

MOSES KOTANE LOCAL MUNICIPALITY



PROPERTY RATES POLICY

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FORMULATED IN TERMS OF SECTION 3 OF THE LOCAL GOVERNMENT:
MUNICIPAL PROPERTY RATES ACT, NO. 6 OF 2004, AS AMENDED

PROPERTY RATES POLICY

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PROPERTY RATES POLICY

1. LEGISLATIVE CONTEXT

- 1.1 This policy is mandated by Section 3 of the Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.
- 1.2 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may impose rates on property.
- 1.3 In terms of the Municipal Property Rates Act, 2004 (No. 6 of 2004) as amended, a municipality in accordance with-
 - a. Section 2(1), may levy a rate on property in its area; and
 - b. Section 2(3), must exercise its power to levy a rate on property subject to-
 - i. Section 229 and any other applicable provisions of the Constitution;
 - ii. the provisions of the Property Rates Act; and
 - iii. the property rates policy.
- 1.4 In terms of Section 4 (1) (c) of the Municipal Systems Act, 2000 (No. 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.
- 1.5 In terms of Section 62(1) (f) (ii) of the Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy.
- 1.6 This policy must be read together with, and is subject to the stipulations of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004). This policy must be read together with, and is subject to the provisions of and the regulations of the MPRA and the rates act.
- 1.7 This Policy is prepared in order to support the Municipal budget in accordance with the Regulation 7 of the MFMA namely the Municipal Budget and Reporting Regulations.

2. DEFINITIONS

In addition to the definitions contained in Local Government: Municipal Property Rates Act, 2004 (No 6 of 2004) the following words and phrases bear the meaning assigned to them below:

- 2.1 **Act** means the Municipal Property Rates Act, 2004 (No. 6 of 2004), as amended-means the Local Government: Municipal Property Rates Act, 200as amended from time to time as well as regulations (MPRR) published
In terms of the MPRA, which is referred to as the “Property rates act “in the By-Law but for the purpose of brevity, shall be referred to as the “MPRA” in this policy.
- 2.2 **“MPRR”** means the Municipal Property Rates Regulations
- 2.3 **Municipality** means the municipal council for the municipal area of the Moses Kotane Local Municipality (NW 375).
- 2.4 **Residential Property** means a property of which the primary use is for residential purposes, without derogation from section 9 of the MPRA.

For Clarity, the following properties are specifically excluded from the definition.

- Guest house/ bed and breakfast
- Any vacant land irrespective of its zoning or intended use.

- 2.5 **“Non- Residential Property”** means all properties other than those defined as residential but excluding all vacant land

“agricultural purposes” refers to the active pursuit, for primary generation of income, of farming activity;

“bona fide farmer” is a person that is fulltime farmer and if such land is used *bona fide* and exclusively by the owner or occupier for agricultural purposes;

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

"Council" means-

- (a) the Moses Kotane Local Municipality established in terms of as section 12 of the Local Government: Municipal Structures Act, 117 of 1998, as amended, exercising its legislative and executive authority through its municipal Council; or
- (b) it's successor in title; or
- (c) a structure or person exercising a delegated power or carrying out an instruction, where any power in this policy has been delegated or subdelegated, or an instruction given, as contemplated 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 Systems Act or any other law, as the case may be;

“due date” means the date specified as such on a municipal account dispatched from the offices of the responsible officer for any rates payable and which is the last day allowed for the payment of such rates;

“exclusion” in relation to a municipality's rating power, means a restriction of that power as provided for in Section 17 of the Act;

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

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

“farm property” refers to property that is used productively for agricultural and farming purposes, either on a full-time or a part time basis, regardless of whether or not agriculture forms the principal source of income;

“financial year” means any period commencing on 01 July of a calendar year and ending on 30 June of the next succeeding calendar year;

“land tenure right” means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004 (Act 11 of 2004);

[Definition of 'land tenure right' substituted by s. 24 (a) of Act 19 of 2008.]

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

“multiple-use property” refers to property where there is a combination of different categories of property on the same registered property and where the market value of each is apportioned on the valuation roll.

