates and reductions) short of qualifying such costs in Rand and Cent are reflected in the annual budget report as income foregone. These relief measures are detailed in paragraphs 9.1 – 9.4 of this policy.

<b>PROPERTY RATES ANNUAL BUDGET</b>
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<b>PROPERTY CATEGORY</b>	<b>ANNUAL BUDGET</b>	<b>REBATES</b>
KINDLY REFER TO THE BUDGET DOCUMENT FOR THE FINAL FIGURES		

**SECTION E**

**RATES INCREASES/DECREASE**

**10 CRITERIA FOR INCREASING OF RATES**

The municipality will consider increasing property rates levies annually during the budget process:

10.1 The Municipality will in determining the rate levy increase take the following into consideration:

10.1.1 To treat persons liable for rates equitably;

10.1.2 Take into account the effect of rates on the poor and include appropriate measures to alleviate the rates burden on them.

10.1.3 Priorities of a municipality reflected in its Integrated Development Plan.

10.1.4 The revenue needs of the municipality.

10.1.5 A need for management of rates shocks.



### 10.1.6 Affordability of rates to ratepayers.

All increases in the property rates levied will be communicated to the local community in terms of the council's IDP and Budget community participation process.

## **SECTION F**

### **11 LIABILITY FOR RATES BY PROPERTY OWNERS**

#### **11.1 Method and time of payment**

Midvaal Local Municipality will recover the rate levied in twelve equal monthly installments over the relevant financial year. The installment is payable on or before the 7<sup>th</sup> day of every month, following the month in which it has been levied or the due date as per the municipal statement, whichever is the earlier. Interest will be charged on the arrear amount due for rates payable at the interest rate determined by the Council.

#### **11.2 Annual Payment Arrangements**

Owners of rateable properties may choose to pay the annual rates in one installment on or before the 7<sup>th</sup> October of the particular financial year. The property owner must notify the municipal manager or his / her nominee by no later than 30 June in any financial year, or such later date in the financial year as determined by the municipality, that he / she wishes to pay all rates in respect of such property for a particular financial year in one installment, after which such an owner shall be entitled to pay all rates in the subsequent financial year and all subsequent financial years annually until he / she withdraws this notice in similar manner.

#### **11.3 Recovery of arrear rates from tenants, occupiers and agents**

Must be read together with Section 28 and 29 of the Local Government: Municipal Property Rates Act, 6 of 2004, as amended (2014).

If an amount due for rates levied in respect of a property is unpaid after the due date, the municipality may recover the amount in whole or in part from a tenant or occupier of the property. The amount that the municipality may 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 which the municipality recovers from the tenant or occupier of the property must be set off, by the tenant or occupier, against any money owed by the tenant or occupier to the owner. The Municipality may only recover such rates from the tenant or occupier after it has served a written notice to this effect on the tenant / occupier.

The municipality may recover the amount due for rates from any 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 Affairs Act, 1976 (Act 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.

#### **11.4 Clearance Certificate**

All monies collected, including any estimated amount for the duration of the validity period of the clearance certificate, are for the purposes of section 118 (1A) of the Municipal Systems Act, or section 89 of the Insolvency Act, 1936 (Act 24 of 1936), deemed to be due and must be paid in order to facilitate the transfer of immovable property. (See Steve Tshwete Local Municipality v Fedbond [2013] ZASCA 15 (20 March 2013) where the SCA ruled that clearance must be given, in case of insolvency, for 2 years preceding the date of application for clearance, not 2 years preceding date of sequestration).

#### **11.5 Property rates payable by joint owners / fractional property ownership**

Owners will be held liable for rates jointly and severally for any properties with joint and/or fractional ownership.

## **12 RATE RATIOS**

The Council may not levy different rates on residential properties except as provided for in the Act. The concept of differential rating means that the rate (cent in the rand amount) is not constant across all category of property. The residential rate will be use as the base rate and the other rates determined in relation to the residential rate, calculated on the ratios between the categories. The Council shall determine ratio's from time to time bearing in mind the prescribed ratios and statutory prescripts. The proposed rate ratios as per category of property for the 2020/2021 financial year are:

