



PROPERTY RATES POLICY

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RATES POLICY DOCUMENT

PREAMBLE

WHEREAS:

The Council of the Endumeni Municipality has resolved to levy rates on the market value of all rateable properties in its area jurisdiction, as reflected in its property register compiled in terms of section 23 of the Municipal Property Rates Act (Act No. 6 of 2004), in order to provide a reliable source of revenue to provide basic services and perform its functions.

The Municipality must, in accordance with the provision of section 3 of the Act, adopt a rates policy consistent with the Municipal Property Rates Act on the levying of rates in the municipality.

Revenue raised from property rates will be used to fund services that benefit the community as a whole, as opposed to individual households, and these services include, but are not limited to, the maintenance of streets, roads, sidewalks, lighting, storm drainage facilities, municipal and recreation facilities, cemeteries as well as the municipal administration in general.

DEFINITIONS

Any words and phrases referred to in this policy shall have the same meaning and interpretation assigned in terms of the **Municipal Property Rates Act 6 of 2004** (“**the/this Act**”) and for this purpose lists hereunder the definitions used in the Act.

In this Act, unless the context indicates otherwise—

“**agent**”, 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;

“**agricultural property**”, 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 trading in or hunting of game;

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

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

“**assistant municipal valuer**” means a person designated as an assistant municipal valuer in terms of section 35 (1) or (2);

“**business or commercial property**” means –

- (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;
- (b) property on which the administration of the business of private or public entities takes place;
- (c) property used for the provision of commercial accommodation;
- (d) property used for education purposes;
- (e) property used by the State or any organ of State;
- (f) property excluded from any other category of property.

“category”—

- (a) in relation to property, means a category of properties determined in terms of section 8; and
- (b) in relation to owners of properties, means a category of owners determined in terms of section 15 (2);

“child headed household” means a household recognized as such in terms of section 137 of the Children’s Amendment Act No 41 of 2007;

“Constitution” a body of fundamental principles or established precedents according to which our State is governed and as embodied and promulgated per Act 108 of 1996;

“data-collector” means a person designated as a data-collector in terms of section 36;

“date of valuation” means the date determined by a municipality in terms of section 31 (1) of the Act;

“day” means when any number of days are prescribed for the performance of any act, those days must be reckoned by excluding the first and last day, unless the last day falls on a Saturday, Sunday or any public holiday, in which case the number of days must be reckoned by excluding the first day and also any such Saturday, Sunday or public holiday;

“disabled” means a person who qualifies to receive relief in terms of the Social Services Act No 59 of 1992 or has been certified as disabled by a medical practitioner and qualifies in terms of the income threshold as defined by the Council from time to time;

“disaster” means a disaster within the meaning of the Disaster Management Act No 57 of 2002 or any other serious adverse social or economic condition as adopted by a Council resolution from time to time;

“disaster area” means owners of property situated within an area affected by:

- (a) a disaster within the meaning of the Disaster Management Act No 57 of 2002;
- (b) any other serious adverse social or economic conditions;

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

“dominant use” in relation to a property means a property used for more than one purpose subject to section 9(1)(b) and the following criteria applies:

- (a) a dominant use approach may be applied to developed property located within the area of an approved town planning scheme granted in terms of any planning law;
- (b) the dominant use is the highest percentage use of all actual uses determined by gross building area;
- (c) the dominant use category of property will then be applied to the levying of rates.

Dominant use may not be used for communal property used for multiple purposes or property used for multiple purposes where there is a large surplus land component, or for property where there is rateable and non-rateable portions.

“effective date”—

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

“equitable treatment of ratepayers” means the fair, just and impartial treatment of all ratepayers;

“exclusion”, in relation to a municipality’s rating power, means a restriction of that power as provided for in section 17;

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

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

“Income Tax Act” means the Income Tax Act, 1962 (Act No. 58 of 1962);

“Indigent owner” means an owner of property who has permanent occupation of the property and qualifies for indigent relief in terms of the Council’s indigent policy;

“industrial property” means property used for a branch of trade or manufacturing, production, assembly or processing of finished or partially finished products from raw material or fabricated parts in respect of which capital and labour is involved, and includes-

- (a) the production of raw products on the property;
- (b) the storage and warehousing of products, and
- (c) any office or other accommodation on the same property the use of which is incidental to such activity.

“land reform beneficiary”, in relation to a property read with section 17(1)(g), means a person who—

- (a) acquired the property through—
 - (i) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or
 - (ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);
- (b) holds the property subject to the Communal Property Associations Act, 1996 (Act No. 28 of 1996); or

(c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25 (6) and (7) of the Constitution be enacted after this Act has taken effect;

“land tenure right” means a land tenure right as defined in section 1 of the Upgrading of Land Tenure Rights Act No 112 of 1991;

“legal entity” in law an entity is something which is capable of bearing legal rights and obligations, has a distinct separate existence.