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

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

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

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

“owner” means:-

a) in relation to a property referred to in paragraph (a) of the definition of 'property', a person in whose name ownership of the property is registered;

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

c) in relation to a land tenure right referred to in paragraph (c) of the definition of 'property', a person in whose name the right is registered or to whom it was granted in terms of legislation; and

d) in relation to public service infrastructure referred to in paragraph (d) of the definition of 'property', the organ of state that owns or controls that public service infrastructure; provided that a person mentioned below may for the purpose of the Act be regarded by a municipality as the owner of a property in the mentioned circumstances:

- (i) a trustee in the case of a property registered in the name of the trustee 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 an estate in liquidation;
- (iv) a judicial manager, in the case of a property in the estate of a legal 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 to the lessee;
- (viii) a buyer, in the case of a property that has been sold by the Municipality and of which possession has been given to the buyer pending registration of ownership in the name of the buyer; or an occupier of a property that is registered in the name of the Municipality.

"municipal property" means property owned, vested or under the control and management of the Council or its service provider in terms of any applicable legislation;

"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 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;

"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;

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

"ratepayer" means any owner of rateable property as well as any owner of a rateable property held under sectional title, situated within the area of jurisdiction of the Council;

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

"rebate", in relation to a rate payable on a property, means a discount granted in terms of Section 15 of the Act on the amount of the rate payable on the property;

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

"Organ of State" means the National Government and the Gauteng Provincial Governments defined in section 239 of the Constitution.

"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 22 of 1994);

"Vacant land" means any undeveloped land/ erf within a proclaimed township or a land development area and will continue to be rated as vacant until such time as a certificate of occupancy is issued by the Council.

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

3. POLICY PRINCIPLES

- 3.1 Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.
- 3.2 As determined in the Act, the municipality has differentiated between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis, other than by way of an exemption, rebate or reduction provided for in this policy.
- 3.3 Phasing in of rates will be based on new valuation rolls and in terms of Section 21 of the Municipal Property Rates Act (Act No. 6 of 2004)
- 3.4 The rates policy for the municipality is based on the following principles:

3.4.1 Equity

The municipality will treat persons liable for rates equitably.

3.4.2 Affordability

The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions or rebates.

3.4.3 Sustainability

Rating of property will be implemented in a way that:

- i. it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality; and
- ii. supports local and social economic development with consideration and compliance with the LED strategy of the municipality.

3.4.4 Cost efficiency

Rates 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 into account profits generated on trading services (water, electricity) and economic services (refuse removal, sewerage removal) and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.

4. SCOPE OF THE POLICY

This policy guides the annual setting (or revision) of property rates. Details pertaining to the applications of the various property rates are published in the Provincial Gazette and the municipality's schedule of tariffs, which must be read in conjunction with this policy.

5. APPLICATION OF THE POLICY

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

6. CLASSIFICATION OF SERVICES AND EXPENDITURE

- 6.1 The municipal manager or his/her nominee must, subject to the guidelines provided by the National Treasury and appropriated municipal Committee of the municipality, make provision for the following classification of services:-

6.1.1 Trading services

- I. Water
- ii. Electricity

6.1.2 Economic services

- i. Refuse removal.
- ii. Sewerage disposal.

6.1.3 Community services

- i. Air pollution
- ii. Firefighting services
- iii. Local tourism
- iv. Municipal planning
- v. Municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and to

administer functions specially assigned or authorised to them under the Constitution or any other law.

- vi. Storm water management system in built-up areas.
- vii. Trading regulations
- viii. Fixed billboards and the display of advertisements in public places
- ix. Cemeteries
- x. Control of public nuisances
- xi. Control of undertakings that sell liquor to the public
- xii. Township development
- xiii. Facilities for accommodation, care and burial of animals
- xiv. Fencing and fences
- xv. Licensing and control of undertakings that sell food to the public
- xvi. Local amenities
- xvii. Local sport facilities
- xviii. Municipal parks and recreation
- xix. Municipal roads
- xx. Noise pollution
- xxi. Pounds
- xxii. Public places
- xxiii. Street trading/street lighting
- xxiv. Traffic and parking
- xxv. Building control
- xxvi. Licensing of motor vehicles and transport permits
- xxvii. Nature reserves
- xxviii. Forestry

6.1.4 Subsidised services

- i. Health and ambulance.
- ii. Libraries and museums.
- iii. Proclaimed roads.

6.2 Trading and economic services must be ring-fenced and financed from service charges while community and subsidised services will be financed from profits on trading and economic services, regulatory fees, rates and rates related income.