<b>Ref no</b>	<b>Category</b>	<b>Ratio</b>
1	Residential properties	1:1
2	Industrial properties	1:2
3	Business and Commercial properties	1:2
4	Agricultural properties	1:0.25
5	Mining Properties	1:2
6	Properties owned by an organ of state and used for public service purposes	1:2
7	Public Service Infrastructure properties	Exempted
8	Properties owned by Public Benefit Organisations and used for specified public benefit activities	Exempted
9	Properties used for multiple purposes (as per Section 9 of the Municipal Property Rates Act)	Apportionment according to use and the applicable ratio as per the use will then apply to the various apportioned values
10	State Owned Properties	1:2
11	Protected areas	Exempted
12	Municipal properties	Exempted
13	Public monuments and memorials	Exempted
14	Unregistered Properties (Administrative Purposes)	1:0
15	Communal land and Land Reform Beneficiaries	Exempted
16	Place of Worship and Vicarage	Exempted
17	Vacant	1:3

### **13 AMOUNT DUE FOR RATES**

A rate levied by the municipality on property will be an amount (cent in the Rand) on the market value of the property as determined by Council during the annual budget preparations and is dealt with in a separate report in line with Section 14 of the Local Government: Municipal Property Rates Act, Act 6 of 2004, as amended.

### **14 PHASING IN OF RATES**

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

14.2 The phasing-in discount on the properties referred to in Section 21 of the Act shall be as follows:

14.2.1 First year : 75% of the relevant rate;

14.2.2 Second year : 50% of the relevant rate; and

14.2.3 Third year : 25% of the relevant rate

## **15 FREQUENCY OF VALUATIONS**

The municipality will make a general valuation of all properties and prepare a valuation roll every 5 (Five) years or for any other period as determined by the Council from time to time but in total not for more than 5 financial years.

## **16 DATE OF VALUATIONS**

For the purposes of property valuation the Municipality must in terms of Section 31 of the Local Government: Municipal Property Rates Act, Act 6 of 2004, as amended. The valuation date for the 2018/2023 General Valuation roll was 1 July 2017 The Valuation date for the 2023/2028 will be 1 July 2022. and the valuation roll will be prepared by the person designated as Municipal Valuer and be implemented 1 July 2023.

## **17 INSPECTION OF AND OBJECTIONS TO AN ENTRY IN THE VALUATION ROLL**

17.1 Once the Council has given notice that the valuation roll is open for public inspection, any person may within the inspection period, inspect the roll during office hours and may on payment of a reasonable fee as prescribed by the Council, request the municipality during office hours to make extracts from the roll and may further lodge an objection with the Municipal Manager against any matter reflected in, or omitted from, the roll.

17.2 The Municipal Manager or an official designated by him/her must assist an objector to lodge an objection if that objector is unable to read or write.

17.3 Objections must be in relation to a specific individual property and not against the valuation roll as such;

17.4 The lodging of an objection shall not defer liability for the payment of rates beyond the date determined for payment; and

17.5 All objections received shall be dealt with in accordance with the Act.

17.6 Electronic, e-mail, facsimile will be accepted.

17.7 No Late Objections will be received.

## **18 SPECIAL RATING AREAS**

The municipality may by resolution of its council:

- 18.1 Determine an area within that municipality as a special rating area;
- 18.2 Levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area; and
- 18.3 Differentiate between categories of properties when levying an additional rate referred to in paragraph (b).

## **19 ANNUAL REVIEW OF RATES POLICY**

The municipality will annually review, and if necessary amend its rates policy taking into accounts public comments and inputs.

## **20 THE EFFECTIVE DATES OF THE RATES POLICY**

The rates policy takes effect from the start of the municipal financial year, 1 July 2020.

## **ADDENDUM**

### **LEGAL REQUIREMENTS THAT ALL MUNICIPALITIES MUST COMPLY WITH IN TERMS OF THE MUNICIPAL PROPERTY RATES ACT, 2004 (ACT 6 OF 2004) WITH REGARD TO RATES POLICY DEVELOPMENT**

This addendum does not contain all provisions of the Act that must be complied with in the development of rates policy, but list just a few provisions key provisions that the municipality deems it necessary for residents/ratepayers to be aware so that they get a full picture of rating issues that will affect them.

#### **IMPERMISSIBLE RATE**

- A municipality may not levy a rate on the following in terms of section 17(1) of the Act:
  - On the first 30% of the market value of public service infrastructure.
  - Any part of the sea-shore in terms of section (17(1)(b) of the Act.
  
- Any part of the territorial waters of the Republic in terms of section 17(1)(c) of the Act.
  - Any island of which the state is the owner in terms of section 17(1)(d) of the Act.
  - Protected areas in terms of section 17(1)(e) of the Act.
  - Mineral rights in terms of section 17(1)(f) of the Act.
  
- Properties belonging to land reform beneficiaries in terms of section 17(1)(g) of the Act.
  - On the first R15 000.00 of the market value of residential in terms of section 17(1)(h) of the Act. .
  - Religious institutions in terms of section 17(1)(i) of the Act.