

# **BUFFALO CITY METROPOLITAN MUNICIPALITY**

## **REVENUE MANAGEMENT UNIT**



## **DRAFT PROPERTY RATES POLICY 2014 / 2015**

*In line with the*

**Municipal Property Rates Act, (Act No 6 of 2004)**

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**1. POLICY TITLE**

Draft Property Rates Policy

**2. PREAMBLE**

The Municipal Property Rates Act, (Act No. 6 of 2004) hereafter referred to as the MPRA, requires municipalities to develop and adopt Rates Policies consistent with the Act on the levying of rates on ratable property in the municipality.

Income derived from property rates is a major source of general municipal revenue which is 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. This revenue is not linked to a specific municipal service or the erection of infrastructure related to that municipal service.

**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, (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 metropolitan or local municipality may levy a rate on property in its area of jurisdiction in accordance with the provisions of the MPRA.

In terms of Section 8(1) of the MPRA, Buffalo City Metropolitan Municipality will levy rates on the use of the property.

This Property Rates Policy ('the Policy') only applies to the rating of property valued in accordance with the Act and the applicable regulations.

#### 4. PURPOSE OF THE POLICY

The purpose of this policy is to determine the categories of property in respect of which rates may be levied and categories of property owners who qualify for exemptions, rebates or reduction. This policy also gives guidance on the processing of the exemptions, rebates and reduction to ensure a fair and a transparent system.

#### 5. STRATEGIC OBJECTIVES

To ensure that Buffalo City Metropolitan Municipality remains financially viable by regularly conducting general and supplementary valuations, ensuring correct categorization of properties and levying assessment rates accordingly.

#### 6. GUIDING PRINCIPLES

In formulating this Policy for Buffalo City Metropolitan 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.

**Encouragement of 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. DEFINITIONS

**“Act”** means the Local Government: Property Rates Act, (Act No 6 of 2004) and includes the regulations (if any) 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;

**“Bona fide farmer,”** means a property owner who can prove that his / her tax status is that of a farmer; who can produce an Annual Workmen’s Compensation Return in respect of his / her farming activities; and as the land owner must prove that she/he has complied with the National Veld and Forest Fire Act 101 of 1998 and legislation governing the control of alien invasive species.

**“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;

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

**“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, as 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 Centre”** means Early Childhood Development Centers (ECDC’s) functioning under the auspices of the National and/or Provincial Department of Education;

**“East London Industrial Development Zone property owner”** means a registered owner of property within the IDZ and includes IDZ itself, in respect of properties which have been developed and remain registered in the name of the ELIDZ.

**“Education Institutions”** as defined in the Schools Act ( Act No 84 of 1996) including Schools and Independent Schools, Further Education and Training (FET) Colleges, as defined in the FET College Act, (Act No 16 of 2006) and Early Childhood Development Centers (ECD’s) functioning under the auspices of the National and or Provincial Department of Education;

**“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 in terms of Section 78(4) (a) to (g) of the MPRA

**“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;

**“Formally Protected Areas”** means a formally protected area as defined in the National Environmental Management: Protected Areas Act, (Act No 57 of 2003) and the National Environmental Management: Biodiversity Act, (Act No 10 of 2004);

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

**“Industrial Development Zone”** means an Industrial Development Zone (IDZ) that is a purpose-built industrial estate, linked to an international port or airport, which have been specifically designated for new investment by export oriented industries and related services by the Department of Trade and Industry;

**“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) means that body 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 Use”**, in relation to a property, means 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, MFMA (Act No. 56 of 2003);

**“Municipal Property Rates Act”** means the Local Government: Municipal Property Rates Act, MPRA (Act 6 of 2004)



**“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 (***INCLUDING PORTIONS OF REGISTERED ERVEN***) 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 owned properties are used by the municipality in the execution of its Constitutional obligations, excluding properties used for trading services.