6.3 **Expenditure** will be classified in the following **categories**:

- (a) Salaries, wages and allowances
- (b) Bulk purchases
- (c) General expenditure
- (d) Repairs and maintenance
- (e) Capital charges (interest, redemption and depreciation)
- (f) Contribution to fixed assets
- (g) Contribution to funds-
 - i. bad debts.
 - ii. working capital; and
 - iii. statutory funds.
- (h) Contribution to reserves.
- (i) Gross expenditure. (a to h)
- (j) Less charge-out. (Inter departmental charge-outs)
- (k) Net expenditure. (i – j)
- (l) Income.
- (m) Surplus/Deficit – (Difference between (k) and (l))

6.4 **Cost centres** will be created to which the costs associated with providing the service can be allocated-

- (a) by Department;
- (b) by Section/services; and
- (c) by Division/services.

6.5 The subjective classification of expenditure each with a unique vote must be applied to all cost centres.

7. CATEGORIES OF PROPERTY

7.1 The Criteria in terms of Section 3 for determining categories of properties for the purpose of levying different rates and for the purpose of granting

exemptions will be according to the **use of the property** as contemplated in Section 8(1)(a) of the Act.

7.2 Categories of property for the municipality include-

- (a) Residential properties;
- (b) Industrial properties;
- (c) Business and Commercial properties (with and without gambling rights where applicable);
- (d) Agricultural properties;
- (e) Mining properties;
- (f) State-owned properties used for public service purposes;
- (g) Public Service Infrastructure properties;
- (h) Public Benefit Organisations;
- (i) Multiple purpose properties;
- (j) Vacant land;
- (k) Other properties as determined by the Minister; and
- (l) Other properties determined by the Municipality and approved by the Minister.

8. CATEGORIES OF OWNERS

Criteria for determining categories of owners of properties, for the purpose of granting exemptions, rebates and reductions will be according to the-

- (a) indigent status of the owner of a property
- (b) sources of income of the owner of a property
- (c) owners of property situated within an area affected by-
 - i. a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
 - ii. any other serious adverse social or economic conditions;
- (d) owners of residential properties with a market value below a determined threshold; or
- (e) owners of agricultural properties.

9. DIFFERENTIAL RATES

Subject to Section 19, rates for different categories of properties are determined:

- (a) In accordance with the “use of the property”;
- (b) In accordance with the “permitted use of the property” if the use of the property is regulated; or

- (c) A combination of (a) and (b).

10. MULTIPLE PURPOSE PROPERTIES

10.1 Properties used for multiple purposes in terms of the Section 9 are assigned to a category determined by the municipality according to-

- (a) A purpose corresponding to the permitted use of the property;
- (b) A purpose corresponding to the dominant use of the property; or
- (c) Purposes in terms of Section 8(2) (i).

10.2 Rates levied in terms of 10.1 (c) above are determined by

- (a) Apportioning a market value to each different portion of the property in accordance with the category of use; and
- (b) Applying the rates applicable to those categories as determined by the municipal council.

11. Criteria for Exemptions, Reductions and Rebates

The Municipality may, in terms of the criteria set out in this Policy, exempt a specific category of owners of properties, or the owners of a specific category of properties, from the payment of a rate levied on their property; or grant to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate or reduction in the rates payable in respect of their properties.

Criteria for determining categories of owners of property for the purpose of granting exemptions, rebates and reductions in terms of Section 15(2) of the Act will be according to-

- (a) indigent status of the owner of a property
- (b) sources of income of the owner of a property
- (c) owners of property situated within an area affected by-
 - i. a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
 - ii. any other serious adverse social or economic conditions;
- (d) owners of residential properties with a market value below a determined threshold;
- (e) owners of agricultural properties; or

- (f) owners contributing to socio-economic and/or local economic development like property developers.

In accordance with section 15(3) of the MPRA, the Municipal Manager of the Municipality will annually table in the Council of the Municipality a:

- List of all exemptions, reductions and rebates granted by the Municipality during the previous financial year; and
- Statement reflecting the income of the municipality revenue foregone during the previous financial year by way of such exemptions, reductions and rebates.

12. EXEMPTIONS

12.1 The following categories of property are exempted from rates:

12.1.1 Municipal properties

Municipal properties are exempted from paying rates as it will increase the rates burden or services charges to property owners and/or consumers

except

If any property belonging to a municipality is disposed off to any person, he shall be considered to be the owner liable for the payment of rates from the date he takes possession.