“local community”, in relation to a municipality—

(a) means that body of persons comprising—

(i) the residents of the municipality;

(ii) the ratepayers of the municipality;

(iii) any civic organizations and non-governmental, private sector or labour organizations or bodies which are involved in local affairs within the municipality; and

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

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

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

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

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

“mining property” means property used for mining operations as defined in the Mineral and Petroleum Resources Development Act No 28 of 2002;

“Minister” means the Cabinet member responsible for local government;

“multiple purposes”, in relation to a property, means the use of a property for more than one purpose subject to section 9;

“municipal council” or “council” means a municipal council referred to in section 18 of the Municipal Structures Act, and herein means the Endumeni Municipality;

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

“municipal leases” means property owned by the municipality and leased to another party. The municipality reserves the right to recover municipal rates against all properties registered in the name of the municipality over which a portion or all of its property is leased either through an existing lease agreement where rates are exclusive or through the provisions of the Act. Rates payable will be based on the rates category and market value as contained in the valuation roll;

“municipal manager” means a person appointed in terms of section 82 of the Municipal Structures Act;

“municipal owned property” means property owned by the municipality;

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

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

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

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

(a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and

(b) a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified;

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

“office bearer” in relation to places of public worship, means the primary person who officiates at services at the place of worship;

“official residence” in relation to places of public worship, means a single residential property registered in the office of the Registrar of Deeds in the name of a religious community or registered in the office of the Registrar of Deeds in the name of a trust established for the sole benefit of a religious community and sued as a place of residence for an office bearer;

“organ of state” means an organ of state as defined in section 239 of the Constitution;

“owner”—

(a) in relation to a property referred to in paragraph (a) of the definition of “property”, means 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”, means a person in whose name the right is registered;

(bA) in relation to a time sharing interest contemplated in the Property Time-sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the Property Time-sharing Control Act, 1983, and published in Government Notice R327 of 24 February 1984;

(bB) in relation to a share in a share block company, the share block company as defined in the Share Blocks Control Act, 1980 (Act No. 59 of 1980);

(bC) in relation to buildings, other immovable structures and infrastructure referred to in section 17(1)(f), means the holder of the mining right or the mining permit;” and

(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 subject to a usufruct or other personal servitude;
- (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
- (viiA) a lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right; or
- (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

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

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

“person” includes an organ of state;

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

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

“prescribe” means prescribe by regulation in terms of section 83;

“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 service infrastructure;

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

“protected area” means an area that is or has to be listed in the register referred to in section 10 of the Protected Areas Act;

“Protected Areas Act” means the National Environmental Management: Protected Areas Act, 2003;

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

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

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

- (a) national, provincial or other public 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 air 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 navigational aids comprising 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 publicly controlled infrastructure as may be prescribed; or
- (j) a right of 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 or clinics;
- (b) schools, pre-schools, early childhood development centres 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;

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

“rateable property” means property on which a municipality may in terms of section 2 levy a rate, excluding property fully excluded from the levying of rates in terms of section 17;

“ratio” in relation to section 19, means the relationship between the cent amount in the Rand applicable to residential properties and different categories of non-residential properties: Provided that the two relevant cent amounts in the Rand are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category;

“rebate”, in relation to a rate payable on a property, means a discount granted in terms of section 15 on the amount of the rate payable on the property;

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

“register”—

- (a) means to record in a register in terms of—
 - (i) the Deeds Registries Act, 1937 (Act No. 47 of 1937); or
 - (ii) the Mining Titles Registration Act, 1967 (Act No. 16 of 1967); and
- (b) includes any other formal act in terms of any other legislation to record—
 - (i) a right to use land for or in connection with mining purposes; or
 - (ii) a land tenure right;

“residential property” means a property included in a valuation roll in terms of section 48(2)(b) in respect of which the primary use or permitted use is for residential purposes without derogating from section 9;

“Sectional Titles Act” means the Sectional Titles Act, 1986 (Act No. 95 of 1986);

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

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

“smallholding” for the purposes of this policy means an agricultural holding smaller than a farm in close proximity to urban development which in the opinion of the valuer is classified as such;

“specified public benefit activity” means an activity listed in item 1 (welfare and humanitarian), item 2 (health care) and item 4 (education and development) of Part 1 of the Ninth Schedule to the Income Tax Act;

“state trust land” means land owned by the state—

- (a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;
- (b) over which land tenure rights were registered or granted; or
- (c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);

“the/this Act” means the Local Government Municipal Property Rates No 6 of 2004, and it includes regulations made in terms of section 83 of the Act.

