



PROPERTY RATES POLICY

MNQUMA MUNICIPALITY
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2023 -05- 30

MUNICIPAL MANAGER

Budget and Treasury Directorate

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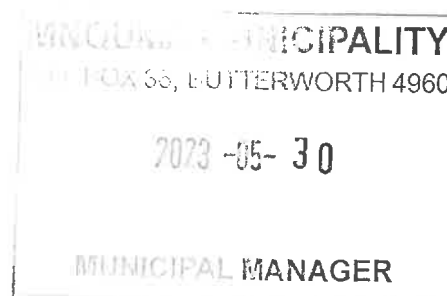
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1. **LEGISLATIVE CONTEXT**

- 1.1 This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.
- 1.2 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may impose rates on property.
- 1.3 In terms of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) a municipality in accordance with-
- a) Section 2(1), may levy a rate on property in its area; and
 - b) Section 2(3), must exercise its power to levy a rate on property subject to-
 - I. Section 229 and any other applicable provisions of the Constitution;
 - II. the provisions of the Property Rates Act; and
 - III. the rates policy.
- 1.4 In terms of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000), the municipality has the right to finance the affairs of the municipality by charging fees for services and imposing rates on property and to the extent authorised by national legislation, other taxes, levies and duties.
- 1.5 In terms of Section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy as may be required in terms of any applicable national legislation

2. **PREAMBLE**

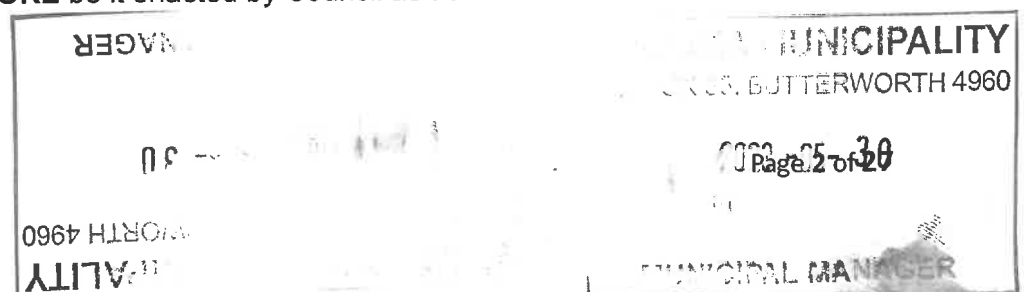
WHEREAS the municipality seeks to secure sound and sustainable management of the financial affairs.

WHEREAS there is a need to provide local government and access to a sufficient and buoyant source of revenue necessary to fulfil its development responsibilities.

WHEREAS income derived from property rates is a critical source of revenue for the municipality to achieve its constitutional objectives.

WHEREAS it is essential that the municipality exercises its powers to impose rates within a statutory framework that not only enhances certainty, uniformity and simplicity across the nation, but also takes into account historical imbalances and the rates burden on the poor.

NOW THEREFORE be it enacted by Council as **PROPERTY RATES POLICY**.



3. DEFINITIONS AND ABBREVIATIONS

- 3.1 **"Act"** means the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004).
- 3.2 **"Agent"** means in relation to the owner of a property, means a person appointed by the owner of the property:
- a) to receive rental or other payments in respect of the property on behalf of the owner; or
 - b) to make payments in respect of the property on behalf of the owner;
- 3.3 **"Agricultural property"** means a property that is used primarily for agricultural purposes but, without derogating from section 9, in relation to the use of a property, excludes the use of a property for the purpose of ecotourism or for the trading in or hunting of game. Agricultural property excludes formally protected areas, rural communal land and any other specified category of property. Agricultural property may fall within a proclaimed township. The bona fide dominant use is that of farming. Small holdings where limited farming is taking place and where the property's dominant and most likely use is that of a residence or lifestyle property are not included under this category. It should further be noted that the Act stipulates that properties used for eco-tourism or for trading in hunting of game are not to be categorised as agriculture. They are therefore categorised in terms of Section 8(2)(d)(i) of the Municipal Property Rates Act 6 of 2004.
- 3.4 **"Annually"** once every financial year;
- 3.5 **"Bona Fide Farmer"** a genuine or real full time farmer who owns land that is used bona fide, predominantly and exclusively by him or his occupiers for agricultural purposes and whose dominant income is generated by the production of crops, fruits, vegetables, ornamental and flowering plants, dairy life, stock, poultry and all other forms of agricultural products on the specific property in question defined under the category "farm property or small holding used for agricultural purpose (bona fide farming)";
- a) property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity; or
 - b) property on which the administration of the business of private or public entities take place;
- 3.6 **"Calendar Year"** 12 consecutive months of a financial year(s);
- 3.7 **"Category"** in relation to property, means a category of properties determined in terms of Section 8 and Section 9 of the Act; and in relation to owners of properties, means a category of owners determined in terms of section 15(2);
- 3.8 **"Child headed Household"** means a household where both parents are deceased and where all occupants of the property are children of the deceased and are all

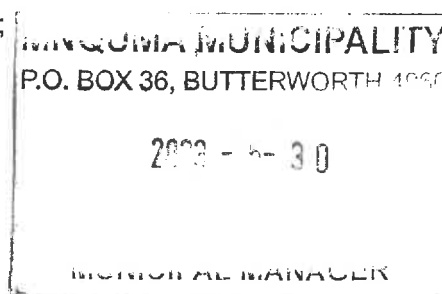
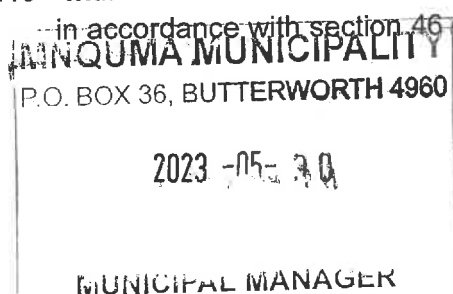
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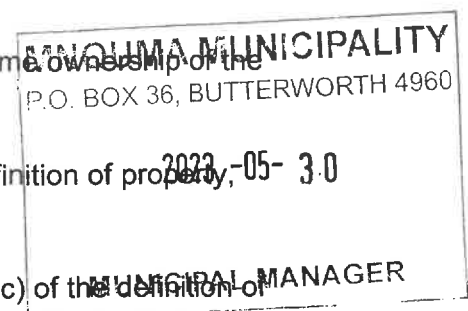
MANAGER

under the legal age to contract for services and are considered as minors in law by the state.

