



FINAL

PROPERTY RATES POLICY 2020/21

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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 (No 6 of 2004) 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 reviews, and may, if necessary, amend the rates policy.

AND WHEREAS the policy does not contain all provisions of the Local Government: Municipal Property Rates Act, 2004 (No 6 of 2004) 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 (No 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 accepted.

1. OBJECTIVES OF THE POLICY

In developing and adopting this rates policy, the Council has sought to give effect to the sentiments expressed in the preamble of the Property Rates Act, namely that:

- The Constitution enjoins local government to be developmental in nature, in addressing the service delivery priorities of our country and promoting the economic and financial viability of our municipalities;
- There is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfil its developmental responsibilities;
- Revenues derived from property rates represent a critical source of income for municipalities to achieve their constitutional objectives, especially in areas neglected in the past because of racially discriminatory legislation and practices; and
- It is essential that municipalities exercise their power to impose rates within a statutory framework which enhances certainty, uniformity and simplicity across the nation and which takes account of historical imbalances and the burden of rates on the poor.

In applying its rates policy, the council shall adhere to all the requirements of the Property Rates Act, Act no. 6 of 2004 including any regulations promulgated in terms of that Act.

The objective of this policy is also to ensure that-

- Ensure that all owners of rateable property are informed about their liability for rates;
- All owners liable for property rates are treated equal and reasonable;
- Specify relief measures for ratepayers who may qualify for relief or partial relief in respect of the payments of rates through exemptions, reductions and rebates as contemplated in section 15 of the Act;
- Rates are levied in accordance with the market value of the property;
- The rate will be based on the value of all rateable property and the amount required by the municipality to balance the operational budget, taking into account the surplus obtained from the trading- and economical services and

the amounts required to finance exemptions, reductions and rebates that the municipality approve from time to time;

- Revenue from rates will be used to finance community- and subsidized services and not trading- or economical services and
- To optimally safeguard the income base of the municipality through exemptions, reductions and rebates that is reasonable and affordable.

2. DEFINITIONS

(1) All the definitions shall have the same interpretation as defined in the Act including definitions in regulations made in terms of section 85 of the Act.

(2) Definitions:

“Act” means the Local Government: Municipal Property Act No 6 of 2004;

“Agricultural purpose”, means a 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 a property for the purpose of eco-tourism or for the trading in or hunting of game. Agricultural small holdings smaller than 5 hectares will be categorised as residential.

“bona fide farmer” means a person that conducts farming activities on farm property which is used bona fide and exclusively by the owner or occupier for agricultural purposes and “bona fide farming” has a corresponding meaning;

“Business or commercial property” means the activity of buying, selling or trade in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of the business of mining, agriculture, farming, or inter alia, any other business consisting of cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms.

“Certificate of occupancy” means the certificate issued by the Council in terms of the National Building Regulations and Building Standards Act, 1977 (Act No 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 No 56 of 2003);

“consent use” means the purpose for which the land may lawfully be used and on which buildings may be erected and used only with the consent of the Council;

“Council” means

- (a) The Inxuba Yethemba Local Municipality established in terms of as Section 12 of the Local Government: Municipal Structures Act 1988 (Act No 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 the policy has been delegated or sub-delegated, in section 59 of the 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;

“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 the 30 June of the next succeeding calendar year;

“grant” means any social assistance granted in terms of the Social Assistant Act 59 of 1992;

“Indigents” means persons registered as indigent persons in term of the Credit control and Debt Collecting By-Laws of the Council

“Industrial property” means property used for a branch of trade or manufacturing, production, assembly or processing of finished or partially finish products from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, and includes any office or other accommodation on the same property, the use of which is incidental to such activity and “industrial properties” has a corresponding meaning;

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

“multi purposes” in relation to a property, means the use of a property for more than one purpose; means a property that cannot be assigned to a single category due to the different uses of such a property in which event the property will be valued based on the apportionment of uses in accordance with the applicable category of property in terms of this policy.

“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; as defined in the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002);

“municipal property” means property owned, vested or under the control and management of the Council or it’s service provider in terms of any applicable legislation;

“MFMA” means the Local Government: Municipal Finance Management Act, No 56 of 2003;

“Municipal Structure Act” means the Local Government: Municipal Structures Act, No 117 of 1998;

“Municipal Systems Act” means the Local Government: Municipal Systems Act, No 32 of 2000;

“Municipality” means Inxuba Yethemba Local Municipality;

“Owners” 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 “ 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 services infrastructure referred to in paragraph (d) of the definition “property”, the organ of state that owns or controls that public service structure; 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 case of the 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 the deceased estate;
- (iii) A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- (iv) 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 lessee, in the case of a property that is registered in the name of a municipality and is leased by it;
- (vii) 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;
- (viii) A buyer, in the case of a property that has been sold by the municipality and 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.