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

**“Municipal Systems Act”** means the Local Government: Municipal System Act, (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) 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 a judicial manager, in the case of a property in the estate of a person under judicial management;
  - (iv) a curator, in the case of a property in the estate of a person under curatorship;
  - (v) 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;
  - (vi) a lessee, in the case of a property that is registered in the name of a municipality ***including portions thereof***, and is leased by it; or
  - (vii) 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 –

a condition of title;  
a provision of a town planning or land use scheme; or  
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;

**“Public Benefit Organizations”** means organisations registered as PBO in terms of section 30 of the Income Tax Act. The MPRA Ratio regulations apply only to those PBOs who provide the type of services outlined in items 1, 2 & 3 of Part 1 of the Ninth Schedule of the Act, i.e. Welfare and Humanitarian Services, Health Care Services and Educational and Development Services.

**“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”** PSI 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 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; and ***includes any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. (Any such groupings shall be regarded as one residential property for rate rebate or valuation reduction purposes and clearance application purposes) and/or***

*A unit registered in terms of the Sectional Titles Act, 95 of 1986, included in a valuation roll in terms of Section 48(2) (b) as residential, including any unit in the same sectional scheme registered in the name of the same owner, which is used together with the residential unit as if it were one property, for example a garage or servants quarters. (Any such grouping shall be regarded as one residential unit for rate rebate and valuation reduction purposes and clearance application purposes.*

**“Rural Communal Settlements”** means the residual portion of rural communal land excluding identifiable and rateable entities within the property, including State Trust Land and land reform beneficiaries as defined in the Act.

**“Rural Communal Land”** which includes State Trust Land as defined in the Communal Land Rights Act, the Provision of Land Assistance Act and the Communal Property Association Act;

**“Sectional Titles Act”** means the Sectional Titles Act, (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;

**“Senior citizen”**, is a property owner who is sixty (60) years or older, who is the registered owner of the primary property for which relief is sought, resides permanently on the property, and whose total monthly income (including the income of the spouse of the owner) does not exceed (R10,500).

**“Specified Public Benefit Activity”** means an activity listed in item 1 (welfare), 5 (humanitarian), 2 (health care), and 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 not in use and where no immovable improvements have been erected.

## **8. SCOPE OR APPLICATION OF THE POLICY**

### **8.1 IMPOSITION OF RATES**

Rates are levied in accordance with Section 11 of the MPRA as an amount in the Rand based on the market value of the property as reflected in the municipality's General Valuation (GV) and any Supplementary Valuation (SV) roll.

### **8.2 CATEGORIES OF PROPERTY**

In terms of the provisions of section 8 of the MPRA, Buffalo City Metropolitan Municipality intends to levy different rates for different categories of property, based on the use of the property concerned. **The following categories of property are recognized:**

- Residential Properties
- Business/Commercial Properties (NB: including properties used for Game Farming and / or Eco-tourism)
- Industrial Properties
- **Agricultural Properties**
- Educational Institutions
- Public service infrastructure
- Properties owned by Public Benefit Organisations
- Municipal Properties
- Vacant Land
- Specialised Properties
- Rural Communal Land

### **8.3 RATES RELIEF MEASURES**

The municipality may grant relief measures in terms of Section 15 of the MPRA, to some categories of property and categories of property owners. Any relief measures granted shall be by way of exemption, rebate or reduction only. No relief shall be granted to any category of owner or any owners of property on an individual basis.

When granting exemptions, rebates or reductions in respect of **categories of property owners**, such categories will include the following:

- Residential Properties
- Agricultural Properties
- Public Service Infrastructure
- Municipal Properties
- Senior Citizens and Disabled Persons
- Public Benefit Organisations
- Duly registered Public Benefit Organizations
- Properties of owners situated within an area affected by a disaster within the meaning of the Disaster Management Act, No 57 of 2002.
- Newly developed commercial/industrial properties.
- East London Industrial Development Zone Property owners

### 8.3.1 RESIDENTIAL PROPERTIES

The municipality will not levy a rate on the first R15, 000 of the market value of the property assigned in the valuation roll to a residential category, as set out in terms of Section 17(1) (h) of the MPRA. **(No Application required)**

### 8.3.2 AGRICULTURAL PROPERTIES

Agricultural property means a farm or smallholding that is used for gain for the purpose of farming and forestry, e.g. rearing of livestock, planting and gathering of crops, but excludes the use of property for the purpose of eco-tourism or for the trading in or hunting of game.