- 3.9 **"Conservation Area"** an area of notable environmental or historical interest or importance which is protected by law against undesirable changes.
- 3.10 **Consolidated Development"** refers to properties with building which overlap on more than two Erven and on which a single account can be created
- 3.11 **"Dwelling"** means a building, structure or place of shelter to live in or conduct business from;
- 3.12 **"Exemption"** in relation to the payment of a rate, means an exemption granted by a municipality in terms of section 15 of the Act
- 3.13 **Effective date"** means
- 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
 - in relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect in terms of section 78(2)(b) of the Act;
- 3.14 **"Financial Year"** means the period starting from 1 July in a year to 30 June the next year
- 3.15 **"Indigent"** means an owner of property who has permanent occupation of the property and qualifies for indigent relief in terms of the municipality's indigent policy.
- 3.16 **"impermissible rates property"** means all properties contained in the valuation roll that are not permitted to be rated in terms of Section 17 (e), (g) and (i) of the Act and comprises places of worship, land beneficiaries and protected areas as declared by the Department of Environmental Affairs;
- 3.17 **"industrial property"** means property used for the trading in, the manufacturing and production of good and products or the assembly or processing of finished products from raw materials or fabricated parts in respect of which capital and labor are utilized, and includes any office or other facility on the same property, the use of which is incidental to such activity;
- 3.18 **"land tenure right"** means a land tenure right as defined in section 1 of Upgrading of Land Tenure Rights Act 1991 (Act 112 of 1991);
- 3.19 **"market value"** in relation to a property, means the value of the property determined in accordance with section 46 of the Act;



- 3.20 **"MPRA Rates Ratio Regulations"** means the Municipal Property Rates Regulations on the Rate Ratio between Residential and Non-Residential Properties promulgated in terms of the Act
- 3.21 **"multiple purposes"** means a property used for more than one purpose as intended in section 9 of the Act;
- 3.22 **"municipal property"** means a property registered in the name of and occupied by the Mquma Local Municipality and includes all municipal property which by its nature cannot be occupied;
- 3.23 **"Municipality"** means the municipal council for the municipal area of Mquma Local Municipality;
- 3.24 **"Municipal Structures Act"** means the Local Government: Municipal Structures Act (Act 117 of 1998);
- 3.25 **"Municipal Systems Act"** means the Local Government: Municipal Systems Act (Act 32 of 2000);
- 3.26 **"Municipal Valuation"** means a valuation of a rateable property within the municipal area by the Municipal Valuer in terms of the Act;
- 3.26.1 **"Municipal Valuer"** means a person designated as a municipal valuer in terms of section 33(1);
- 3.27 **"newly rateable property"** means any rate able property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding
- a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
 - a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified;
- 3.28 **"Occupier"**: In relation to a property, means a person who occupies the property, whether or not that person has a right to occupy the property.
- 3.29 **"Owner"** In relation to a property referred to in paragraph
- (a) of the definition of property, means a person in whose name the ownership of the property is registered;
 - (b) In relation to a right referred to in paragraph (b) of the definition of property, means a person in whose name the right is registered.
 - (c) In relation to a land tenure right referred to in paragraph (c) of the definition of property, means a person in whose name the right is registered or to whom it was



granted in terms of legislation; or

(d) In relation to public service infrastructure referred to in paragraph (d) of the definition of property, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of "publicly controlled", provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:

- i. A trustee, in the case of a property in a trust excluding state trust land;
- ii. An executor or administrator, in the case of a property in a deceased estate;
- iii. A trustee or liquidator, in the case of a property in an insolvent estate or in 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 registered in the name of the municipality and is leased by it; or
- vii. A buyer, in the case of a property that was sold by a municipality.

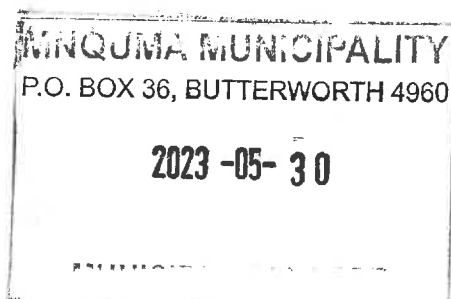
3.30 **"Permitted Use"**: Any restrictions imposed by:

- a. a condition of title;
- b. a provision of a town planning or land use scheme; or
- c. any legislation applicable to any specific property or properties;
- d. any alleviation of any such restrictions.