“pensioners” means retired property owners who reached the age of sixty (60) years;

“property” means

- (a) Immovable property situated within the boundaries of the municipality 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 against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) A land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) Public service infrastructure;

“public benefit organization” means property owned by public benefit organisations and used for any specific public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 3 (education and development) of part 1 of the Income Tax Act 1962 (Act No 58 of 1962);

- (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;

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

- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
- (b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- (e) railway lines forming part of a national railway system;
- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways aprons and the 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 the air navigation purposes;
- (h) breakwaters, sea wall, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising of lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;
- (i) any other public controlled infrastructure as may be prescribed; or

a right registered against immovable property in connection with infrastructure mentioned in paragraphs (a) to (i);

“public service purposes” in relation to the use of a property, means property owned and used by an organ of state as-

- (a) Hospitals and clinics;
- (b) schools, pre-schools, early childhood development centres or further
- (c) education and training colleges;

(d) *national and provincial libraries and archives;*

(e) police stations;

(f) correctional facilities; or

(g) courts of law,

but excludes property contemplated in the definition of "public service infrastructure";

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

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

“rateable property” means property on which the Council may in terms of Section 2 and 7 of the Act levy s rate, excluding property fully excluded from levying of rates in terms of Section 17 of the Act;

“rate-payer” means any owner of rateable property as well as any owner of a rateable property held under sectional title, situate within the area of jurisdiction of the Council;

“rate 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 of 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 rating of the property at the 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. An 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 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 list 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, and “residential properties” has a corresponding meaning;

“smallholding” refers to property, whether improved by the construction of a dwelling or not, which is not large enough to support a commercially viable farming operation, but is able to support a single family with subsistence farming;

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

“State” in so far as it relates to property owned and used by the State, means property owned and used by National and Provincial Government for provision of community type services including but not limited to Police stations, hospitals and schools. All other properties owned and used by the State will be classified in accordance with its zoning i.e. business for offices, residential for housing schemes and police flats etc.;

“The/this Policy” means the Property Rates Policy adopted by the Council in terms of Section 3(1) of the Act;

“threshold” means the amount, determined from time to time by Council during its annual budget process referred to in section 12(2) of the Act, to be deducted from the market value of residential properties, resulting in rates to be determined on the balance of the market value of such properties only;

“Town planning scheme” means

- (a) A town planning scheme, which operation as contemplated in the Town Planning and Townships Ordinance no 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 land” means a property where no immovable improvements have been erected excludes vacant land forming part of the remainder of a township and agricultural land and small holdings larger than 5 hectares.

“Zoning” means the purpose for which the 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 multi zoning rights, the categorisation 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 apportionments.

3. PURPOSE OF THE POLICY

The purpose of the policy is: -

- (1) To comply with the provisions as set out in section 3 of the Act.
- (2) To determine criteria to be applied for-
 - a) The levying of differential rates for different categories of properties;
 - b) Exemptions relating to a specific category of owners of properties;
 - c) grants and rebates;
 - d) rate increases; and
 - e) specific incentives.
- (3) To determine or provide criteria for the determination of: -
 - a) Categories of properties for the purpose of levying different rates; and
 - b) Categories of owners of properties for categories of properties, for the purpose for the granting of exemptions, rebates and reductions.
- (4) Determine how the municipality’s powers must be exercised in relation to multi-purpose properties.
- (5) Identify and quantify to the municipality in terms of cost and benefit to the community-
 - a) exemptions, rebates and reductions;
 - b) exclusions; and

- c) rates on properties that must be phased in.
- (6) Take into account the effect of rates on the poor and provide appropriate measures to alleviate the rate burden on them;
- (7) Take into account the effect of rates on organisations conducting public benefit activities.
- (8) Take into account the effect of rates on public service infrastructure.
- (9) Determine measures to promote local economic and social development and
- (10) Identify all rateable property that is not rated.