12.1.2 Residential properties

All residential properties with a market value of less than R 17 000 are exempted from paying rates. The R 15 000 impermissible rates contemplated in section 17(1)(h) of the Property Rates Act is included in the amount of R 17 000. This is an important part of the council's indigent policy and is aimed primarily at alleviating poverty.

12.1.3 Cemeteries and crematoria

Registered in the names of private persons and only when operated not for gain.

12.1.4 Public Service Infrastructure (PSI)

A **rate ratio of 1:0.25** is applied. The first 30% of the market value will not be rateable in terms of the Act [Section 17(1)(a)] as they provide essential services to the community. A phasing out rebate in terms of Section 93A is applied over a period of 5 financial years.

Public Service Infrastructure includes:

- (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
- (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 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; communications system serving the public;
- (i) any other publicly controlled infrastructure as may be prescribed;
or
- (j) a right registered against immovable property.

12.1.5 Properties used by Public Benefit Organisations (PBO)

A **rate ratio of 1:0.25** is applied. Public Benefit Organisations share responsibility for social development with government. The following Public Benefit Organisations or owners of property may apply for the total exemption of property rates subject to submitting a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962):

i. Care institutions

Properties used exclusively as hospices and mental health institutions, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.

ii. Welfare institutions

Properties used exclusively as an orphanage, non-profit retirement villages, old age home or benevolent institution, provided that any profits from the use of the property are

used entirely for the benefit of the institution and/or to charitable purposes within the municipality.

iii. Charitable institutions

Property belonging to non-governmental organisations or not-for-gain institutions or organisations that perform charitable work.

iv. Sporting bodies

Property used by an organisation whose main purpose is to use the property for sporting purposes on a non-professional and non-profitable basis.

v. Cultural institutions

Properties declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.

viii. Museums, libraries, art galleries and botanical gardens

Registered in the name of private persons, open to the public and not operated for gain.

ix. Youth development organisations

Property owned and/or used by organisations for the provision of youth leadership or development programmes.

x. Animal welfare

Property owned or used by institutions/organisations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.

xii National heritage sites

Property to which the National Heritage Resources Act, Act No. 25 of 1999, applies.

12.1.6 Places of worship

Property used primarily for the purposes of worship and congregation, **excluding** a structure that is primarily used as a residence or for educational instruction in which secular or religious education is the primary instructive medium, are exempted from rating 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 a land tenure right.

12.1.7 Owners of properties with a value below a prescribed valuation level

This refers to the Redistribution and Development Program (RDP) houses which are exempted. These properties may however be levied at a flat rate instead of a rate determined on the market value if the Council so resolves.

12.1.8 Public Service Purposes (PSP)

This refers to state owned property used for:

- (a) Hospitals and clinics;
- (b) Schools, pre-schools, colleges and universities;
- (c) Libraries;
- (d) Police stations;
- (e) Correctional facilities; or
- (f) Courts of law.

12.1.9 Agricultural Land

A **rate ratio of 1:0.25** is applied. Owners of agricultural property will be granted rebates on property rates as indicated in the Schedule of rebates (Schedule A) below.

12.1.10 Property under Traditional/Tribal management

All rateable property situated on or under tribal management or in informal townships registered in the name of the tribe will be remitted from property rates in terms of Section 7(2)(a)(iv), but excluding the following properties:

State owned and parastatal owned institutions like hospitals and clinics, schools, tertiary education facilities, administration buildings, post offices, courts of law, public service infrastructure buildings and installations, military bases, mines, mining installations and buildings including dwelling houses and infrastructure, or any right in land utilized for business purposes. Holiday resorts and hotels with and without gambling rights, motels, entertainment centres and any right in land, including commercial

and industrial buildings, offices, garages/service stations and shopping centres.

12.2 Exemptions will be subject to the following conditions:

- 12.2.1 all applications must be addressed in writing to the municipality in the prescribed manner or application form;
- 12.2.2 a SARS tax exemption certificate must be attached to all applications;
- 12.2.3 the municipal manager or his/her nominee must approve all applications;
- 12.2.4 applications must reach the municipality before the end of April preceding the start of the new municipal financial year for which relief is sought; and
- 12.2.5 the municipality reserves the right to refuse exemptions if the details supplied in the application form are incomplete, incorrect or false.