3.31 **"Private Open Space"** land that is privately owned and used for practising of sport, player leisure facilities without financial gain or used as a botanical garden, cemetery or nature area and which is joined as Private Open Space;

3.32 **"Property"** means

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



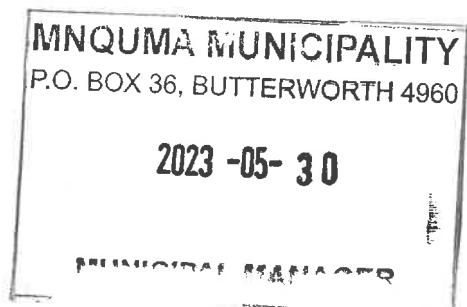
3.33 **"Property register"** is a register of properties referred to in Section 23 of the Act;

3.34 **"Public Service Infrastructure"** means publicly controlled infrastructure of the following kinds

- a) national, provincial or other public roads on which goods, services or labor 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) owner 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 of liquid gas 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 systems serving the public;
- g) runways aprons and air traffic control unit at national or provincial airports including the vacant land known as the obstacle free zone surrounding these, which must be vacant for navigation purposes;
- h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or publicly controlled infrastructure as may be prescribed; or
- i) Rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (h).

3.35 **"public service purpose"**, in relation to the use of a property., means a property owned and used by an organ of state as:

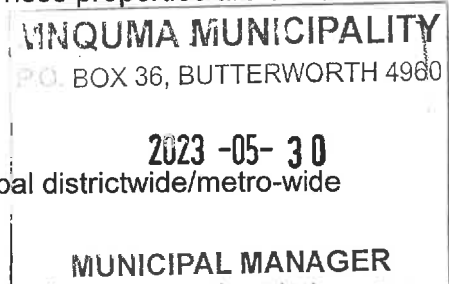
- a) hospitals or clinics;
- b) schools, pre-schools, early childhood development centers or further education and training colleges;
- c) national and provincial libraries and archives;
- d) police stations;
- e) correctional facilities; or



f) courts of law

But excludes property contemplated in the definition of 'public service infrastructure'.

- 3.36 **"Rate"** means a municipal rate on property envisaged in section 229(1)(a) of the Constitution.
- 3.37 **"Rateable Property"** means a 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.
- 3.38 **"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.
- 3.39 **"Register"** means to record in a register in terms of:
- the Deeds Registries Act, (Act 47 of 1937); or
 - the Mining Titles Registration Act, (Act 16 of 1967); and includes any other formal act in terms of any other legislation to record:
 - a right to use land for or in connection with mining purposes; or
 - a land tenure right.
- 3.40 **"Reduction"** In relation to a rate payable on a property, means the lowering in terms of section 15 of the amount for which the property was valued and the rating of that property at the lower amount.
- 3.41 **"Residential Lifestyle Farm"** means non-urban domestic properties, previously defined for rates purpose as agricultural, predominantly used by the occupier(s), thereof for residential purposes and where the remaining agricultural land on which the dwelling is situated, is not used for any bona fide farming activities as defined in the definition of bona fide farmer/ farming activities;
- 3.42 **"Small holding"** is an agricultural holding smaller than a farm. A property is classified as a smallholding from one hectare in size, up to three hectares, or any agricultural zoned land unit situated outside an urban region with an area of three hectares or less;
- 3.43 **"State Owned Property"** Property owned by the State, which are not included in the definition of public service infrastructure in the Act. These properties are classified as follows:
- State properties that provide local services;
 - State properties that provide regional/municipal districtwide/metro-wide services; or
 - State properties that provide a provincial/national service, and excludes any property included in the valuation roll under the category 'residential property'



or 'vacant land';

- 3.44 **"Vacant Property"** means any undeveloped land as listed in the valuation roll and includes bulk land identified by the municipality and where there is an approved Surveyor General Plan, Township Layout or approved general diagram, may be separately valued and rated, notwithstanding the non-registration of any sub-divisions.

Abbreviations

SV:	Supplementary Valuation
CFO:	Chief Financial Officer
PBO:	Public Benefit Organisation
LED:	Local Economic Development

4. ADOPTION AND CONTENTS OF RATES POLICY

- 4.1. The Municipality shall adopt a rates policy in terms of which all rate able properties within its area of jurisdiction are rated.
- 4.2. The rates policy shall take effect on the effective date of the first valuation roll prepared by the Municipality under the Act, and shall accompany the Municipality's budget for the financial year concerned when the budget is tabled in terms of section 16(2) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

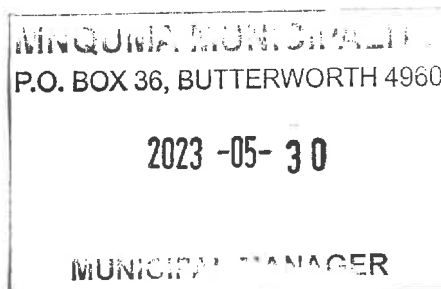
5. APPLICATION OF THE POLICY

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

6. CONSULTATION

Relevant stakeholders shall be consulted in development and review of this policy, namely: Ward committees, Community Development Workers, Council Speakers, Mayors and members of mayoral committees, and Council.

7. OBJECTIVES OF THE POLICY



- 7.1. **the objectives of this policy are:** to comply with the provisions of Section 3 of the Act;
- 7.2. **To determine criteria to be applied for:** levying differential rates for different property categories; exemptions; reductions; rebates; and Rate increases.

7.3. **To determine or provide criteria for the determination of the following:**

- 7.3.1 property categories for the purpose of levying different rates; and
- 7.3.2 categories of owners of properties for the purpose of granting exemptions, rebates and reductions;
- 7.3.3 to determine how the Municipality's power should be exercised in terms of multiple-used properties;
- 7.3.4 to identify and quantify the following for the Municipality in terms of costs and the benefit for the community
- 7.3.5 exemptions, rebates and reductions; and
- 7.3.6 exclusions.

7.4. to take into account the effect of rates on the indigent;

7.5. to take into account the effect of rates on organisations that perform activities for public benefit;

7.6. to take into account the effect of rates on the public services infrastructure;

7.7. to determine measures for promoting local economic and social development; and

7.8. to identify all rateable revenue not being rated.