4. POLICY PRINCIPLES

- (1) The Council shall as part of each annual operating budget component impose a rate in the rand on the market value of all rateable property as recorded in the municipality's valuation roll and supplementary valuation roll. Rateable property shall include any rights registered against such property, with the exception of a mortgage bond. However, any right registered against such property will be valued on its own and payable by body/person in whose name it is registered.
- (2) The council pledges itself to limit each annual increase as far as practicable to the increase to the consumer price index over the period preceding the financial year to which the increase relates, except when the approved integrated development plan of the municipality provides for a greater increase.
- (3) The council shall, in imposing the rate for each financial year, take proper cognizance of the aggregate burden of rates and service charges on representative property owners, in the various categories of property ownership, and of the extent to which this burden is or remains competitive with the comparable burden in other municipalities within the local economic region.
- (4) The council shall further, in imposing the rate for each financial year, strive to ensure that the total income from property rates less revenues forgone and less any contributions for bad debts will not be more than 25% of the total operating budget.

(5) Other policy principles:

- (a) All ratepayers, in a specific category, as determined by council from time to time, will be treated equally.
 - (b) Rates will be raised in proportion to the market value of the property as determined by general valuation or interim valuation.
 - (c) The rates tariff will be based on the market value of all rateable properties and the amount required by the municipality to balance the operating budget after taking in account profits generated on trading and economic services and the amounts required to finance exemptions, rebates and grants in-aid of rates as approved by Council from time to time.
 - (d) Trading and economic services will be ring fenced and tariffs and service charges calculated in such a manner that the income generated covers the cost of the services or generates a profit.
 - (e) Property rates will be used to finance community and subsidised services and not used to subsidise trading and economic services.
 - (f) Profits on trading and economic services can be used to subsidise community and subsidised services.
 - (g) The provision for working capital for community and subsidised services must be equal to the non-payment of rates during the previous financial year and must not include any working capital provision relating to trading and economic services.
 - (h) The income base of the municipality will be protected by limiting exemptions, grants and rebates.
- (6)** The exemptions, grants and rebates will be determined annually during the budget process.

5. DIFFERENT CATEGORIES OF PROPERTIES

Subject to section 19, in terms of the criteria set out in this rates policy, levy different rates for different categories of rateable property, as determined in section 8 subsection (2) and (3) of the MPRA, the categories were determined according to the following criteria—

- 5.1. actual use of the property;
- 5.2 permitted use of the property; or
- 5.3 a combination of 5.1.1 and 5.1.2

- (a) Residential properties.
- (b) Industrial properties.
- (c) Business and commercial properties.
- (d) Agricultural properties;
- (e) Mining.
- (f) Unregistered erven.
- (g) State-owned properties.
- (h) Municipal properties.
- (i) Public service infrastructure.
- (j) Protected areas.
- (k) Properties owned by public benefit organisations [Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (Act 58 of 1962)].
- (l) Multiple purpose properties
- (m) Private open space
- (n) Private road
- (o) Public service purposes
- (p) Public worship
- (q) Vacant land

(2) The Council shall exercise its powers in relation to properties used for multiple purposes as provided for in section 9 of the Act.

6. RATE RATIOS

The Council may not levy different rates on residential properties except as provided for in the Act. The Council may also not levy a rate on a category of non-residential properties that exceeds a prescribed ratio to the rate on residential properties but different ratios may be set in respect of different categories of non-residential properties. The Council shall determine ratios from time to time bearing in mind the prescribed ratios and statutory prescripts.

7. CATEGORIES OF OWNERSHIP FOR PURPOSES OF EXEMPTIONS, REBATES AND REDUCTIONS

(1) For the purpose of this policy and in terms of section 15(2) of the Act the following categories of owners will be recognised for the purpose of Exemptions, Rebates or Reductions -

- (a) Household owners who are registered as indigents;
- (b) Owners dependant on pension and/or social grants for their livelihood;
- (c) Owners temporarily without income;
- (d) Owners of property situated within an area affected by-
 - i. a disaster within the meaning of the Disaster Management Act, 2002 (No. 57 of 2002);
 - ii. any other serious adverse social or economic conditions;
- (f) Owners of agricultural properties who are *bona fide* farmers;
- (g) Disabled and medical unfit owners;
- (g) Pensioners, as determined by National Government's ageing pension;
- (h) pre-qualified land uses identified by Council, such as "industrial" or "business" uses, to promote economic development, subject thereto that a zero rate tariff in respect of land taxes to be levied will not exceed a period of five (5) years from the date any undeveloped land has been registered in the name of a 'first buyer' ...;
- (i) Property owned by the Municipality
- (j) Owners of properties primarily used as premises by a sports club for a *bona fide* sporting activity or activities;
- (k) Properties owned by an organization that fall under the ambit of the Non-Profit Organization Act, 71 of 1997.