- (a) In this Act, a word or expression derived from a word or expression defined in subsection (1) has a corresponding meaning unless the context indicates that another meaning is intended.

Other Definitions

“cemetery” means a burial ground

“Non-profit organizations” means any organization which is registered in terms of the Non-profit Organizations Act.

“Pensioner” means

- (a) a person in receipt of a social pension; or
- (b) a person over the age of 60 years; or

a person who has retired prematurely from employment due to medical reasons

“Retiree” means a person who has retired from employment in terms of that person’s employment or who has reached the age of a pensioner;

“Temporarily without income” means;

- (a) in the case of an employee –
 - (i) the period for which the person is entitled to benefits in terms of the Unemployment Insurance Act; or
 - (ii) 90 days, whichever is the longer; or
- (b) in any other case, a period of 90 days determined from the date of application by that person for relief in terms of the Municipality’s policy;

1. **IMPLEMENTATION OF THIS POLICY AND EFFECTIVE DATE**

- 1.1. This policy takes effect from 1 July 2017 being the effective date of the valuation roll prepared by the municipality in terms of the Municipal Property Rates Act, 2004 (Act No. 6 of 2004) and must accompany the municipality's budget for the financial year.
- 1.2. The Rates Policy must be reviewed annually, and if necessary, amended by the Municipal Council, such amendments to be effected in conjunction with the Municipality's annual budget in terms of Sections 22 and 23 of the Municipal Financial Management Act.
- 1.3. The Municipality must adopt by-laws to give effect to the implementation of its Rates policy and such by-laws must be read in conjunction with this policy. The rates by-laws may differentiate between:
 - 1.3.1 categories of properties; and
 - 1.3.2 categories of owners of properties.
- 1.4. The by-laws adopted in terms of Item 1.3 may be reviewed annually, and if necessary be amended by the Municipal Council, in conjunction and in accordance with the Rates Policy.

2. **FUNDAMENTAL PRINCIPLES OF THIS POLICY**

The principles of the policy are to ensure that:-

- 2.1 the power of the municipality to impose rates on property will not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities or the national mobility of goods services, capital or labour in terms of Section 229 of the Constitution of the Republic of South Africa;
- 2.2 all ratepayers, in a specific category, as determined by council from time to time, will be treated equitably;
- 2.3 property rates will be assessed on the market value of all rateable properties in the jurisdiction of the municipality and for the purpose of generating revenue to balance the budget after taking into account:
 - 2.3.1 profits generated on trading and economic services; and
 - 2.3.2 the amounts required to finance exemptions, rebates and reductions of rates as approved by council from time to time;
- 2.4 property rates will not be used to subsidize trading and economic services;

2.5 the rates income generated by the municipality will take into account relief measures to address the social and economic needs of the community;

2.6 this Policy was developed in consultation with the community and in compliance with a process of community participation in terms of Chapter 4 of the Municipal Systems Act.

3. **THE PURPOSE OF THIS POLICY**

The purpose of this policy is to:

3.1 comply with the provisions section 3 of the Municipal Property Rates Act, 2004 (Act No. 6 of 2004);

3.2 give effect to the principles outlined above;

3.3 determine the methodology and to prescribe procedures for the implementation of the Act;

3.4 determine criteria to be applied for the levying of differential rates for different categories of properties;

3.5 determine or provide criteria for the determination of categories of properties and categories of owners of properties for categories of properties;

3.6 determine criteria to be applied for granting exemptions, rebates and reductions;

3.7 determine how the municipality's powers must be exercised in relation to multi purpose properties;

3.8 determine measures to promote local economic and social development; and

3.9 identify which categories of properties the municipality has elected not to rate as provided for in section 7 of the Act.

4. **EQUITABLE TREATMENT OF RATEPAYERS**

This municipality is committed to treating all ratepayers on an equitable basis. "Equitable" does not necessarily mean "equal" treatment of ratepayers. The circumstances of each category of owner or category of property will be considered in a fair manner, and within the limitations

set out in the Act. The Municipality may adopt measures to ensure equitable and fair treatment of ratepayers.

Any differentiation in levying rates must not constitute unfair discrimination.