8. **POLICY PRINCIPLES**

8.1 Apart from meeting legislative requirements, this policy also emanates from the objectives determined in Council's Revenue Enhancement Strategy.

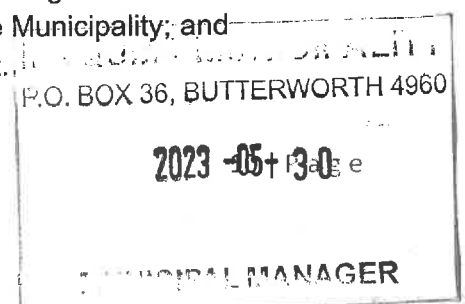
8.2 The levying of rate on a property is an exclusive right of the Municipality which will be exercised:

- a) Optimally and comprehensively within the Municipality, and
- b) With consideration of the total revenue source of the Municipality.

8.3 The rating of properties will be done independently, justly, equitably and without prejudice and this principle will also be applied with the determination of criteria for exemptions, reductions and rebates as provided for in Section 15 of the Act.

8.4 The levying of property rates must be implemented in such a way that:

- a) it is aimed at development;
- b) it promotes sustainable local government by providing a stable and constant revenue source within the discretionary control of the Municipality; and
- c) It promotes social and local economic development.



- 8.5 Property rates will be levied to:
- Correct the imbalances of the past;
 - Minimise the effect of rates on the indigent.
- 8.6 Property rates will be used to finance community and subsidised services.
- 8.7 The market value of a property serves as basis for the calculation of property rates.
- 8.8 The rate tariff will be based on the value of all rateable properties and the amount the Municipality needs to fund community and subsidised services, after taking into account the amounts required to finance exemptions, rebates and reductions of rate, as approved by Council from time to time.

9. APPLICATION PROCEDURES

9.1 Municipal Manager

- The Accounting Officer must inform Council during the budgeting process of all the costs associated with the proposed exemptions, rebates, reductions, phasing-in of rates and grants in the place of rates.
- Municipal Manager will delegate Chief Financial Officer to implement the policy.

9.2 Chief Financial Officer

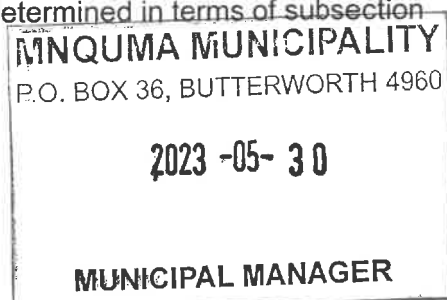
- The Chief Financial Officer will be responsible for the implementation of the policy.

10. CATEGORIES OF PROPERTIES

10.1 Subject to Section 19 of the Act, Mquma Local Municipality may, in terms of the criteria for determining categories of properties for the purpose of levying different rates and for the purpose of granting exemptions will be according to the actual use of the property. The allocation of the property category is the discretion of the Municipal Valuer.

10.2. Categories of rateable property that may be determined in terms of subsection

- (1) 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 5
 - purposes other than those specified in subparagraphs (i) to (iii);
 - farm properties not used for any purpose;
 - smallholdings used for-
 - agricultural purposes;
 - residential purposes;

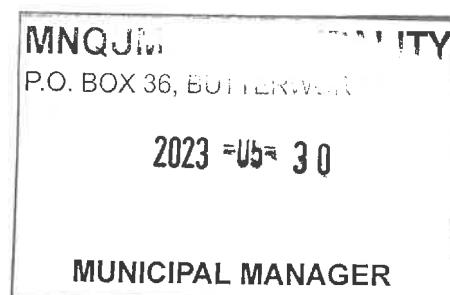


- (iii) industrial purposes;
- (iv) business and commercial purposes; or
- (v) purposes other than those specified in subparagraphs (i) to (iv);
- (g) state-owned properties;
- (h) municipal properties;
- (i) public service infrastructure;
- (j) privately owned towns serviced by the owner;
- (k) formal and informal settlements;
- (l) communal land as defined in section 1 of the Communal Land Rights Act, 2004
- (m) state trust land;
- (n) properties-
 - (i) acquired through the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993), or the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994); or
 - (ii) which is subject to the Communal Property Associations Act, 1996 (Act No. 28 of 1996);
- (o) protected areas;
- (p) properties on which national monuments are proclaimed;
- (q) properties owned by public benefit organisations and used for any specific 30 public benefit activities listed in Part 1 of the Ninth Schedule to the Income Tax Act; or
- (r) properties used for multiple purposes, subject to section 9

11. CATEGORIES OF OWNERS

- 11.1 For categories of owners of properties, or categories of properties, for the contemplated in paragraph (bj(i)); and purpose of granting exemptions, rebates and reductions as contemplated 55 in paragraph (b)(ii) or (iii); of the property rates Act:
- a) exempts a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate on their 45 properties; Municipality;
 - b) grants to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate on or a reduction in the rate payable in respect of their properties;
- 11.2 Owners of properties situated within an area affected by:
- a) a disaster within the meaning of the Disaster Management Act No. 57 of 2002; or any other serious adverse social or economic conditions;
 - b) Owners of residential properties with a market value below the amount as determined annually by the Council;
 - c) Owners of residential properties with a market value lower than an amount determined by the municipality; or;
 - d) Owners of agricultural properties who are bona fide farmers; and
 - e) Child headed household where both parents are deceased and where all occupants of the property are children of the deceased and are all under age to contract services and are considered as minors in law by the state.

12. MULTIPLE USE OF PROPERTIES



12.1 A property used for multiple purposes must, for rates purposes, be assigned to 35 a category determined by the municipality for properties used for-

- (a) a purpose corresponding with the permitted use of the property, if the
- (b) a purpose corresponding with the dominant use of the property; or
- (c) multiple purposes in terms of section 8(2)(r).