13. REDUCTIONS

13.1 A reduction in the municipal valuation as contemplated in section 15(1) (b) of the Act will be granted on an *ad-hoc* basis where the value of a property is affected by-

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

13.2 The reduction will be in relation to the determination and certificate issued for this purpose by the municipal valuer.

13.3 All categories of owners can apply for a reduction in the valuation of the property as described above.

13.4 Criteria for granting reductions

- 13.4.1 A reduction in the municipal valuation as contemplated in section 15(1) (b) of the Act may be granted where the value of a property is affected by fire damage, floods or is demolish.

- 13.4.2 The reduction will be in relation to the certificate issued for this purpose by the municipal valuer.

14. REBATES

14.1. Categories of property:

14.1.1 State properties

No rebates are granted to state owned properties unless used by or occupied by a public benefit organisation (See 12.1.5 above).

14.1.3 Conservation Land

A rebate may be granted to privately owned properties whether designated or used for conservation purposes subject to the provision of Section 17(1) (e) of the Act.

14.1.4 Historical or heritage properties

A rebate may be granted to properties to which the provisions of the National Heritage Resources Act, Act No. 25 of 1999, apply.

14.1.5 Development Incentives

The Municipality recognises the contribution of property developers in terms of socio-economic and local economic development. An incentive in the form of a rebate may be granted to property developers.

The objective of the incentives is not only to attract investors with expertise, funds and capacity to develop property categories such as residential, business, commercial, educational and others but also to fast track other developments.

The incentive rebate will be subject to the following conditions:

- i) The rebate may only be granted to owners of undeveloped vacant residential, industrial, business or commercial properties proclaimed as a township for that purpose.
- ii) The rebate may only be granted to owners of property where the conditions of the above mentioned proclamation have been met and the proclamation notice was published;
- iii) Owners must submit a motivation in writing for the rebate which should include:
 - Timeframes of the development;
 - Cost of the development;
 - How the community will benefit from the development
- iv) The particulars of the incentive such as the percentage of the rebate, the cent in the rand, etc. will only be granted once formally approved by the Council.
- v) The rebate will only be applicable:
 - If the application is approved;
 - For a 12 month period after which the applicant must re-apply;
- vi) In the event that the property is sold prior to completion of the development, the new owner must inform the

- Municipality and re-apply accordingly, failing which, this rebate falls away;
- vii) In the event that the property is developed and is ready for occupation the property shall fall into the relevant use category.

14.2 Categories of owners:

14.2.1 Retired and Disabled Persons Rate Rebate

14.2.1.1 Retired and Disabled Persons qualify for a 100% rebate according to their monthly household income. To qualify for the rebate a property owner must:

- 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 Social Development or other approved pension funds;
- c. be in receipt of a total monthly income from all sources (including income of spouses of owner) not exceeding an amount equal to 2 x monthly Old Persons Grant;
- d. not be the owner of more than one property.

14.2.1.2 Property owners must apply on a prescribed application form for a rebate as determined by the municipality.

14.2.1.3 Applications must be accompanied by-

- a. a certified copy of the bar coded identity document, passport, driver's license, birth certificate or any other proof of the owner's age which is acceptable to the municipality;
- b. sufficient proof of income of the owner and his/her spouse;
- c. an affidavit from the owner;
- d. if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
- e. if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
- f. be in receipt of a total monthly income from all sources (including income of spouses of owner) not exceeding an amount equal to 2 x monthly Old Persons Grant;

- 14.2.1.4 These applications must reach the municipality before the end of September preceding the start of the new municipal financial year for which relief is sought.
- 14.2.1.5 The municipality reserves the right to refuse rebates if the details supplied in the application form are incomplete, incorrect or false.

14.2.2 Indigent Persons Rate Rebate

- 14.2.2.1 Indigent Persons qualify for a 100% rebate according to their monthly household income. To qualify for the rebate a property owner must:
- a. be in receipt of a total monthly income from all sources (including income of spouses of owner) not exceeding an amount equal to 2 x monthly Old Persons Grant;
 - b. not be the owner of more than one property;
 - c. The property must be occupied by the registered indigent, his/her spouse, if any, and by dependants without income;
 - d. The property must be categorised as residential;
- 14.2.2.2 Property owners must apply on a prescribed application form for a rebate as determined by the municipality.
- 14.2.2.3 Applications must be accompanied by-
- a. a certified copy of the bar coded identity document. passport, driver's license, birth certificate or any other proof of the owner's age which is acceptable to the municipality;
 - b. sufficient proof of income of the owner and his/her spouse;
 - c. an affidavit from the owner;

15. **COMPULSORY PHASING IN OF RATES**

Newly Rateable Properties (Section 21)

Rates levy on newly rateable property will be phased in over a period of **three (3)** municipal financial years,

The phasing-in discount will be determined as follow:

- (a) In the first year, **75%** discount on the rates for the year applicable on the property,

- (b) in the second year, **50%** discount on the rates for the year applicable on the property,
- (c) in the third year, **25%** discount on the rates for the year applicable on the property,
- (d) The first 30% of the market value of PSI will be exempted from property rates.