The rate levied on all properties categorized as agricultural will be as prescribed in the MPRA Rate Ratio Regulations, at 25% of the residential rate. **(No Application required)**



### 8.3.3 PUBLIC SERVICE INFRASTRUCTURE

The first 30% of the market value of public service infrastructure, as defined in the MPRA and Section 9 of this policy, will not be rated as envisaged in Section (17)(1)(a) of the MPRA. **(No Application required)**

### 8.3.4 MUNICIPAL PROPERTIES

**8.3.4.1** The following types of property owned by or vested in the Municipality are **not rateable: (No Application required)**

- (i) Public service infrastructure owned by the Municipality including Public service infrastructure vested in the Municipality by virtue of the provisions of Section 63 of the Local Government Ordinance 17 of 1939, or any other similar provision;
- (ii) Refuse tip sites;
- (iii) Municipal burial grounds and adjacent public open space within the burial ground precinct and municipal crematoria;
- (iv) Property used for the provision of public parks and zoned as public open space and includes undeveloped municipal property which is for the purposes of this Policy deemed to be public open space;
- (v) Property used for cultural purposes, sporting and recreational facilities **excluding** leased properties or portions thereof.

#### 8.3.4.2 MUNICIPAL PROPERTY: RATEABLE

- (i) A lessee, in the case of a property registered in the name of the municipality, or an area or portion thereof, will for the purposes of the MPRA, be regarded as the owner of that property or leased portion.
- (ii) Council properties or portions thereof, leased to third parties will be rated according to the use of the property or portion thereof, subject to the provisions set out in the lease agreement. The lessee, who will be deemed to be the owner, will be liable for the payment of rates.
- (iii) Where the municipality sold a property and of which possession was given to the buyer pending registration of ownership in the name of the buyer, will be deemed to be the owner and will be liable for the payment of rates.

### 8.3.5 SENIOR CITEZENS AND DISABLED PERSONS

In order to qualify for a rebate, a retired or disable property owner must meet the following requirements:

- (i) be the owner of a property categorized as residential
- (ii) occupy the property as his/her primary residence or where the owner is unable to occupy the property due to no fault of his/her own, the spouse and/or minor children must occupy the property.
- (iii) The *retired person* must be at least 60 years of age on 1 July of the financial year concerned
- (iv) If the *retired person* turns 60 during the financial year, the rebate will be granted on a pro rata basis from the date on which the applicant turns 60.
- (v) *Disabled persons* must be in receipt of a disability grant/pension and submit proof e.g. letter from SASSA.
- (vi) Must be in receipt of gross monthly income (**excluding medical contributions**) not exceeding R10,500.00 from all sources including income of spouse.
- (vii) Indigent consumers who are senior citizens may also apply for this rebate.

**The percentage rebate granted to the different gross income levels will be as set out in the table below:**

GROSS MONTHLY INCOME		REBATE
RAND		%
0	3000	100
3001	4500	85
4501	6000	70
6001	7500	55
7501	9000	40
9001	10500	25

### 8.3.6 PUBLIC BENEFIT ORGANISATIONS (PBO) and NON PROFIT ORGANISATIONS (NPO)

In respect of PBO's and NPO's the following categories of properties owned by them, may apply for a rebate on rates:

- Privately owned properties used exclusively as a home catering for persons with disabilities, a hospital, clinic, mental institution, frail care centre, orphanage, non-profit retirement schemes, old age homes or any other benevolent institutions,

provided that any profits from the use of such properties are used entirely for the benefit of the institution.