12.2 A rate levied on a property assigned in terms of subsection (l)(c) to a category of properties used for multiple purposes must be determined by-

- (a) 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
- (b) applying the rates applicable to the categories determined by the municipality 45 for properties used for those purposes to the different market value. apportionments.

13. DIFFERENTIAL RATING

13.1 Criteria (1) Subject to section 19, a municipality may in terms of the criteria set out in its 35 rates policy levy different rates for different categories of rateable property, which may include categories determined according to the-

- (a) use of the property;
- (b) permitted use of the property; or
- (c) geographical area in which the property is situated. to:
 - a) the nature of the property including its sensitivity to rating, e.g. agricultural properties used for agricultural purposes; and
 - b) The promotion of social and economic development within the Municipality.

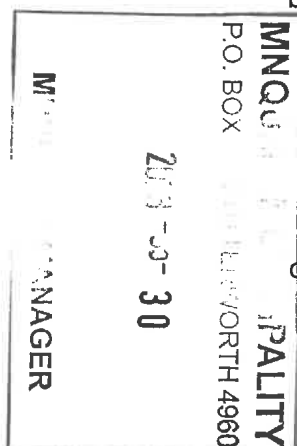
13.2 Differential rating among the various property categories will be done by way of setting a different cent amount in the rand for each property category; and

13.3 By way of reductions and rebates as provided for in this policy document.

14. EXEMPTIONS

14.1 The following property categories are exempt from the payment of property rates:

- a) **Municipal properties** are exempted from paying property rates. However, where municipal properties are leased, the lessee will be responsible for the payment of determined assessment rates in accordance with the lease agreement.
- b) **Residential properties** with a market value of less than the amount as annually determined by the Municipality, are exempted from paying property rates. The maximum amount is determined as R20 000. The impermissible rates of R 15 000 contemplated in terms of Section 17(1)(h) of the Act are included in the amount as referred to above as annually determined by the Municipality. The remaining R5 000 is aimed primarily at alleviating poverty and forms an important part of the Municipality's Indigent Policy.
- c) **Residential properties;** all improved residential properties that have a market valuation of R50 000 or less as per the current municipal valuation roll, will be exempt

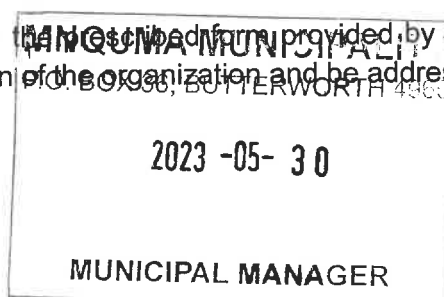


from paying rates, these residential properties, therefore, qualify for a 100% rebate of rates.

- d) **Public Service Infrastructure** A municipality may not levy a rate on the first 30% of the market value of public service infrastructure as it provides essential services to the community.
- e) **Public Benefit Organisation Property** 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 No. 58 of 1962. On a property registered in the name of and primarily used as a place of public worship, including an official residence registered in the name of the church that is occupied by an office-bearer who acts as officiant of the church. taking into account the effects of rates on PBO's performing a specific public benefit activity and if registered in terms of the Income Tax Act No. 58 of 1962 for tax reduction because of those activities, Public Benefit Organisations may apply for the exemption of property rates. Public Benefit organisations may include, inter alias:.
- f) **Public Open Space** are exempted from paying property rates
- g) **Welfare and humanitarian** example PBO's providing disaster relief
- h) **Health Care** example, PBO's providing counselling and treatment of persons afflicted with HIV and AIDS including the care of their families and dependents in this regard.
- i) **Education and development**, PBO's providing early childhood development services for pre-school children.
- j) **Sporting bodies**, property used by an organisation for sporting purposes on a non-professional basis.
- k) **Cultural institutions**, property used for purposes declared in terms of the Cultural Institutions Act No. 29 of 1969 or the Cultural Institutions Act No. 119 of 1998.
- l) **Museums, libraries, art galleries and botanical gardens**, property registered in the name of private persons, open to the public and not operated for gain.
- m) **Animal welfare**, property owned or used by organisations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.
- n) **Cemeteries and crematoriums** property used for cemeteries and crematoriums.
- o) **Welfare institutions** properties used exclusively as an orphanage, non-profit retirement villages, old age homes or benevolent/charitable institutions, including workshops used by the inmates, laundry or cafeteria facilities; provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.
- p) **Charitable institutions**, property owned or used by institutions or organisations whose aim is to perform charitable work on a not-for-gain basis.
- q) Invaded site shall be exempt from property rates

14.2 Exemptions for Public Benefit Organisation's will be subject to the following conditions:

- a) Application must be made on the prescribed form provided by the Municipality and must include a constitution of the organization and be addressed annually in writing to the municipality;



- b) a SARS tax exemption certificate must be attached to all applications;
- c) the municipal manager or his/her nominee must approve all applications;
- d) applications must reach the municipality before the end of April preceding the start of the new municipal financial year for which relief is sought (except in the year of implementation of this policy where the approved applications will be implemented retrospectively from 1 July of that year); and
- e) the municipality retains the right to refuse exemptions if the details supplied in the application form were incomplete, incorrect or false.