5. **DISCRETIONARY DECISIONS ADOPTED BY THE MUNICIPALITY WITH RESPECT TO LEVYING OF RATES**

It is recorded that the Municipality has adopted the following resolutions:

- 5.1 To levy rates on all rateable property in its area of jurisdiction.
- 5.2 To determine the date of implementation as provided above.
- 5.3 To determine the date of general valuation as 1 July 2016.
- 5.4 To levy different cents in the rand for different categories of rateable property.
- 5.5 That the categories of properties for the purpose of differential rating referred to in 5.4 above are those specified in Appendix 1 attached hereto.
- 5.6 That the criteria for the assessment of market value in terms of section 8(1) shall be actual use.
- 5.7 To determine that the valuations for multiple purpose usage will be assessed according to the dominant use of the property.
- 5.8 To rate public service infrastructure in accordance with the provisions of the Act as amended.
- 5.9 To not rate a right registered against immovable property in the name of a person, with the exception that Real Rights to Extend in the case of sectional title schemes, will be rated;
- 5.10 That, for the purposes of Section 78(d) and (e) of the Act, a property will be deemed to have substantially increased or decreased in market value for any reason, or to have been substantially incorrectly valued during the last general valuation, if the valuer in his professional capacity is of the opinion that the market valuation of the property can be adjusted by more than ten percent (10%) upwards or downwards.
- 5.11 That the Council, in terms of section 7(2)(a) of the Act, not levy rates on properties of which the municipality is the owner, unless such property is leased by a person, entity or party other than the municipality itself.

6. **CATEGORIES OF RATEABLE PROPERTY AND DIFFERENTIAL RATING**

The categories of properties for this municipality are those specified in Appendix 1.

- 6.1 Different rates may be levied for different categories of rateable property.
- 6.2 A municipality may not levy:
 - 6.2.1 different rates on residential properties, except as provided for in sections 11(1)(b), 21 and 89 of the Act;
 - 6.2.2 a rate on non-residential properties that exceeds a prescribed ratio to the rate on residential properties determined in terms of section 1(1)(a) of the Act;
 - 6.2.3 rates which unreasonably discriminate between categories of non-residential properties; or
 - 6.2.4 additional rates except in Special Rating Areas as provided for in the Act.

7. **RELIEF MEASURES FOR RATEPAYERS**

- 7.1 The municipality has considered:
 - 7.1.1 the need to grant relief to certain ratepayers (including the poor) with a view to providing for appropriate measures to alleviate the impact of the rates burden on them;
 - 7.1.2 the effect of rates on non-profit organizations whose income is applied solely to further the aims and objectives of the said organization, and which may registered in terms of the Income Tax Act for tax reductions because of those activities;
 - 7.1.3 the specified public benefit activities recognized by the act relating to those activities 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,1962 (Act No.58 of 1962), and these public benefit organizations have been granted the relief identified below.
- 7.2 The Municipality will only consider the grant of relief to those organizations who meet the requirements set out in clause 7.1.2 and 7.1.3 above and whose activities are of a public and/or charitable nature.
- 7.3 The municipality will not grant relief in respect of the payment of rates other than by way of an exemption, a rebate or a reduction provided for in its rates policy and granted in terms of section 15 of the Act to:
 - 7.3.1 a category of properties, or
 - 7.3.2 a category of owners of properties as provided hereunder.
- 7.4 The municipality will not grant relief to the owners of properties on an individual basis.

8. **CATEGORIES OF OWNERS ENTITLED TO RELIEF**

8.1 This municipality has identified the categories of owners below for purposes of granting exemptions, rebates or reductions:

- 8.1.1 indigent owners;
- 8.1.2 pensioners;
- 8.1.3 owners temporarily without an income;
- 8.1.4 owners of property situated within an area affected by:
 - 8.1.4.1 a disaster within the meaning of the Disaster Management Act 57 of 2002;
 - 8.1.4.2 any other serious adverse social or economic conditions;
- 8.1.5 owners of residential properties with a market value below R100 000 as determined by the Municipality;
- 8.1.6 owners of vacant properties with a market value below R30 000;
- 8.1.7 owners of agricultural properties with a market value below R15 000;
- 8.1.8 public benefit organizations who conduct the following specified public benefit activities:
 - 8.1.7.1 welfare and humanitarian; or
 - 8.1.7.2 health care; or
 - 8.1.7.3 education; and
 - 8.1.7.4 are registered in terms of the Income Tax Act for tax reductions because of the activities referred to in (8.1.6);
- 8.1.9 non-profit organizations registered in terms of the non-profit organizations Act whose activities are that of a public and charitable nature as may be specified by the Municipality from time to time;
- 8.1.10 minor children who are the head of a household as defined in child headed household;
- 8.1.11 disabled persons;
- 8.1.12 retirees.

9. **EXEMPTIONS**

An exemption is a release from liability for the payment of rates.