- Properties owned and/or used by NPOs or PBOs solely for charitable work may qualify for a rebate.
- Properties registered in the name of private persons or organisations used exclusively for cemeteries and crematoriums.
- Properties declared in terms of the Cultural Institutions Act, 29 of 1969 or the Cultural Institutions Act 66, of 1989.
- Museums, libraries, art galleries and botanical gardens registered in the name of private persons and open to the public
- Properties registered in the name of a trustee or trustee of organisations defined in the Military Veterans Act 18 of 2011, or a similar organisation maintained for the welfare of war veterans and their families.
- Properties owned and/or used by youth organisations for the promotion and development of the youth, e.g. boy scouts and girl guides
- Properties owned or used by organisations, of which the exclusive aim is to protect birds, reptiles and other animals on a not for gain basis.
- Properties declared as National. Provincial and Local Heritage sites and Historical monuments
- Sporting bodies

#### **8.3.6.1 Religious Organisations**

In terms of Section 17(1) (i) of the MPRA, a municipality may not levy a rate on a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office bearer of that community who officiates at services at that place of worship.

A property registered in a name other than that of a religious organisation may be regarded as a property of a religious organisation if the property is used primarily as a place of public worship.

#### **8.3.6.2. MPRA Rate Ratio Regulation**

Any property that meets the PBO criteria as determined by the MPRA Rate Ratio Regulations but does not qualify for the rebate in terms of this policy, will be rated at 25% of the residential cent-in-the-rand.

### 8.3.7 Properties of owners situated within an area affected by a disaster within the meaning of the Disaster Management Act, No 57 of 2002.

Property owners within any category of property may apply for a reduction in the property value for rating purposes, where the value of the property has been adversely affected by a natural disaster, as defined in terms of the Disaster Management Act No. 57 of 2002. The property shall be valued as at the date of the natural disaster.

### 8.3.8 Newly developed commercial/Industrial properties

Such properties must meet the following requirements:

- The property must be categorized as commercial/industrial in the valuation roll.
- There must be developed.
- The value of the development must be R50, 000,000.00 (Fifty Million Rand) or above. (This requirement does not apply to East London Industrial Development zone property owners)
- The rebate will be phased in over a period of 5 years, from the effective date of the valuation of the improvements in the municipality's valuation roll as follows:

Year 1 – 50%

Year 2 – 40%

Year 3 – 30%

Year 4 – 20%

Year 5 – 10%, thereafter, full rates will be payable.

## 8.4 GENERAL REBATES

8.4.1 All properties categorized as **Public Service Infrastructure**, with a market value of R50, 000 or less will not be rated.

8.4.2 The municipality will also give a **differential rebate** of up to 75% to areas, where some or all of the following services are not offered by the municipality. The percentage rebate per service not available will be as indicated in the table below:

SERVICES	% REBATE
Water	22.50
Electricity	15.00
Sewerage	15.00
Refuse	7.50
Constructed Roads	15.00
<b>TOTAL REBATE</b>	<b>75.00</b>

This rebate **will not** be granted on an **individual** basis or to property owners who **choose not** to use municipal services provided.

## 9. GOVERNANCE ISSUES/AUTHORITY/DELEGATIONS

In terms of Section (3) (1) of the MPRA, the Council of the municipality must adopt a policy consistent with this Act on the levying of rates on rateable property in the municipality.

Any disputes which may arise on the application of this policy must be submitted in writing to the Chief Financial Officer, who will decide upon the dispute and give reasons in writing.

The Chief Financial Officer will be responsible for the interpretation and implementation of this policy, and therefore, will be the Appeal Authority.

## 10. PROCEDURE FOR GRANTING EXEMPTIONS, REBATES AND REDUCTIONS

Applications for exemptions, reductions and rebates will only be considered after an application on the prescribed form has been lodged with the Chief Financial Officer.

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

All other applications must be submitted **annually**.