15. IMPERMISSIBLE RATES

In terms of Section 17(1) of the Act, the Municipality may, inter alia, not levy rates:

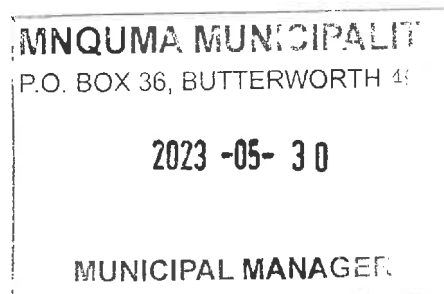
- a) On those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act No. 57 of 2003, or of a national botanical garden within the meaning of the National Environmental Management.
- b) Biodiversity Act No. 10 of 2004, which are not developed or used for commercial, business, residential or agricultural purposes.
- c) On mineral rights within the meaning of paragraph (b) of the definition for "property" in Section 1 of the Act.
- d) On a property belonging to a land reform beneficiary or his or her heirs, provided that the exclusion lapses ten years from the date on which such beneficiary's title was registered in the deeds register.
- e) On a property registered in the name of and primarily used as a place of public worship, including an official residence registered in the name of the church that is occupied by an office-bearer who acts as officiant of the church

16. REBATES

The following categories of property and categories of owners have been identified for rates relief on application to the Municipality:

16.1 Business, commercial and industrial properties

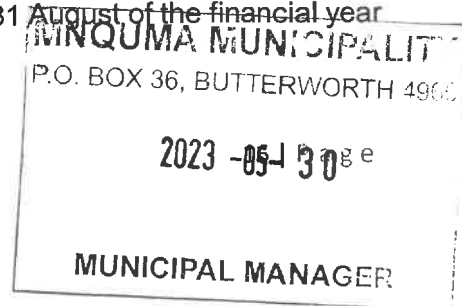
- a) The Municipality may grant new business incentive rebates to rateable undertakings that promote local, social or economic development within the municipal jurisdiction. The following criteria will apply:
 - job creation in the municipal area;
 - social upliftment of the local community; and
 - Creation of infrastructure for the benefit of the community.
- b) Council will consider all LED requests on an individual basis according to merits.



- c) All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate is granted, the rebate will apply to for the full financial year.

16.2 Agricultural property

- a) When considering the criteria to be applied in respect any exemptions, rebates and reductions on any properties used for agricultural purposes the Municipality must take into account:
- the extent of rates-funded services rendered by the Municipality in respect of such properties;
 - the contribution of agriculture to the local economy;
 - the extent to which agriculture assists in meeting the service delivery and developmental objectives of the Municipality; and
 - the contribution of agriculture to the social and economic welfare of farm workers.
- b) In terms of Section 84 of the Act the Minister responsible for local government, and in concurrence with the Minister of Finance as required through Section 19 of the Act, may determine that a rate levied by council on a category of non-residential property may not exceed a prescribed ratio to the tariff levied on residential properties. In the absence of any such promulgation the Municipality will apply a standard ratio for agricultural properties from 1:0.25 (25% rebates on the tariff for residential properties). Before the start of 2009/2010 financial year the Minister had promulgated a ratio of 1:0.25.
- c) An additional rebate (based on the total property value) of maximum 10% will be granted by the Municipality in respect of the following:
- 2,5% for the provision of accommodation in a permanent structure to full-time farm workers and their dependents or families;
 - 2.5% if these residential properties are provided with potable water;
 - 2,5% if the residential properties of the farm workers are electrified;
 - 2,5% for the provision of land for burial for own workers or for educational or recreational purposes to own workers and workers from surrounding farms.
- d) **The granting of additional rebates is subject to the following:**
- i) All applications must be addressed in writing to the Municipality indicating how service delivery and development obligations of the Municipality and contribution to the social and economic welfare of farm workers were met. This application will be required as a once-off requirement. All applications must be addressed in writing to the Municipality by 31 August of the financial year in respect of which the application is made. If the rebate applied for is granted the rebate will apply for the full financial year and such application will again be regarded as a once-off requirement. Any new applications must be addressed in writing to the Municipality by 31 August of the financial year in respect of which the application is made.



- ii) Applications received after 31 August for the financial year in respect of which the application is made will only be applied for the remainder of that financial year if approved.
- iii) Council reserves the right to send officials or its agents on an annual basis to premises/households receiving relief for the purposes of conducting an on-site audit of the details supplied. The onus also rests on recipients to immediately notify Council of any changes in their original applications.
- iv) The Municipality retains the right to refuse applications for rebates if the details supplied in the application form were incomplete, incorrect or false.
- v) No other rebates will be granted to properties that qualify for the agricultural rebate. In order to avoid doubt, properties that qualify for the agricultural rebate will not be entitled to the residential rate exemption as set out in paragraph 13.1.1. (b) of this policy.

16.3 Categories of Owners

16.3.1 Indigent owners

- a) The owners that qualify and are registered indigents in terms of the Municipality's policy for indigents receive a rebate on the payment of rates as specified in the Municipality's policy for indigents. Regardless of the value of the property, the rebate applicable for the financial year will be 100% of the applicable property tax payable. If qualifying in terms of the Municipality's policy for indigents this rebate will automatically be applied and no further application is necessary.

16.3.2 Rebates for retired owners dependent on pensions and disabled

- a) Retired and disabled persons, not registered as indigents, qualify for special rebates in accordance with their monthly household income. Property owners who meet the following requirements may apply for a rebate as per Section 7.8 of the Indigent Policy and Section 20.2.6 (1-3) and 20.2.8 (1-2) of the Credit Control and Debt Management Policy:
 - i) The property must be registered in the name of the applicant or the usufruct of the property must be established in the name of the applicant
 - ii) Must be at least sixty (60) years of age by 31 August of the financial year in respect of which the rate is levied or in receipt of a disability pension from the Department of Social Development.
 - iii) If the property owner owns more than one property, he/she will only qualify for rebate of the primary residents.
 - iv) This category also applies to property owners who have become pensioners due to injury.
 - v) If a pensioner has a gross monthly income is greater than R3 600 and less than or equal to R7 275, they qualify for 100% rebate.
 - vi) If a pensioner has a gross monthly income above R7 275 and less than or equal to R12 000, they qualify for a 50% rebate.