A. EXEMPTIONS GRANTED TO CATEGORIES OF PROPERTIES

9.1 The Municipality has exempted in total from payment of rates the following categories of properties:

- 9.1.1 Property registered in the name of and used primarily as a place of public worship by a religious community including an official

residence also registered in the name of that community, which is occupied by an office bearer who officiates at services at that place of public worship.

B. EXEMPTIONS GRANTED TO CATEGORIES OF OWNERS OF PROPERTIES

9.2 The Municipality has resolved to exempt from the payment of rates the following categories of owners of properties:

9.2.1 Properties owned by public benefit organizations, which are used for any specific public benefit activities, listed in Part 1 of the 9th Schedule to the Income Tax Act;

9.2.2 Properties owned by owners registered as non-profit organizations.

9.3 All applications for exemption shall be granted on an annual basis

9.4 In order to qualify for exemption all applicants shall comply with the following requirements:

9.4.1 written applications for exemption must be lodged in the prescribed format with the Municipal Manager on or before 30 April in the year prior to the financial year for which application is being made;

9.4.2 in the case of public benefit organizations upon proof of:

9.4.2.1 registration in terms of the requirements of the Income Tax Act;

9.4.2.2 an affidavit signed by the head of the public benefit organization or non-profit organization before a Commissioner of Oaths that the property is used primarily for the specified public benefit activities and purposes of the said public benefit organization;

9.4.3 in the case of a religious community upon proof of submission that:

9.4.3.1 the property is used primarily as a place of public worship; and

9.4.3.2 in the case of the residence owned by the religious community that the property is occupied by an office bearer who officiates at services at that place of worship;

9.4.3.3 a copy of the title deed issued by the Deeds Registry within the last 2 months reflecting that the property is registered in the name of the applicant.

- 9.5. In the case of properties owned by non-profit organizations upon proof of submission of:
- 9.5.1 an affidavit signed by the head of the non-profit organization before a Commissioner of Oaths that the property is used primarily for the aims and objective of the said non-profit organization;
 - 9.5.2 that no private pecuniary profit is made from the property;
 - 9.5.3 that no rent is received by the applicant for any use of the property by other persons.
- 9.6 The Municipality reserves the right to specify such other requirements as the municipal manager deems necessary from time to time.

10. **REDUCTIONS**

A reduction is the lowering of the value of the property upon which rates will be levied.

- 10.1 It is recorded that the municipality is precluded in terms of section 17(1)(h) of the Act from levying rates on the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll of the municipality to a category determined by the municipality:
- 10.1.1 for residential properties; or
 - 10.1.2 for properties used for multiple purposes provided one or more components of the property are used for residential purposes.
- 10.2 The municipality has resolved to reduce the market value of a property upon which rates will be levied by an amount of R100 000, inclusive of the first R15 000 as precluded by section 17(1)(h) of the Act, in respect of improved residential property assigned in the valuation roll or supplementary valuation roll to the category of “**RES** – Residential”.
- 10.3 A reduction of R30 000 in the market value of a property assigned in the valuation roll or supplementary valuation roll of the municipality will be granted to properties in the “**VP** - Vacant Property” category.
- 10.4 A reduction of R15 000 in the market value of a property assigned in the valuation roll or supplementary valuation roll of the municipality will be granted to properties in the “**AGA** - Agricultural Properties” category.
- 10.5 A reduction of R25 000 in the market value of a property assigned in the valuation roll or supplementary valuation roll of the municipality will be granted to properties in the “**BUS** – Business/Commercial” category.

11. **REBATES**

A rebate is a discount granted on the amount of rates payable by the ratepayer.

A. REBATES FOR CATEGORIES OF PROPERTIES

11.1 The municipality has resolved to grant rebates to the categories of properties below:

Schedule of the categories of properties granted rebates:

Category of Property	Percentage Rebate of Rates
Residential	22%
Business/Commercial	12%
Industrial	12%
Agriculture Special provisions are applicable to agricultural rebates as per clause 11.4 below	60%
Properties previously categorized as smallholdings now in residential category additional to residential rebate.	10%

B. REBATES FOR CATEGORIES OF OWNERS OF PROPERTIES

11.2 The municipality has resolved to grant rebates to the following categories of owners of properties in addition to the rebate granted to the category of properties in 11.1 above:

Category of Owner
A pensioner
Retiree
Persons temporarily without income
Disabled persons
Indigent persons
Owners of property in an area affected by a disaster
Child Headed Households

11.3 In order to qualify for such rebates, a pensioner, a retiree, a disabled person, an indigent and/or persons temporarily without income, or a child headed household must:

- 11.3.1 be the sole owner of the property or owned jointly with his/her spouse;
- 11.3.2 be living permanently on the property;
- 11.3.3 not own any other property;
- 11.3.4 have an aggregate household income reflected in the table below, in which instance the corresponding rebate as reflected therewith will be granted;
- 11.3.5 provide proof of identity in the form of an identity document; and
- 11.3.6 substantiate items 11.3.2 to 11.3.4 above by way of a sworn affidavit before a Commissioner of Oaths;
- 11.3.7 provide proof income on a sworn declaration and supported by documentation;
- 11.3.8 medical certificate as required by the municipality if the application relies on a medical basis for the rebate;
- 11.3.9 any other supporting documents specified by the municipality from time to time.