8. LIABILITY OF RATES

Property rates is tax in terms of section 11 of the Prescription Act 68 of 1969 and the Council may recover rates in arrear for a period of up to thirty (30) years

(1) Method and time of payment

Inxuba Yethemba Local Municipality will recover the rate levied in periodic instalments of equal amounts in twelve months. The instalment

is payable on or before the last working day of every month, following the month in which it has been levied. Interest will be charged at 1% above the prime interest rate for any late payments received. Farmland will be levied during July for the year and payment to be done end September. Interest will start accruing from end October.

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

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

The municipality may recover the amount due for rates from an agent of the owner after it has given written notice to that agent or person. The amount the municipality may recover from the agent or other person is limited to the amount of that rent received by the agent or person, less the commission due to that agent or person subject to the Estate Agents Act, 1976 (Act No. 112 of 1976). The agent or other person must, on request by the municipality, furnish the municipality with a written statement specifying all payments for rent on the property received by that agent or person during a period determined by the municipality.

(3) Interim Valuation Debits

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

(4) Municipal Assets and -Ownership

- (a) Municipal assets are described as immovable improved or un-improved municipal property and include any piece of land identifiable on a layout

plan, identification certificate or General Plan registered in the Surveyor Generals Offices, as an erf, lot, unit, plot, stand, farmland or any right in immovable property or pertaining to any such right, to claim transfer of land, in terms of:

- (i) A proclamation notice in the Provincial Gazette and in terms whereof the municipality has the sole right of management, administration and control of such assets, rights, liabilities and obligations; or
 - (ii) A condition of establishment upon which the responsible MEC for Local Government and Housing, Free State Province, an approved or any township, required to be transferred to the local authority or state or to the responsible MEC for Local Government and Housing, Eastern Cape Province in trust, to be effected forthwith by the township owner at his cost; or
 - (iii) In terms of specific legislation where ownership of public places in an approved township shall in the case where such a township is situated within the area of jurisdiction of the municipality, vest in the municipality; or
 - (iv) In a separate register, township register or title deed booked in the Deeds Registry Offices.
- (b) Notwithstanding that Municipal Assets are exempted from rates, the Council reserves the right to determine an amount to be levied for specific land uses, such as municipal assets earmarked for alternative or temporary land uses, such as “business” activities etc., to include rates as an all-inclusive monthly rent payable to Council.

(5) Levying of rates on property in sectional title schemes

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

(6) Clearance Certificate

A ratepayer that wishes to dispose of a property must comply with the provisions of section 118 of the System Act, which requires an advance payment of an amount to cover, *inter alia*, the rates due before a rates clearance certificate is issued, such payment to be calculated to cover a lead time of at least 120 days.

9. EXEMPTIONS, REBATES AND REDUCTIONS ON RATES

In imposing the rate in the rand for each annual operating budget component, the council shall grant the following exemptions, rebates and reductions to the categories of properties and categories of owners indicated, but the council reserves the right to amend these exemptions, rebates and reductions if the circumstances of a particular annual budget so dictate.

In the case of property to which Sect 17(1)(h) applies, the first R15 000 of the market value of all residential properties, is exempt from the payment of rates.

Municipal properties shall include properties owned by municipal entities.

The council grants rebates in recognition of the following factors:

- 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 produce.
- The need to accommodate indigents and less affluent pensioners & persons dependent on a nominal income due to medical incapacitation or other factors as may be determined by Council from time to time.
- The services provided to the community by public service organizations.
- The need to preserve the cultural heritage of the local community.
- The need to encourage the expansion of public service infrastructure.
- 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.
- The requirements of the Property Rates Act no. 6 of 2004.

The municipal manager shall ensure that the revenues forgone in respect of the foregoing rebates are appropriately disclosed in each annual operating budget component and in the annual financial statements and annual report, and that such rebates are also clearly indicated on the rates accounts submitted to each property owner so qualified.

9.1 EXEMPTIONS

Categories of properties

- (1) Owned by a religious body or organisation, and exclusively used as a place of assembly for public worship, provided that where such property is used as or for the purposes of a dwelling the exemption contemplated by this paragraph shall only apply if such property is so used by:
 - A minister of religion or an employee in the full-time service of such body or organisation; and
- (2) Owned by a church and used for the residence of a minister of religion in the full-time service of such church.