Public Service Infrastructure (Section 93A – Transitional arrangement)

The prohibition on levying of rates on Public Service Infrastructure or by organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for those activities will be phased in over a period of **five (5)** municipal financial years as follow:

The prohibition of levying of rates on Public Service Infrastructure will be phased in:

- (a) in the first year, by no more than **80%** of the rate applicable to that property (20% discount);
- (b) in the second year, by no more than **60%** of the rate applicable to that property (40% discount);
- (c) in the third year, by no more than **40%** of the rate applicable to that property (60% discount);
- (d) in the fourth year, by no more than **20%** of the rate applicable to that property (80% discount); and
- (c) in the fifth year, by no more than **10%** of the rate applicable to that property (90% discount).

Rates on newly rateable property owned and used for public benefit activities

Rates levied on newly rateable property used for public benefit activities will be phased in over **four (4)** municipal financial years as follow:

- (a) No rates in the first year,
- (b) In the second year, **75%** discount on the rates for the year applicable on the property,
- (c) in the third year, **50%** discount on the rates for the year applicable on the property,
- (d) in the fourth year, **25%** discount on the rates for the year applicable on the property,

Rates on Property belonging to a land reform beneficiary or his/her heirs

The exclusion on property belonging to a land reform beneficiary or his/her heirs from levying of rates will lapse **ten years** from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds.

After the exclusion period has lapsed, rates payable on the properties concerned will be phased-in over a period of **three (3)** financial years,

The phasing-in discount will be determined as follow:

- (a) In the first year, **75%** discount on the rates for the year applicable on the property,
- (b) in the second year, **50%** discount on the rates for the year applicable on the property,
- (e) in the third year, **25%** discount on the rates for the year applicable on the property,

16. COST TO THE MUNICIPALITY DUE TO EXEMPTIONS, REDUCTIONS, REBATES, EXCLUSIONS, PHASING IN AND THE BENEFIT THEREOF TO THE LOCAL COMMUNITY

16.1 The costs associated with exemptions, reductions, rebates, exclusions and phasing in of rates is reflected in schedule B and will be reported to the MEC as revenue foregone in terms of section 82A(e).

16.2 The benefit to the community of granting relief measures may be-

- i. the promotion of local economic development including attracting business investment, for example small business establishment;
- ii. creation of employment for municipal residents;
- iii. promotion of service delivery, for example by farmers;
- iv. poverty alleviation to the indigents;
- v. social development and moral development, for example, by religious institutions, sports institutions, schools and other non-governmental organisations which promote health and other benefit to the community; and
- vi. Improved local economic growth.

17. RATES INCREASES

17.1 The municipality may consider increasing rates annually during the budget process in terms of the guidelines issued by National Treasury from time to time but may not increase determined rates during a financial year.

17.2 Rate increases will be used to finance the increase in operating costs of community and subsidised services.

17.3 Relating to community and subsidised services the following annual adjustments will be made:

- i. All salary and wage increases as agreed at the South African Local Government Bargaining Council as well as increases of Section 56 managers
 - ii. An inflation adjustment for general expenditure, repairs and maintenance and contributions to statutory funds, and
 - iii. Additional depreciation costs or interest and redemption on loans associated with the assets created during the previous financial year.
- 17.4 Extraordinary expenditure related to community services 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.
- 17.5 Affordability of rates to ratepayers.
- 17.6 All increases in property rates will be communicated to the local community in terms of the municipality's policy on community participation.

18. NOTIFICATION OF RATES

- 18.1 The municipality will give notice of all rates approved at the annual budget meeting at least 30 days prior to the date that the rates become effective. Accounts delivered after the 30 days notice will be based on the new rates.
- 18.2 A notice stating the extent of the municipality's resolution and the date on which the new rates become operational will be displayed by the municipality for a period of at least 30 days at places provided for that purpose as well as in the Provincial Gazette as required in terms of Section 14(2) of the Act.