Income Bracket	Percentage Rebate
R0 – R4 500 per month	25%
R4 501 – R5 000 per month	20%
R5 001 – R5 500 per month	15%
R5 501 – R6 500 per month	10%

11.4 The Municipality in considering the criteria to be applied in respect of rebates on agricultural properties, took into account:

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

11.5 Having regard to the provisions of the 11.4 above the municipality will grant a rebate of 60% in respect of agricultural properties.

- 11.6 The Municipality will not grant relief in respect of the payment of a rate:
- 11.6.1 to a category of owners of properties, or to the owners of a category of properties, other than by way of an exemption, a rebate or a reduction as provided for in this policy and granted in terms of Section 15 of the Act; or
 - 11.6.2 to the owners of properties on an individual basis.
- 11.7 The granting of the above rebates to categories of properties in 11.1 above, and to categories of owners of properties in 11.2, above is subject thereto that the rates levied thereon is, in accordance with Clause 15 hereof, paid within sixty (60) days from the date of issue of the rates account. Failure to timeously pay the rates levied will lead to the forfeiture of the rebates granted herein.

12. **CRITERIA FOR DIFFERENTIAL RATING**

- 12.1 Differential rating is the levying of different rates for different categories of properties. The Municipality has resolved to levy differential rates for different categories of rateable property properties as reflected in Appendix 1 and the rates applicable to the different categories of properties are as resolved by the council and published annually.

13. **MULTIPLE PURPOSE PROPERTIES**

- 13.1 A municipality must resolve whether the valuations will be assessed according to the permitted use, the dominant use of the property or pro rata according to multiple uses.
- 13.2 Section 9 of the Act provides for the value of properties to be based on one of the following criteria namely:
- 13.2.1 the permitted use (section 9(a));
 - 13.2.2 the dominant use (section 9(b));
 - 13.2.3 pro rata based on the various multi-purpose usage (Section 9(c)).
- 13.3 It is recorded that this municipality has determined that for the purpose of assessing the value of multi purpose properties the following criteria will apply:
- 13.3.1 option 13.2.1 will apply only in respect of vacant land which has not been put to any use. In this instance the zoning or permitted

use prevails. If indeterminate, then the valuer will establish the Highest and Best Use of the property;

13.3.2 dominant usage as in 13.2.2 will be determined by the valuer as a basis for determining the use category. Dominant in this instance shall be the measured extent under use (land and/or buildings).

13.4 Properties will be assessed on dominant use where at least 66% of that property is used for a particular purpose. The entire property will be assigned to that category of usage and the value will be assessed based on that usage only.

13.5 This municipality has resolved that:

13.5.1 generally properties will be assigned to a category based on its dominant usage, provided that:

13.5.2 In the case of State and Trust Land the different usage will be assessed pro rata and assigned to a category.

14. **COMMUNITY PARTICIPATION**

It is recorded that every municipality may only adopt its rates policy or any amendment thereof or any review of its policy after following a process of community participation in accordance with chapter 4 of the Municipal Systems Act, 2000.

14.1 This Municipality will comply with its community participation and consultation obligations in terms of Chapter 4 of the Municipal Systems Act and Sections 4 and 5 of the Act before the Rates Policy or any review thereof is finally adopted. In terms of chapter 4 of the Municipal systems Act, 2000 (Act No. 32 of 2000) the Municipality is committed to:

14.1.1 building capacity of the local community to enable it to participate in the affairs of the Municipality; and

14.1.2 to foster community participation for which the municipality will allocate funds in its budget for such processes.

14.2 The participation by the local community in municipal affairs will take place through the political structures; the mechanisms, processes and procedures for participation in municipal governance and any other appropriate mechanisms, processes and procedures established by the municipality and generally to apply the provisions for participation as required by this Act.