9.2 REBATES

Categories of properties

- (1) Rebates for the following categories of owners will be considered:

- (a) Rebates in respect of indigents:

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

- Registered owner of the property;
- Must reside on the property;
- Income must not exceed an amount annually set by the Council; and
- Applications for the rebate must be submitted before 30 June of each year. Late applications will be considered by the Chief Financial Officer.

- (b) Rebates in respect of retired and disabled persons:

- (i) Retired and disabled persons qualify for special rebates of 30% according to monthly household income provided that he/she must be the registered owner of the property, and

- (a) occupy the property as his/her normal residence;
 - (b) be at least 60 years of age or in receipt of a disability pension from the Department of Welfare and Population Development;

- (c) Receive a total monthly income from all sources (including income of spouses of owner) not exceeding R5 000; and
- (ii) Property owners must apply in writing by the 31st October of each year and every application must be accompanied by:
 - (a) a certified copy of the identity document or any other acceptable proof of the owners age;
 - (b) sufficient proof of income of the owner and his/her spouse;
 - (c) an affidavit from the owner; and
 - (d) if the owner is a disabled person proof of a disability pension payable by the Government must be supplied.
- (iii) The municipality retains the right to refuse rebates if details supplied in the application were incomplete, incorrect or false and owner will be held liable for full rates if found that information was wrong.
- (c) Public benefit activities (welfare and humanitarian):
 - (i) Rateable property registered in the name of an institution or organisation which, in the opinion of the council, performs welfare and humanitarian work as contemplated in section of the ninth Schedule of the Income Tax Act, 1962 (Act 58 of 1962).
 - (ii) Rateable property, registered in the name of a trustee or trustees or any organisation, which is maintained for the welfare of war veterans.
- (d) Public benefit activities (cultural)
 - (i) Rateable property registered in the name of Boy Scouts, Girl Guides or any other organisation which in the opinion of the council is similar or any rateable property let by a council to any of the said organizations.
 - (ii) The promotions, establishment, protection, preservation or maintenance of areas, collections or buildings of historical or cultural interest, national monuments, national heritage sites, museums, including art galleries, archives and libraries.

- (e) Public benefit activities (sport)
 - (i) Sports grounds used for the purpose of amateur and any social activities, which are connected with such sport.
- (f) Public benefit activities (conservation, environment and animal welfare)
 - (i) Properties that is in the name if an organisation or institution that is engaging in the conservation, rehabilitation or protection of the natural environment, including flora and fauna.
 - (ii) Rateable property registered in the name of an institution or organisation which has as its exclusive objective the protection of tame or wild animals or birds.
- (g) Public benefit activities (education and development)
 - (i) Rateable property registered in the name of an educational institution established, declared or registered by or under any law.
- (h) Public benefit activities (health care)
 - (i) Rateable property registered in the name of an institution or organisation which has as its exclusive objective is health care or counselling of terminally ill persons or persons with a severe physical or mental disability and persons affected with HIV/AIDS.
- (i) Agricultural
 - (i) Rateable property, registered in the name of an agricultural society affiliated to or recognised by the South African Agricultural Union, which is used for the purposes of such a society.
- (j) Municipal property and usage
 - (i) A pro-rata rebate will be granted where the municipality is engaged in land sales transactions which have taken place after the financial year has started.
 - (ii) Where the municipality register a road reserve or servitude on a privately owned property a pro-rata rebate equal to the value of the reserve or servitude will be given to the owner of the property
- (k) When a municipal interim valuation is effected during a financial year a pro-rata rebate will be given from the beginning of the financial year until the interim valuation became effective as per Section 78 (2)b of the Act.

- (l) Rateable property registered in the name of the Council, if -
such property is used in supplying electricity, water, and
refuse or sewerage services;
 - (m) State hospitals, state clinics and institutions for mentally ill
persons, which are not operated for gain;
 - (n) Rateable property registered in the name of an institution or
organisation which, in the opinion of the Council, performs
charitable work;
 - (o) Road reserves are exempted from payment of rates in
accordance with Act 7 of 1998 on Road Agencies;
 - (p) Railway reserves are exempted from payment of rates in
accordance with the Railway Act.
- (2) *Grants-in-lieu-of-rates* will be granted subject to:
- (a) A certificate issued by the registered auditor of the
organisation or institution stating that the activities performed are
not for gain;
 - (b) A certified income and expenditure statement and balance
sheet that indicate the inability to pay for rates;
 - (c) An assessment by the Chief Financial Officer which indicates that the
organization or institution qualifies in terms of council's policy.
 - (d) Council's approval.