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 **subject to the availability of funds** with effect from the approval date, whether the property qualified for the relief before such approval.

Senior Citizens must submit proof of income in the form of pension statements, SASSA cards and/or 3 months bank statements of both the registered owner and spouse. Copies of Identity Documents must be attached.

Applications for rebates by PBO'S AND NPO'S 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 applications must be made under oath.

Properties for which application for a rebate is made must be used exclusively for the purpose that forms the basis for the application for the rebate.

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.

An application for an exemption, reduction or rebate must authorize 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

All applications for exemptions, rebates or reductions will require the applicant's municipal accounts to have been paid up to date or the conclusion of a suitable payment arrangement in terms of the Municipality's Credit Control and Debt Collection Policy. Should there be a default on the arrangement; the relief measure granted will be reversed.

The Municipality reserves the right to refuse an exemption, reduction or rebate if the details supplied in the application are incomplete, incorrect, or false.

## **11. COMPETENCE AND CAPACITY TO IMPLEMENT**

- All staff must be aware of the provisions of this policy
- All staff must be aware of the procedures contained in this policy
- Supervisors/Managers/Directors must ensure compliance with this policy.

## 12. LIABILITY FOR AND RECOVERY OF RATES

- The registered or deemed owner of a property is liable for the payment of rates.
- In the case of joint owners the owners are jointly and severally liable for the payment of rates.
- *The valuation of any adjoining/contiguous properties registered in the name of the same owner and used together as if it were one property, will be grouped and rates will be levied on one master account.*
- In the case of sectional title schemes the owner of the sectional title unit is liable for the payment of rates.
- A municipality may recover rates on a monthly or annual basis.
- Accounts for rates will specify the amount due for rates, the date on which the amount is payable, how the amount was calculated, and the market value of the property.
- If an amount due for rates is unpaid by the owner the municipality may, in terms of the provisions of section 28 & 29 of the MPRA, recover that amount due from a tenant or occupier, or agent.
- An incomplete or a property under construction may be valued partially or fully if an Occupation Certificate is awarded by the municipality for any part or portion thereof and the valuer is satisfied that a portion thereof is habitable.

## 13. SPECIAL RATING AREAS

The municipality may by resolution of the Council, determine special rating areas in terms of Section 22 of the MPRA.

## 14. CLEARANCE CERTIFICATES

Where the Municipality receives an application for a clearance certificate, rates will be adjusted prior to the implementation of an SV under the following circumstances:

- Where a property has been valued by a Municipal Valuer in terms of Sections 78(1)(b),(c),(d) and (g) – in pursuance of an SV, BUT such valuation has not been authorized in the financial (billing) system
- Where a property was subdivided or consolidated after the last general valuation and the owner wishes to sell the consolidated erf or one or more of the subdivided erven, but the Municipality has not yet valued or included such properties in an SV,

the Municipal Valuer shall conduct a valuation of the relevant properties and include them in an SV.

Such valuation shall be authorized on the financial (billing) system and rates levied on the property in accordance to such valuation with effect from the date of the occurrence of the event, which caused an SV to be conducted.

Such adjusted rates amount, plus any estimated amounts payable in terms of Section 118 of the Municipal[al Systems Act and/or Section 89 of the Insolvency Act 24 of 1936, shall be deemed to be due and must be paid in full prior to the issuing of a clearance certificate in order to facilitate the transfer of property.

Any objections to such valuations may only be lodged once such an SV is made public in terms of Section 49 of the MPRA.

All payments will be allocated to the seller's municipal account and all refunds will be made to such a seller, unless advised otherwise by the Conveyancing Attorney.

## **15. ANNUAL REVIEW OF RATES POLICY**

In terms of Section 5 of the MPRA, a municipal council must annually review, and if necessary, amend its rates policy.

A municipality must adopt by-laws to give effect to the implementation of its rates policy, in terms of Section 6 of the MPRA.

The effective date of implementation of this policy is **1 July 2014**.