



BUFFALO CITY LOCAL MUNICIPALITY DRAFT RATES POLICY

To be used as the basis for public consultations

Version 3

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1. PURPOSE OF THIS DOCUMENT

The purpose of this document is to serve as the foundation for public consultations on the Rates Policy the BCM wishes to adopt on 1 July 2009, in line with the market-based valuation of all properties in the BCM area of jurisdiction.

This document aims to elicit provisional views on how the municipality intends to apply the rating policy mechanisms at its disposal in the 2009/10 financial year.

2. PREAMBLE

The Municipal Property Rates Act No. 6 of 2004 (MPRA) requires municipalities to develop and adopt rates policies consistent with the Act on the levying of rates on rateable property in the municipality.

Municipalities need a reliable source of revenue to provide basic services and perform its functions. Income derived from property rates are the most important source of general revenue for the municipality.

Revenue from property rates is used to fund services that benefit the community as a whole as opposed to individual households. These include installing and maintaining streets, roads, sidewalks, lighting, and storm drainage facilities; and building and operating clinics, parks, recreational facilities and cemeteries. Revenue from property rates is also used to fund municipal administration, such as computer equipment and stationery, and costs of governance, such as council and community meetings, which facilitate community participation on issues of Integrated Development Plans (IDPs) and municipal budgets.

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

The Constitution of the Republic of South Africa, 1996, entitles municipalities to impose rates on property in their areas, subject to regulation in terms of national legislation.

The Constitution enjoins local government to be developmental in nature, in addressing the service delivery priorities of our country and promoting the economic and financial viability of our municipalities and in general to meet its obligations in terms of section 152 of the Constitution of the Republic of South Africa, 1996.

There is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfill its developmental responsibilities.

Income derived from property rates is a critical source of revenue for municipalities to achieve their constitutional objectives, especially in areas that

have been neglected in the past due to racially discriminatory, inadequate or inappropriate legislation and regulation.

It is essential that municipalities exercise their power to impose rates within a statutory framework that not only enhances certainty, uniformity and simplicity across the nation, but also takes into account historical imbalances and the rates burden on the poor.

The Constitution of the Republic of South Africa confers on Parliament the power to regulate the exercise by municipalities of their fiscal powers.

3. LEGISLATIVE FRAMEWORK

In terms of Section 229 of the Constitution of the Republic of South Africa Act No. 108 of 1996, a municipality may impose rates on property.

In terms of Section 4(1)(c) of the Municipal Systems Act No. 32 of 2000, a municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.

In terms of Section 2(1) of the MPRA, (Act no 6 of 2004), a municipality may levy a rate on property in its area of jurisdiction in accordance with the provisions of the said Act.

The Council of the Municipality will impose a rate in terms of the aforementioned legislation. Consequently, this rates policy has been developed within the parameters of the applicable legislation relating to property rates. This Property Rates Policy ('the Policy') only applies to the rating of property valued in accordance with the Act and the applicable regulations; it does not regulate the process of property valuation and the approval of the valuation roll, which is governed by the Act.

4. CONSULTATION PROCESS

1. Members of the public will be given the opportunity to study this document during the period September 2008.
2. Public information sessions will be held during the month of September 2008 at dates and venues that will be announced by means of notices.
3. Organisations, associations, forums, groupings and or individual members of the public who wish to make written submissions can do so by submitting a written submission of not more than three pages to the Municipality's GV Project Coordinator at the following address: Private Bag X9077, East London, 5200.
4. Members of the public who wish to make an oral submission of not more than 20 minutes can do so by booking a slot at one of the dates, times and venues that will be published via a separate notice.
5. Upon conclusion of the consultation process the BCM will assess the implications of submissions and will publish a final draft rates policy for public comment before the end of February 2009. Members of the public will then be granted 30 days to make final comments on the policy.

6. The Rates Policy for 2009/10 will be tabled before council with the adoption of the budget and will be legislated as a By-Law of Council.

5. DEFINITIONS

“Act” means the Local Government: Property Rates Act, No 6 of 2004 and includes the regulations made in terms of Section 83 of the Act;

“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 purpose” in relation to the use of a property, excludes the use (of a property for the purpose of eco-tourism or for 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);

‘bona fide farmers’ 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;

“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)

“Chief Financial Officer” means the Chief Financial Officer as defined in the Municipal Finance Management Act;

“Child-headed household” means a household where the main caregiver of the said household is younger than 18 years of age. Child-headed household means a household headed by a child as defined in the section 28(3) of the Constitution.