9.3 REDUCTIONS

Categories of property

- (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 fire damage, demolition or floods or natural disaster in
terms of the National Disaster Management Act, 2002 (No 57 of 2002).
- (2) The reduction will be in relation to the certificate issued for this purpose
by the municipal valuer.
- (3) The Mayoral Committee will decide on the merits of local disaster
occurrences after written motivated request.

10. RATE INCREASES

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

- (2) Rate increases will be used to finance the increase in operating costs of community and subsidised services.
- (3) Relating to community and subsidised services: -
 - (a) The following annual adjustments will be made: -
 - (i) All salary and wage increases as agreed at the National Bargaining Council.
 - (ii) A CPIX adjustment for general expenditure, repairs and maintenance and contributions to funds.
 - (b) Additional depreciation costs or interest and redemption on loans associated with the assets created during the previous financial year.
- (4) Increase in expenditure in terms of Councils budget policy.
- (5) Extraordinary expenditure not foreseen during the previous budget period and approved by the council during a budget review process will be financed by an increase in property rates for the specific area wanting that.
- (11) All increases in the property rates will be communicated to the local community in terms of the council's IDP and Budget community participation process

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

- (1) During the budget process the Chief Financial Officer must inform council of all the costs associated with the suggested exemptions, rebates, reductions, phasing in of rates and grant-in-lieu of rates.
- (2) Provisions must be made on the operating budget –
 - (a) the full potential income associated with property rates; and
 - (b) the full costs associated with exemptions, rebates, reductions, phasing in of rates and grants-in-lieu of rates.

12. LOCAL, SOCIAL AND ECONOMIC DEVELOPMENT

(1) The municipality may grant rebates to organisations that promote local, social and economic development in its area of jurisdiction based on the criteria determined in its local, social and economic development policy.

The following criteria will apply:

- (a) job creation in the municipal area;
- (b) social upliftment of the local community; and
- (c) creating of infrastructure for the benefit of the community.

(2) Rebates will be restricted to 50% of the rates payable and must be phased out within 3 years from the date that the rebate was granted for the first time.

(3) Portfolio Committee of LED will consider relaxation up and above point 13(2) and make recommendations to Council through the monthly financial indicators report.

13. REGISTER OF PROPERTIES

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

14. NOTIFICATION OF RATES

(1) The council will give notice of all rates approved on the effective date of implementation at the annual budget meeting at least 30 days prior to the date that the rates become effective. Accounts delivered after the effective date notice will be based on the new rates.

(2) A notice stating the purport of the council resolution, date on which the new rates shall become operational and invitation for objections will be displayed by the municipality at places installed for that purpose.

(3) All objections shall forthwith be considered by council before final approval and implementation.

15. CORRECTION OF ERRORS AND OMISSIONS

Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be

put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll. In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation. The Portfolio Committee of Finance will deal with correction of errors, disputes and to avoid interventions of courts as far as possible.

16. FREQUENCY OF VALUATIONS

The municipality shall prepare a new valuation roll every five (5) years and supplementary valuation rolls annually.

17. DATE OF VALUATIONS

For the purposes of property valuation, the Council determines the date of valuation to be the 1st July of the year before the start of the financial year in which the valuation roll is to be implemented.

18. INSPECTION OF AND OBJECTIONS TO AN ENTRY IN THE VALUATION ROLL

- (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 lodge an objection with the Municipal Manager against any matter reflected in, omitted from, the roll;
- (2) The Municipal Manager or an official designated by him/her must assist and objector to lodge an objection if that objector is unable to read or write;
- (3) Objections must be in relation to a specific individual property and not against the valuation roll as such;
- (4) The lodging of an objection shall not defer liability for the payment of rates beyond the date determined for payment; and
- (5) All objections received shall be dealt with in accordance with the Act.

19. SHORT TITLE

This policy is the Property Rates Policy of the Inxuba Yethemba Local Municipality.

20. IMPLEMENTATION AND REVIEW OF THIS POLICY

The policy is valid from 1st July 2019 to 30th June 2020 and will be reviewed annually.