If the owner is a disabled person who receives a disability grant from the government or a person who, due to medical reasons, had to take early retirement, the age requirement as in Section 14.22 (a)(ii) will not apply.

- b) Property owners must apply for a rebate on a prescribed form as stipulated by the Municipality, and these applications must reach the Municipality by 31 August of the financial year in respect of which rates are levied. If the rebate applied for is granted, the rebate will apply for the full financial year. Applications received after 31 August for the financial year in respect of which the application is made will only be applied for the remainder of that financial year if approved.
- c) The Municipality retains the right to refuse the granting of rebates if the details supplied in the application were incomplete, incorrect or false.
- d) Applications as intended in paragraph (16.3.2) must be accompanied by the following information:
 - i) a certified copy of the identity document of the owner or any other proof of the owner's age which is acceptable to the Municipality;
 - ii) sufficient proof of income (prior to any deductions) of the owner and the his/her spouse;
 - iii) an affidavit from the owner;
 - iv) if the owner is a disabled person, satisfactory proof submitted to the Municipality that the relevant person receives a disability pension payable by the state; and
 - v) proof of early retirement if the owner has retired at an earlier stage due to medical reasons.

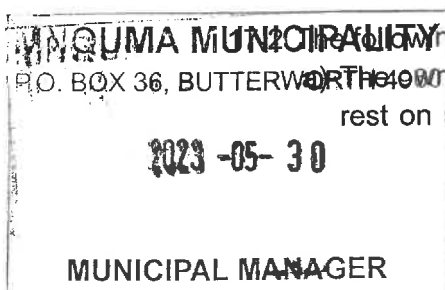
16.3.3 Child headed families

- a) Families headed by children will receive a 100% rebate for paying property tax. To qualify for this rebate, the head of the family must:-
 - i) Occupy the property as his/her normal residence;
 - ii) Not be older than 18 years of age;
 - iii) Still be a scholar or unemployed, and
 - iv) Be in receipt of a total monthly income from all sources not exceeding two social grants combined.
- b) The family head must apply on a prescribed application form for registration as a child headed household and must be assisted by the municipality with completion of the application form. If qualifying, this rebate will automatically apply and no further application is thus required.

17. REDUCTIONS

- 17.1 A reduction in the municipal valuation as contemplated in section 15(1)(b) of the Act will be granted where the value of a property is affected by:-
- a) Partial or total destruction of a property; or
 - b) Disasters as defined in the Disaster Management Act No. 57 of 2002.
 - c) any other serious adverse social or economic conditions

The following conditions shall be applicable in respect of clause 17.1:
The owner of the property shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the Municipality that his



property has been totally or partially destroyed He/ she will also have to indicate to what extent the property can still be used and the impact on the value of the property.

- b) Applications must reach the municipality before the end of May prior the start of the new municipal financial year for which relief is sought;
- c) Owners of property will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act No. 57 of 2002.
- d) If rates were paid in advance prior to granting of a reduction the Municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.

17.3 The municipality retains the right to refuse exemptions if the details supplied in the application from where incomplete, incorrect or false.

18. PROPERTY REGISTER

18.1 A property register, divided into Sections A and B, regarding all properties in the municipal jurisdiction, must be compiled and maintained by the Municipality.

18.2 Section A of the register will consist of the current valuation roll of the Municipality and will include all supplementary valuations, as done from time to time.

18.3 Section B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to:

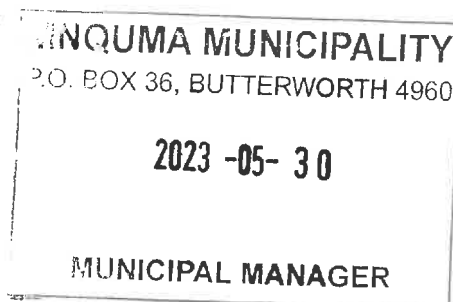
- a) exemption from rates in terms of Section 15 of the Act;
- b) a reduction or rebate in terms of Section 15 of the Act;
- c) the phasing in of tariffs in terms of Section 21 of the Act; and
- d) exclusions as referred to in Section 17 of the Act.

18.4 The register will be open for inspection by the public during office hours at the head office of the Municipality or on the internet website of the Municipality.

18.5 Section A of the register will be updated at least annually by the Municipality in accordance with the provisions of this Act relating to the updating and supplementing of valuation rolls.

18.6 The Municipality must at regular intervals, but at least annually, update Section B of the register will be updated annually as part of the implementation of the Municipality's annual budget

19. NOTIFICATION OF RATES



19.1 Council will give notice at least 30 days before the rate approved during the annual budget meeting will come into effect. Accounts furnished after the 30 days' notice will be based on the new rates.

19.2 A notice containing the extent of council's resolution and the date on which the new rate will come into effect will be displayed by the Municipality at places installed for this purpose.

20. CONSULTATION PROCESS

20.1 Before Council commands a new valuation in terms of the Act, a consultation process involving all interest groups will be undertaken during which the purpose and method of valuation will be explained.

20.2 Before the Municipality accepts the Property Rates Policy the Accounting Officer will follow a process of public participation, as prescribed in chapter 4 of the Municipal Systems Act No. 32 of 2000.

20.3 The Municipal manager will conspicuously display the draft rates policy for a period of at least 30 days at the Municipality's head and satellite offices, libraries and website.

20.4 The Municipality will advertise in the media a notice that the final rates policy has been prepared for submission to council and that such policy has been made available at the various municipal offices and on the website for public inspection.