“Council” means the Council of the Buffalo City Municipality;

“data-collector” means a person designated as a data-collector in Section 36;

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

“district management area” means a part of a district municipality which in terms of section 6 of the Municipal Structures Act has no local municipality and is governed by that municipality alone;

“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 where a particular use is the largest proportion as compared to other uses on that property

“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;

“early childhood development centres” *definition to be added*

“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);

(b) in relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect;

“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;

“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);

“Industrial Development Zone” is part of The South African Industrial Development Zone Programme, national government’s strategy to position the country within the global economy. The aim is to encourage international competitiveness and sustainable economic growth through strategic investments in export manufacturing industries. The Industrial Development Zones (IDZs) are purpose-built industrial estates, linked to an international port or airport, which have been specifically designated for new investment by export oriented industries and related services. Companies established in an IDZ remain subject to all relevant South African legislation but qualify for an attractive range of industrial and support benefits, including investment incentives offered by government. The East London IDZ is located in Buffalo City, the municipal area which also incorporates Bhisho, the province’s capital and King William’s Town.

“land reform beneficiary”, in relation to a property, means a person who -

- (a) acquired the property through -
 - (i) the Provision of Land and Assistance Act No. 126 of 1993; or
 - (ii) the Restitution of Land Rights Act No. 22 of 1994;
- (b) holds the property subject to the Communal Property Associations Act No 28 of 1996;
- (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 an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004;

“local community”, in relation to a municipality-

- (a) body that mean of persons comprising –
 - (i) the residents of the municipality;
 - (ii) the ratepayers of the municipality;
 - (iii) any civic organisations and non-governmental, private sector or labour organisations 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 of the Act;

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

“metropolitan municipality” means a municipality that has exclusive executive and legislative authority in its area, and which is described in section 155 (1) of the Constitution as a category A municipality;

“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;

“municipal council” or **“council”** means a municipal council referred to in section 18 of the Municipal Structures Act;

“Municipal Finance Management Act” means the Municipal Finance Management Act No. 56 of 2003;

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

“municipality”-

- (a) as a corporate entity, means a municipality described in section 2 of the Municipal Systems Act; and
- (b) as a geographical area, means a municipal area demarcated in terms of the Municipal Demarcation Act No. 27 1998;

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

“Municipal owned property” refers to property that is registered in the name of the Municipality and property vested by usage in the name of the Municipality whether it is used by the Municipality itself or made available to other entities without cost or in terms of a rental agreement;

“Municipal Structures Act” means the Municipal Structures Act No 117 of 1998;

“Municipal Systems Act” means the Municipal System Act No. 32 2000;

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

“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;

“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;
- (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
- (iv) a judicial manager, in the case of a property in the estate of a person under
- (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
- (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
 - (iii) any legislation applicable to any specific property or properties;
- (b) any alleviation of any such restrictions;

“**person**” includes an organ of state;

“**prescribe**” means prescribed 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 of the MPRA;

“**protected area**” means an area that is or has to be listed in the register referred to in section 10 of the Protected Area 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 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 or aprons at national or provincial airports;
- (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) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i);

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

“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;

“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 47 of 1937; or
 - (ii) the Mining Titles Registration Act 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) as residential;

“rural communal settlements” means the residual portion of rural communal land excluding identifiable and rateable entities within the property and excluding State Trust Land and land reform beneficiaries as defined in the Act.

“Sectional Titles Act” means the Sectional Titles 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;

“special State Owned Properties” properties that are owned by National and Provincial Government, used for public benefit purposes and as a rule do not trade regularly in a four year valuation cycle.

“specified public benefit activity” means an activity listed in item 1 (welfare and 5 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
- (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

“this Act” includes regulations made in terms of section 83.

(2) 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.

“vacant land” means land where no immovable improvements have been erected.

6. GUIDING PRINCIPLES

In formulating the rates policy for Buffalo City Municipality the following guiding principles will be taken into account:

- *Equity*, i.e. that all categories of property and categories of owners be treated equitably in relation to each other
- *Affordability*, i.e. that the rates policy should take into account issues of affordability across categories of owners
- *Poverty Alleviation*, i.e. that the rates policy should facilitate poverty alleviation within the context of the mechanisms at its disposal
- *Social and Economic Development*, i.e. that the rates policy should within the context of the mechanisms at its disposal seek to enhance social and economic development
- *Financial Sustainability and Cost Efficiency*, i.e. that the rates policy should be cost efficient and should enhance the financial sustainability of the municipality
- *Encourage Development of Property*, i.e. that the rates policy should utilize the mechanism at its disposal to encourage the development of property in line with the socio-economic development needs and goals of the municipality
- *Community Participation*, i.e. that the rates policy should be reflective of issues and options expressed during public engagements

7. IMPERMISSIBLE RATES

Section 17 of the Act outlines Impermissible Rates, these include:

- the first 30% of the market value of public service infrastructure as defined in the Act
- any part of the seashore
- any part of the territorial waters of the Republic of South Africa
- any islands of which the State is the owner
- protected areas
- (land with) mineral rights
- (land owned by) land reform beneficiaries
- the first R15 000 of the market value of residential property and properties used for multiple purposes of which one or more component thereof are used for residential purposes
- property used primarily for religious worshipping purposes, including an official residence occupied by the officiating office bearer

8. PROPERTY CATEGORIES

Rates categories may be determined according to, (a) use of the property (b) the permitted use of the property or (c) the geographic area in which the property is situated. The following are categories of property proposed by the BCM:

- (a) Residential properties
- (b) Commercial & industrial properties
- (c) Agricultural properties

- (d) Public Service Infrastructure
- (e) Rural Communal Settlements
- (f) State Trust land including:
 - State Trust Land on which Communal Land as defined in section 1 of the Communal Land Rights Act, 2004 exists.
 - Properties acquired through the Provision of Land and Assistance Act, or the Land Restitution Act or which is subject to the Communal property Association Act.
- (g) Protected areas.
- (h) Special State Owned Properties: properties that are owned by National and Provincial Government, used for public benefit purposes and as a rule do not trade regularly in a four year valuation cycle.
- (i) Municipal Owned Properties
- (j) Schools including Public, Private and Early Childhood Development Centres
- (k) Vacant properties (excluding agricultural)
- (l) Specified Development Zones

9. RATING OF MULTIPLE USE PROPERTY

In determining the rating of multiple use properties Buffalo City Municipality classify these properties in terms of Section 9(1)(b) of the Act, and will rate such properties based on their dominant use.

10. DIFFERENTIAL RATING

The following factors will be taken into consideration for the purpose of differential rating:

- The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.
- The effects of rates on the property on the promotion of the social and economic development of a municipality.
- Differential rating among the various property categories will be done by way of setting ratios between the main categories of property and therefore different Cent amount in the Rand for different categories of property.
- In this context it is the intent to set different rates for residential properties in relation to commercial properties and different rates for different categories of vacant land as outlined in this draft policy.
- In addition exemptions, reductions in the value of properties and or rebates in respect of the cent in the rand payable, will be considered for various categories of owners, (such as for example owners receiving old age or disability grants), based on the outcomes of public consultations and rating policy decisions.

11. PROPOSED EXEMPTIONS, REDUCTIONS AND REBATES

Exemptions, reductions and the level of rebate granted to specific owners within each category of property situated within the Municipality's jurisdiction will be determined annually as part of the review and determination of the Rates Policy and Budget process. Granting of rebates within a particular category of property is aimed at ensuring an equitable distribution of the property rates burden

amongst the categories of property that constitute the property rates base of the Municipality.

Based on the guiding principles underpinning this draft policy the following categories of property owners will be considered for exemptions, rebates and reductions:

- a) duly registered public benefit organisations;
- b) land reform beneficiaries;
- c) indigent households as defined in the municipality's indigent policy;
- d) beneficiaries of old age grants ;
- e) beneficiaries of disability grants;
- f) owners of properties who are not beneficiaries of old age or disability grants, but whose income is equivalent to that of such beneficiaries and who meet the criteria as defined in the municipality's indigent policy;
- g) child headed households
- h) owners of properties who are unemployed
- i) *bona fide* farmers;
- j) sporting bodies;
- k) owners of property situated within an area affected by a disaster within the meaning of the Disaster Management Act, No. 57 of 2002.

The BCM proposes the following exemptions, reductions and rebates:

Indigent households: The Council has adopted an "Indigent Policy" that provides for the alleviation of the rates burden on the low income sectors of the community within the Municipality. Owners of property who qualify for the assistance provided by this Policy must make application to access the relief provided if they do not automatically receive it.

The following categories of owners would be eligible for consideration as "indigent households" and will be exempted from rates:

- o recipients of old age or disability grants,
- o owners who are not recipients of old age or disability grants but whose income is similar to those who live on old age or disability grants and who meet the criteria as defined in the municipality's indigent policy,
- o owners who have been unemployed during the relevant financial year and who can prove that they have been unemployed,
- o child headed households,
- o owners of properties who meet the criteria as defined in the municipality's indigent policy,

Bona fide farmers: In the case of properties that are used for agricultural purposes, the owner(s) may qualify for an agricultural rebate, subject to the following conditions:

- a) The property must be used for *bona fide* agricultural purposes.
- b) The usage of the property must accord with the zoning scheme for the area.
- c) The owner must be registered with the South African Revenue Service as a farmer and must submit a copy of the last IT48 ("calculation of taxable income from farming operations") together with the application

for a rebate. If no IT48 can be produced due to recent ownership change, upon application, a municipal official, authorised by the Municipal Manager shall issue an agricultural certificate to the owner of the property after an inspection of the property if he or she is satisfied that such land is used *bona fide* and exclusively by the owner or occupier for agricultural purposes.