19. PAYMENT OF RATES

- 19.1 Ratepayers may choose between paying rates annually in one instalment on or before 30 September or in twelve equal instalments on or before the seventh day of the month following on the month in which it becomes payable.
- 19.2 If the owner of property that is rateable, notifies the municipal manager or his/her nominee not later than 31 May in any financial year, or such later date in such financial year as may be determined by the municipal manager or his/her nominee that he/she wishes to pay all rates in respect of such property in instalments, such owner shall be entitled to pay all rates in the subsequent financial year and each subsequent financial year in twelve instalments until such notice is withdrawn by him/her in a similar manner.

- 19.3 Interest on arrears of rates, whether payable on or before 30 September or in equal monthly instalments, shall be calculated in accordance with the interest rate as determined by the Minister for Provincial and Local Government.
- 19.4 If a property owner, who is responsible for the payment of property rates in terms of this policy, fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control, Debt Collection and indigent policy of the Municipality.
- 19.5 Arrears of rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act.
- 19.5.1 If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date as shown on the account and no reaction is forthcoming from the owner after a written notice served on him/her, the municipality will recover the amount in whole or in part from the tenant or occupier of the property, despite any contractual obligation between the tenant and the owner. The municipality will only recover the outstanding rates from the tenant or occupier after a written notice has been served to the tenant or occupier.
- (a) The amount that the municipality will recover from the tenant or occupier will be limited to the amount of the rent or other money due and payable, but not yet paid by the tenant or occupier to the owner of the property. The tenant or occupier must set off any amount recovered from them by the municipality against any money owed to the owner.
 - (b) The tenant or occupier of a property will on request of the municipality, furnish the municipality with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period as may be determined by the municipality.
- 19.5.2 If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined, the municipality will recover the amount in whole or in part from the agent of the owner. The municipality will only recover the outstanding rates from the agent after a written notice has been served to the agent.
- (b) The amount that the municipality will recover from the agent will be 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.
 - (c) The agent, will on request of the municipality, furnish the municipality with a written statement specifying all payments for

rent on the property and any money received by the agent on behalf of the owner during a period as may be determined by the municipality.

19.6 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.

19.7 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.

20. ACCOUNTS TO BE FURNISHED

20.1 The municipality will furnish each person liable for the payment of rates with a written account, which will specify:

- (i) the amount due for rates payable,
- (ii) the date on or before which the amount is payable,
- (iii) how the amount was calculated,
- (iv) the market value of the property, and
- (v) rebates, exemptions, reductions or phasing-in, if applicable.

20.2 A person liable for payment of 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, he/she must make the necessary enquiries with the municipality.

20.3 In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

21. CORRECTION OF ERRORS AND OMISSIONS

21.1 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the 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.

- 21.2 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

22. FREQUENCY OF VALUATION

The municipality shall prepare a new valuation roll every 5 (five) years, with the option to extend the validity of the valuation roll to 7 (seven) years with the approval of the MEC for Local Government in the province.

Supplementary valuations will be done on a continuous basis at least once per year to ensure that the valuation roll is properly maintained.

23. COMMUNITY PARTICIPATION

Before the municipality adopts the rates policy, the municipal manager will follow the process of community participation envisaged in chapter 4 of the Municipal Systems Act and comply with the following requirements:

The municipal manager will:

- 23.1 Conspicuously display the draft rates policy for a period of at least 30 days at the municipality's head and satellite offices, libraries and the municipal website www.moseskotane.gov.za
- 23.2 Advertise in the media a notice stating that the draft rates policy has been prepared for submission to council and that such policy is available at the various municipal offices and on the website for public inspection. (Property owners and interested persons may obtain a copy of the draft policy from the municipal offices during office hours.) Property owners and interested persons are invited to submit written comments or representations to the municipality within the specified period in the notice.
- 23.3 Council will consider all comments and/or representations received when considering the finalisation of the rates policy.

24. REGISTER OF PROPERTIES

The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.

Part A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations done from time to time.

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

- i. Exemption from rates in terms of section 15 of the Property Rates Act,
- ii. Rebate or reduction in terms of section 15,
- iii. Phasing-in of rates in terms of section 21, and
- iv. Exclusions as referred to in section 17.