- 14.3 The municipality will provide for:
- 14.3.1 the receipt processing and consideration of petitions, objections and comments lodged by the members of the local community;
 - 14.3.2 public meetings and hearings by the municipal council and other political structures (e.g. ward committees) and political office bearers of the municipality;
 - 14.3.3 consultative sessions with locally recognized community organizations and where appropriate traditional authorities;
- 14.4 Communication with the public relating to the Rates Policy will be in terms of section 4(2) of the act by notice in:
- 14.4.1 local newspapers circulating in its area and determined by this council as a newspaper of record; and/or
 - 14.4.2 official notice boards and other public places accessible to the public including the library and the municipal offices;
 - 14.4.3 on the municipal website;
- and inviting the local community to submit comments and representations within the time specified in the notice.

15. **RECOVERY OF RATES**

- 15.1 The following people shall be liable for the payment of rates levied by the Municipality:
- 15.1.1 owner of a property;
 - 15.1.2 joint owners of a property, who shall be liable jointly and severally;
 - 15.1.3 the owner of a sectional title unit; and
 - 15.1.4 in relation to agricultural properties:
 - 15.1.4.1 any one joint owner of the agricultural property for all the rates levied on the agricultural property; or
 - 15.1.4.2 each individual joint owner for that portion of rates levied on the joint owner's undivided share in the agricultural property, which ever option the Municipality may choose in relation to agricultural properties.
- 15.2 In terms of Section 26 of the Act the Municipality will recover rates:
- 15.2.1 on a monthly basis or as may be prescribed in terms of the Municipal Finance Management Act, which rate must be paid in each period determined by the Municipality.
- 15.3 The Municipality will furnish each person liable for the payment of rates with a written account in terms of Section 27 of the Act.

- 15.4 A Municipality may recover rates in arrears from tenants and occupiers in accordance with the provisions of Section 28 of the Act.
- 15.5 A Municipality may recover rates due, either whole or in part, from the agent of the owner if this is more convenient for the Municipality and in terms of Section 29 of the Act.

16. **CONSOLIDATION AND APPORTIONMENT OF PAYMENTS**

Separate accounts of persons liable for payment to the municipality for either rates or services may be consolidated in one account and any appropriation of payments will be done in accordance with the municipality's credit control policy.

17. **DEFERMENT OF RATES**

- 17.1 The Municipality will on application defer the payment of rates in terms of section 26(3) of the Act under the following special circumstances. To qualify for deferment of rates, the Applicant: -

17.1.1 must be a pensioner, indigent, disabled, over 60 years of age, or who is not above 60 years of age, but has or has been retired from employment by reason of any illness or disability certified by a medical practitioner, dentist, psychologist, intern or intern psychologist contemplated in the Medical, Dental and Supplementary Health Service Professions Act, 1974 (Act 56 of 1974), and whose income from all sources whatsoever must not exceed R60 000 per annum (including the income of the spouse, if applicable) and the Municipal valuation of the property must not exceed R150 000;

17.1.2 must reside permanently on the property concerned;

17.1.3 must be the registered owner of the property.

- 17.2 Application must be made annually in writing on the prescribed form:

17.2.1 not later than the final date for payment of such rates provided that the council may in special circumstances grant a deferment of the payment of rates after the final date for such payment notwithstanding that such application was made after such final date for payment.

- 17.3 Deferment will be considered provided that the total amount of all rates so deferred together with accumulated interest accumulated thereon shall not at any time exceed 50% of the value of the property concerned as shown in the valuation roll.

- 17.4 The final date for payment of the rates on the property concerned shall not be affected by reason of any application for deferment in terms of subsection 17.2 above, provided that if the council allows such application, the portion of the rates in respect of which payment is deferred shall be refunded to the applicant.
- 17.5 The accumulated amount of the deferred rates shall bear interest at a rate determined from time to time by the council and the council may also approve the waiver of such interest.
- 17.6 Only the current year's rates can be considered for deferment and then only if the Applicant's rates are not in arrears.
- 17.7 Any deferment granted in terms of here of shall terminate immediately: -
- 17.7.1 upon the death of the registered owner; provided that the council may continue such deferment, in any case where it is established to its satisfaction that the property concerned has been inherited by the surviving spouse and that such spouse is continuing in occupation of the property;
 - 17.7.2 upon the expropriation, sale or other disposal of the property concerned;
 - 17.7.3 upon the owner ceasing to reside permanently on the property concerned;
 - 17.7.4 if the owner fails by the final date for the payment thereof, to pay rates or any part thereof owing in respect of the property concerned, after allowing for the amount of the deferment; and
 - 17.7.5 on expiry of the period of deferment.
18. **IMPERMISSIBLE RATES IN TERMS OF SECTION 17 OF THE ACT**
- 18.1 It is recorded that the Municipality may not, in terms of section 17 of the Act levy a rate on-
- 18.1.1 the first 30% of the market value of public service infrastructure;
 - 18.1.2 any part of the seashore as defined in the Seashore Act, 1935 (Act No.21 of 1935);
 - 18.1.3 any part of the territorial waters of the Republic as determined in terms of the Maritime Zones Act, 1994 (Act No. 15 of 1994);
 - 18.1.4 any islands of which the state is the owner, including the Prince Edward Islands referred to in the Prince Edward Islands Act, 1948 (Act No. 43 of 1948);
 - 18.1.5 those parts of a special nature reserve, national park or nature reserve within the meaning of the Protected Areas Act, or of a national botanical garden within the meaning of the National

- Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, agricultural or residential purposes;
- 18.1.6 mineral rights within the meaning of paragraph 18.1.2 of the definition of "property" in section 1;
- 18.1.7 on a property belonging to a land reform beneficiary or his or her heirs, dependants or spouse provided that this exclusion lapses—
- (i) ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds; or
 - (ii) upon alienation of the property by the land reform beneficiary or his or her heirs, dependants or spouse;
- 18.1.8 the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll of a municipality to a category determined by the municipality-
- 18.1.8.1 residential purposes;
 - 18.1.8.2 for properties used for multiple purposes, provided one or more components of the property are used for residential purposes; or
- 18.1.9 on a property registered in the name of and used primarily as a for place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.
- 18.2 The exclusion from rates of a property referred to in subsection 18.1.5 lapses if the declaration of that property as a special nature reserve, national park, nature reserve or national botanical garden, or as part of such a reserve, park or botanical garden, is withdrawn in terms of the applicable Act mentioned in that subsection.
- 18.3 If the property in respect of which the declaration is withdrawn is privately owned, the owner, upon withdrawal of the declaration, becomes liable to the municipality concerned for any rates that, had it not been for subsection 18.1.5, would have been payable on the property during the period commencing from the effective date of the current valuation roll of the municipality. If the property was declared as a protected area after the effective date of the current valuation roll, rates are payable only from the date of declaration of the property.
- 18.4 The amount for which an owner becomes liable in terms of paragraph (b) must be regarded as rates in arrears, and the applicable interest on that amount is payable to the municipality.

18.5 Paragraphs 18.2 and 18.3 apply only if the declaration of the property was withdrawn because of-

18.5.1 a decision by the private owner for any reason to withdraw from the agreement concluded between the private owner and the state in terms of the Protected Areas Act, and in terms of which the private owner initially consented to the property being declared as a protected area; or

18.5.2 a decision by the state to withdraw from such agreement because of a breach of the agreement by the private owner.

19. **CONSTITUTIONALLY IMPERMISSIBLE RATES**

19.1 The Act provides that in terms of Section 229(2)(a) of the Constitution a Municipality may not exercise its power to levy rates on property in a way that would materially and unreasonably prejudice –

19.1.1 national economic policies;

19.1.2 economic activities across its boundaries; or

19.1.3 the national mobility of goods, services, capital or labour.

20. **NEWLY RATED PROPERTY**

20.1 Any property which was not previously rated must be phased in subject to the conditions that:

20.1.1 property registered in the name of a land reform beneficiary must be phased in after the exclusion period in section 17(1) (g);

20.1.2 property owned by Public Benefit Organizations must be phased in over a period of four financial years provided that the Municipality may extend this period on written application to the MEC.

20.2 The phasing in period shall be as set out in the attached table.

**Applicable rates for properties to be phased in over four years:
(Public Benefit Organisations)**

Year	Percentage Rates Payable
First	Zero%
Second	25%
Third	50%
Fourth	75%

**Applicable rates for properties to be phased in over three years:
(Newly Rateable Properties – e.g. Agricultural Land)**

Year	Percentage Rates Payable
First	25%
Second	50%
Third	75%

APPENDIX 1

CODE	CATEGORIES OF PROPERTIES (Based on the actual use of the Property)	REBATES (Optional)	REDUCTION (Optional)	EXEMPTION (Optional)
AGA	Agriculture properties	60%	R15 000	Maximum value of R15 000
BUS	Business and Commercial properties	12%	R25 000	
CEM	Cemetery (Private)	-	-	Total
IND	Industrial properties	12%	-	
MIN	Mining properties	-	-	-
MUN	Municipal properties	-	-	Total
PBO	Public Benefits Organization	-	-	Total
PSI	Public Service Infrastructure	100%	-	R30 000
PSP	Public Service Purposes			
RES	Residential properties	22%	R100 000	-
VP	Vacant property	-	R30 000	-
WOR	Worship	-	-	Total