21. DATE OF APPROVAL

30 May 2019

22. COUNCIL RESOLUTION NUMBER

C62 / 19

.....
NAME AND SIGNATURE

LEGAL REQUIREMENTS:

ANNEXURE “A”

CAUTIONARY NOTE

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

SECTION 2: POWER TO LEVY RATES

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

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

SECTION 3: ADOPTION AND CONTENTS OF RATES POLICY

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

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

A rates policy must:

- treat persons liable for rates equitably;
- determine the criteria to be applied by the municipality if it:
 - levies different rates for different categories of property;
 - exempts a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate on their properties;

- grants to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate on or a reduction in the rate payable in respect of their properties; or
- increases rates;
- determine or provide criteria for the determination of categories of properties for the purposes of levying different rates, and categories of owners of properties, or categories of properties, for the purpose of granting exemptions, rebates and reductions;
- determine how the municipality's powers in terms of Section 9 must be exercised in relation to properties used for multiple purposes;
- identify and quantify in terms of cost to the municipality and any benefit to the local community, exemptions, rebates and reductions; exclusions; and rates on properties that must be phased in in terms of Section 21;
- take into account the effect of rates on the poor and include appropriate measures to alleviate the rates burden on them;
- take into account the effect of rates on organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for tax reductions because of those activities, in the case of property owned and used by such organisations for those activities;
- take into account the effect of rates on public service infrastructure;
- allow the municipality to promote local, social and economic development; and
- identify, on a basis as may be prescribed, all rateable properties in a municipality that are not rated in terms of Section 7.

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

- the extent of services provided by the municipality in respect of such properties;
- the contribution of agriculture to the local economy;
- the extent of which agriculture assists in meeting the service delivery and development obligations of the municipality; and
- the contribution of agriculture to the social and economic welfare of farm workers.

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

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

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

SECTION 4: COMMUNITY PARTICIPATION

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

The municipal manager of the municipality must:

- conspicuously display the draft rates policy for a period of at least 30 days at the municipality's head and satellite offices and libraries, and, if the municipality has an official website or a website available to it, on that website as well; and
- advertise in the media a notice stating that a draft rates policy has been prepared for submission to the council, and that such policy is available at the various municipal offices for public inspection, and (where applicable) is also available on the relevant website; and inviting the local community to submit comments and representations to the municipality within a period specified in the notice, but which period shall not be less than 30 days.

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

SECTION 5: ANNUAL REVIEW OF RATES POLICY

The council must annually review, and – if needed – amend its rates policy. Any amendments to the rates policy must accompany the municipality's annual budget when it is tabled in the council in terms of the Municipal Finance Management Act.

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

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

A municipality must adopt by-laws to give effect to the implementation of its rates policy, and such by-laws may differentiate between different categories of properties, and different categories of owners of properties liable for the payment of rates.

SECTION 7: RATES TO BE LEVIED ON ALL RATEABLE PROPERTY

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

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

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

SECTION 8: DIFFERENTIAL RATES

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

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

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

- residential properties
- industrial properties
- business and commercial properties
- farm properties used for:
 - agricultural purposes
 - other business and commercial purposes
 - residential purposes
 - purposes other than those specified above
- farm properties not used for any purpose
- smallholdings used for:
 - agricultural purposes
 - residential purposes
 - industrial purposes
 - business and commercial purposes
 - purposes other than those specified above
- state owned properties
- municipal properties
- public service infrastructure
- privately owned towns serviced by the owner
- formal and informal settlements
- communal land
- state trust land
- properties acquired through the provision of Land Assistance Act 1993 or the Restitution of Land Rights Act 1994 or which is subject to the Communal Property Associations Act 1996
- protected areas
- properties on which national monuments are proclaimed
- properties owned by public benefit organisations and used for any specific public benefit activities
- properties used for multiple purposes.

SECTION 9: PROPERTIES USED FOR MULTIPLE PURPOSES

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

- a purpose corresponding with the permitted use of the property, if the permitted use of the property is regulated;
- a purpose corresponding with the dominant use of the property; or
- multiple purposes, as specified in Section 8 above.

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

- apportioning the market value of the property, in a manner as may be prescribed to the different purposes for which the property is used; and
- applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments.

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

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

SECTION 11: AMOUNT DUE FOR RATES

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

- on the market value on the property;
- in the case of public service infrastructure, on the market value of the public service infrastructure less 30% of that value;
- in the case of property to which Section 17(1)(h) applies, on the market value of the property less the amount stated in that section (note the section

concerned deals with the requirement that the first R15 000 of the market value of certain properties is not rateable).

SECTION 12: PERIODS FOR WHICH RATES MAY BE LEVIED

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

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

SECTION 13: COMMENCEMENT OF RATES

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

SECTION 14: PROMULGATION OF RESOLUTIONS LEVYING RATES

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

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

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

SECTION 15: EXEMPTIONS, REDUCTIONS AND REBATES

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

- exempt a specific category of owners of properties, or the owners of a specific category of properties, from payment of the rate levied on their property; or
- grant to a specific category of owners, or to the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.