- d) If the owner is a company or a close corporation, which would preclude the South African Revenue Services from issuing an IT48 on behalf of the owner, upon application, a municipal official, authorised by the Municipal Manager shall issue an **agricultural certificate** to the owner of the property after inspection of the property if he or she is satisfied that such land is used *bona fide* and exclusively by the owner or occupier for agricultural purposes.
- e) The land owner must prove that he/she has complied with the National Veld and Forest Fire Act 101 of 1998 and legislation governing the control of alien invasive species.
- f) Property used entirely, or in part, for eco-tourism or for the trading in or hunting of game, shall not qualify for the rebate.

Sport Bodies: Amateur or professional sport bodies, the sole purpose of which is to use the property owned or leased by them for sporting purposes. In this regard it is noted that assistance offered to professional sport organisations may differ from that afforded to amateur sport organisations.

Specified development zones: Where the Council identifies specific development zones within its area of jurisdiction, development within these areas may be encouraged by granting rates rebates, or by treating such zones as special rating areas, as provided for in section 22 of the MPRA(Act 6 of 2004) .

Public Benefit Organisations (PBOs)

Taking into account the effects of rates on PBOs performing a specific public benefit activity and registered in terms of the Income Tax Act for tax reduction because of those activities, it is proposed that PBOs performing the following specified public benefits activities be exempted from rating:

- Welfare and humanitarian, for example PBOs providing disaster relief.
- Health Care, for example PBO's providing counseling and treatment of persons afflicted with HIV and AIDS including the care of their families and dependents in this regard.
- Education and development, for example a PBO's providing early childhood development services for pre-school children.

The BCM will exempt from rates properties registered in the name of and used primarily as a **place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office bearer of that community who officiates at services at that place of worship** in terms of section 17(1)(i) of the Act. The exemption will also be applicable on a property registered in the name of and used primarily as a place of public worship by a religious community that does not erect buildings.

The BCM will consider rebates in respect of **public and independent schools as well as early childhood development centres**.

The BCM may consider rebates in respect of **Special State Owned Properties** used for public benefit purposes and as a rule do not trade regularly in a four year valuation cycle in the open market.

The BCM may consider rebates or a special rating dispensation for the East London Industrial Development Zone (*ELIDZ*).

12. PROCEDURES FOR GRANTING EXEMPTIONS, REBATES & REDUCTIONS

Applications for **exemptions and rebates will only be considered after an application on the prescribed form has been lodged with the Chief Financial Officer on an annual basis**. Applications must reach the Municipality before 31 May preceding the start of the financial year for which relief is sought, failing which the exemption or rebate will lapse and will only be re-instated once the application has been approved.

All applications must be made under oath. In addition, applications for exemptions by public benefit organisations must be accompanied by a letter from the South African Revenue Service confirming that the organisation qualifies for exemption in terms of the Income Tax Act. All other property owners seeking an exemption must submit either a letter from their auditors, or annual financial statements confirming that the applicant qualifies for an exemption.

Properties for which application for exemption from the payment of rates is made must be used exclusively for the purpose that forms the basis for the application for exemption. Where this is not the case, the property will form part of the category multiple use properties and those portions not used for the purpose for which application for exemption has been made will be re-valued and property rates levied in accordance with the category/categories of property applicable.

An application for an exemption or rebate must authorise the Municipality to inspect the property at any reasonable time during the financial year to confirm compliance with the conditions of the exemption or rebate. Where access is denied, the exemption or rebate may be withheld, or withdrawn, if already effective.

Applications for a reduction in rates based on a reduction in value of a property must be made on the prescribed form within 30 days of the occurrence of the event giving rise to the reduction of the value of the property relied upon.

The onus rests on the applicant to ensure that the application form and all supporting documents are lodged timeously, and that the property concerned qualifies for the exemption, rebate, or reduction.

The effective date of an exemption or rebate shall be the date when the Municipality approves the application for exemption or rebate, irrespective of

whether or not the property qualified for exemption or rebate in terms of its use prior to that date.

The Municipality reserves the right to refuse an exemption or rebate if the details supplied in the application are incomplete, incorrect, or false. In accordance with Section 15(3) of the Act, the Municipal Manager of the Municipality shall annually table in the Council of the Municipality:

- (a) list of all exemptions, rebates and reductions granted by the Municipality during the previous financial year; and
- (b) statement reflecting the income of the Municipality foregone during the previous financial year by way of such exemptions, rebates and reductions and the exclusions referred to in Section 17 (1) (a), (e), (g), (h) and (i) of the Act.

The exemptions, rebates and reductions shall be clearly indicated on the property rates account submitted to each property owner.

13. ANNUAL REVIEW OF RATES POLICY

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