20.5 The local community may submit comments and representations to the municipality within a period specified in the notice which may not be less than 30 days.

20.6 Council will consider all comments and/or representations received when considering the final rates policy.

21. FURNISHING OF ACCOUNTS

21.1 The Municipality will furnish each person liable for the payment of a rate with a written account, specifying:

- a) the amount 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; and
- e) exemptions, reductions and rebates or the phasing-in of rates, if applicable.

21.2 A person liable for the payment of rates remains liable for payment, whether or not that person has received a written account from the Municipality. Enquiries must

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be addressed to the Municipality by such a person who has not received a written account.

21.3 In the case of joint ownership the Municipality will, upon request, furnish written accounts to one or more individual owners.

21.4 In the case of joint ownership the Municipality may, in order to limit costs and prevent unnecessary administration, recover the rates continuously from one of the joint owners.

22. PAYMENT OF RATES

22.1 Council may claim the payment of rates:

- a) on a monthly basis; or
- b) annually before 30 September of each year.

22.2 Rate payers may choose to pay rates in one instalment annually on or before 30 September of each year. The property owner subject to rates 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 a property in annual instalments 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.

22.3 If a rate is payable:

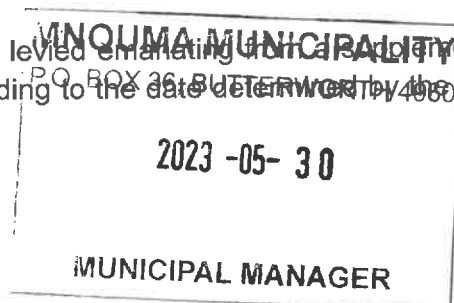
- a) in a single amount annually, it must be paid on or before a date determined by the Municipality.
- b) in instalments, it must be paid on or before a date in each period determined by the Municipality.

22.4 Interest on rates in arrear, whether paid annually or in equal monthly instalments, Shall be calculated in accordance with the provisions of the Municipality's Credit Control and Debt Management Policy.

22.5 If a property owner who in terms of this policy is liable for the payment of property rates fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Municipality's by-law on credit control and debt collection.

22.6 Rates in arrear shall be recovered from tenants, occupiers and agents for the owner in terms of Section 28 and 29 of the Act and the Municipality's policy on credit control and debt collection.

22.7 In the event of rates levied emanating from a secondary valuation, payment thereof will be according to the date determined by the Municipality and payment



thereof may not be withheld pending an objection or appeal as determined by Section 78(2) of the Act.

22.8 In the event that a property has been transferred to a new owner and rates emanating from a supplementary valuation become due and payable, the owner on date of the levy will be held responsible for the settlement of the interim rates account.

22.9 Where the rates on a specific property have been incorrectly determined, whether because of an error or omission on the part of the Municipality or false information provided by the property owner concerned, or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be adjusted retrospectively for the period of the date on which the error or omission is detected, back to the date on which rates were first levied in terms of the current valuation roll.

22.10 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, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

22.11 Rates Clearance Certificates:

- a) will be valid for up to 60 days;
- b) no extension on a certificate will be granted. If it expires a new application for clearance must be made;
- c) if the valid period surpasses 30 June, the total annual debit for the following financial year will be payable; and
- d) outstanding services and taxes on properties may only be recovered for a maximum period of two years.

23. ADJUSTMENT OF RATES PRIOR TO SUPPLEMENTARY VALUATION

23.1 In circumstances where a valuation has been carried out by the municipal valuer in pursuance of a Supplementary Valuation (SV) in terms of Section 78(1)(d) or 78(1)(f) of the Act as a result, for example of a demolition having taken place on a property or a fire having destroyed buildings on a property, but the Municipality has not yet included such valuation of the relevant property in a SV, such valuation shall be submitted to the Accounting Officer for approval to levy rates on the property in accordance with such valuation, with effect from the date of the occurrence of the event which caused a SV to be required.

23.2 If the owner of a property which has been subdivided or consolidated after the last general valuation wishes to sell the consolidated erf, or one or more of the erven which have been subdivided off the parent erf, as the case may be, applies to the Municipality for a clearance certificate in terms of Section 118 of the Municipal Systems Act No. 32 of 2000 and if the Municipality has not yet included such valuation of the relevant property(ies) in a SV, then:

- a) the municipal valuer shall conduct a valuation of the relevant property(ies) for purposes of a SV; and
- b) the valuation shall be submitted to the Accounting Officer for approval of the levying of rates on such property(ies) in accordance with such valuation, with effect from the date on which the relevant subdivision or consolidation (as the case may be) was registered in the Deeds Office.

23.3 Any valuations performed in terms of paragraph 21 shall be included in the next SV prepared by the Municipality without any amendments to the valuation and any objections to such valuation may only be lodged once such SV is made public in terms of Section 49 of the Act.

24. FREQUENCY OF VALUATIONS

24.1 The Municipality shall prepare a new valuation roll at least every five (5) years.

24.2 In accordance with the Act the Municipality, under exceptional circumstances, may request the MEC responsible for Local Government, to extend the validity of the valuation roll to **seven (7) years**.

24.3 Supplementary valuations shall be done on a continual basis, but at least on an annual basis, in order to ensure that the valuation roll is maintained.

25. POLICY AUDIT AND REVIEW

The policy requires monitoring and its effectiveness will be audited on a quarterly basis and the policy will be reviewed annually in order to ensure it remains responsive and relevant.

26. APPROVAL OF THE POLICY

This policy was adopted by Council on the 30 May 2023 as per resolution number SCM6/22/007.1.3.3

AUTHENTICATION

.....
S. MAHLASELA
MUNICIPAL MANAGER

.....
T. MANXILA-NKAMISA
EXECUTIVE MAYOR