The register will be open for inspection by the public at the municipal main offices during office hours or on the website of the municipality.

The municipality will update Part A of the register from time to time during every supplementary valuation process.

Part B of the register will be updated before the start of every new financial year.

25. BY-LAW TO GIVE EFFECT TO THE RATES POLICY

The municipality adopted a By-law to give effect to the implementation of the Rates Policy. The By-law was first published in the North West Provincial Gazette on **20 June 2008** and it differentiates between different categories of properties and different categories of owners of properties liable for the payment of rates.

26. REGULAR REVIEW PROCESSES AND REPORTING

The rates policy must be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives as contained in the IDP and with legislation.

The municipality must submit reports to the MEC for local government, in such form and at such intervals as may be prescribed by the Minister on the implementation of provisions of the Act relating to the following matters:

- (a) Categories of property determined, the cent in the Rand rates determined for each category of property, and any rebates, exclusions and exemptions determined for categories of owners;
- (b) the ratios between residential and all other categories of property;
- (c) total property rates revenue;
- (d) total property rates revenue from each category of property;

- (e) total revenue foregone in respect of any properties subject to partial exclusions, exemptions, rebates and reductions; and
- (f) any other matter that is prescribed or provided for in the Act.

27. SHORT TITLE

This policy is the Property Rates Policy of the Moses Kotane Local Municipality.

28. ENFORCEMENT / IMPLEMENTATION

This policy has initially been approved by the Municipality in terms of the Property Rates Act, 6 of 2004, by means of a resolution dated 30 May 2008 and implemented with effect from 1 July 2008. It has been reviewed annually and updated, when necessary.

29. CLEARANCE CERTIFICATE

If the owner of a freehold property which has been subdivided after the last general valuation wishes to sell one or more of the erven which have been subdivided off the parent erf, as the case may be, applies to the Municipality for a clearance certificate in terms of section 118 of the Systems Act and if the Municipality has not yet included such valuation of the relevant property(ies) in a SV, the municipality shall provide an apportionment of values of the relevant property(ies) for purposes of a clearance certificate.

30. Special Rating Areas

The Council may by resolution from time to time determine special rating areas as envisaged in section 22 of the MPRA and levy additional rates on properties in areas for the purpose of raising funds as contemplated in the said section and the Council has adopted a By-law and policy to regulate the implementation of such special rating areas.

ANNEXURE - A
SCHEDULE OF EXEMPTIONS / REBATES

Category/Description	Proposed rebate	Council's adopted rebate
Public Service Infrastructure (PSI)	Rate ratio 1:0,25 30% discount	
Properties used by Public Benefit Organisations (PBO)	Rate ratio 1:0,25	
Residential Properties (S.17(1)(h))	R 17 000.00	
Agricultural Land	Rate ratio 1:0,25	
Developers Incentive / Rebate	80% discount	
Pensioner Households on residential properties only		
➤ Household with income equal to 2 x monthly Old Persons Social Grant or less	100%	
Indigent Households – Registered as indigent		
➤ Household with income equal to 2 x monthly Old Persons Social Grant or less	100%	
Places of worship (Churches)	100%	

Note: The municipality will review and amend this schedule annually if necessary

ANNEXURE - B

The costs associated with exemptions, reductions, rebates, exclusions and phasing-in/out of rates

i.	<u>Exemptions</u> (Sec. 15)	Rands (Million)
	Municipal properties	.....
	Residential properties	.....
	Cemeteries and crematoriums	.....
	Public service infrastructure	.....
	National Roads	.....
	Public benefit organisations	.....
	Agricultural	.....
ii.	<u>Reductions</u> (Sec. 15)	
	Properties affected by disaster	.....
	Properties affected by serious adverse social or economic conditions	.....
iii.	<u>Rebates</u> (Sec. 15)	
	Enterprises that promote local, social and economic development	.....
	State properties	.....
	Public Service Infrastructure	.....
	Residential properties	.....
	Retired and disabled persons	.....
	Indigent households	.....
	Development incentives	.....
iv.	<u>Phasing in</u> (Sec. 21)	
	Newly rateable property	.....
	Land reform beneficiaries	.....
v.	<u>Exclusions</u> (Sec. 17)	
	Public service infrastructure	R
	Protected areas	.....
	Land reform beneficiary	.....
	Residential property (R 17 000 Exemption)	R
	Public places of worship	.....
	Total Cost	_____