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

- indigent owners;
- owners dependent on pensions or social grants for their livelihood;
- owners temporarily without income;
- owners of property situated within an area affected by a disaster or any other serious adverse social or economic conditions;
- owners of residential properties with a market value lower than an amount determined by the municipality; and
- owners of agricultural properties who are bona fide farmers.

The municipal manager must annually table in the council:

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

All exemptions, reductions and rebates projected for a financial year must be reflected in the municipality's annual budget for that year as income on the revenue side and expenditure on the expenditure side.

SECTION 16: CONSTITUTIONALLY IMPERMISSIBLE RATES (ABRIDGED)

In terms of the Constitution a municipality may not exercise its power to levy rates on property in a manner that materially and unreasonably prejudices national economic policies, economic activities across its boundaries, or the national mobility of goods, services, capital and labour.

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

SECTION 17: OTHER IMPERMISSIBLE RATES (ABRIDGED)

A municipality may not levy a rate on:

- the first 30% of the market value of public service infrastructure;
- any part of the seashore;
- any part of the territorial waters of the Republic;
- any islands of which the state is the owner;
- those parts of a special nature reserve, national park or nature reserve or national botanical garden which are not developed or used for commercial, business, agricultural or residential purposes;
- mineral rights;
- property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses 10 years from the date on which such beneficiary's title was registered in the office of the registrar of deeds;
- the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll to a category determined by the municipality for residential purposes or for properties used for multiple purposes, provided one or more components of the property are used for residential purposes;
- a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in

the name of that community which is occupied by an office bearer of that community and who officiates at services at that place of workshop.

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

SECTION 18: EXEMPTION OF MUNICIPALITIES FROM PROVISIONS OF SECTION 17

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

SECTION 19: IMPERMISSIBLE DIFFERENTIATION

A municipality may not levy:

- different rates on residential properties (except where transitional arrangements apply or where some of the properties are newly rateable);
- a rate on non-residential properties that exceeds a prescribed ratio to the rate on residential properties;
- rates which unreasonably discriminate between categories of non-residential properties; and
- additional rates, except as provided for in Section 22.

SECTION 20: LIMITS ON ANNUAL INCREASES OF RATES

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

Different limits may be set for different kinds of municipalities or different categories of properties.

The Minister may, on written application by a municipality, and on good cause shown, exempt such municipality from a limit set in terms of the foregoing.

SECTION 21: COMPULSORY PHASING IN OF CERTAIN RATES

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

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

The phasing in discount on a property must:

- in the first year, be at least 75% of the rate for that year otherwise applicable to that property;
- in the second year, be at least 50% of the rate for that year otherwise applicable to that property, and;
- in the third year, be at least 25% of the rate for that year otherwise applicable to that property.

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

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

SECTION 22: SPECIAL RATING AREAS (ABRIDGED)

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

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

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

SECTION 23: REGISTER OF PROPERTIES

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

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

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

- an exemption from rates in terms of Section 15 of the present Act;
- a rebate on or a reduction in the rate in terms of Section 15;
- a phasing in of the rate in terms of Section 21; and
- an exclusion referred to in Section 17.

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

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

SECTION 24: PROPERTY RATES PAYABLE BY OWNERS

A rate levied by a municipality on property must be paid by the owner of the property.

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

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

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

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

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

SECTION 26: METHOD AND TIME OF PAYMENT

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

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

SECTION 27: ACCOUNTS TO BE FURNISHED

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

- the amount due for rates payable;
- the date on or before which the amount is payable;
- how the amount was calculated;
- the market value of the property;
- if the property is subject to any compulsory phasing in discount in terms of Section 21, the amount of the discount, and
- if the property is subject to any additional rate in terms of Section 22, the amount due for additional rates.

The person liable for payment of the rates remains liable for such payment whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, that person must make the necessary enquiries from the municipality.

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

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

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

SECTION 29: RECOVERY OF RATES FROM AGENTS

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

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

SECTION 30: GENERAL VALUATION AND PREPARATION OF VALUATION ROLLS

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

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

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

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

SECTION 31: DATE OF VALUATION

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

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

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

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

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

SECTION 46: GENERAL BASIS OF VALUATION (ABRIDGED)

The market value of a property is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.

SECTION 47: VALUATION OF PROPERTY IN SECTIONAL TITLE SCHEMES

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

SECTION 77: GENERAL

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