



**FETAKGOMO TUBATSE  
LOCAL MUNICIPALITY**

**FETAKGOMO TUBATSE MUNICIPALITY**

**PROPERTY RATES POLICY**

**2019/2020**

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## PROPERTY RATES POLICY

### A. DEFINITIONS

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

**“Agent”**, in relation to the owner of a 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, includes 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;

**“Category” –**

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

**“Category of properties”**, means a category of properties determined according to the zoning, use of the property, permitted use of the property, or the geographical area in which the property is situated;

**“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 terms of section 28(3) of the Constitution.

### 2.7

**“Contiguous pieces of land held and occupied by one owner”**, means where two or more continuous pieces of land are held and occupied by one owner and together comprise an area the extent of which is at least 5 hectares;

**“Council”** means the highest legislative body of the Greater Tubatse Local Municipality as referred to in section 157 (1) of the Constitution and section 18 (3) of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998);

**“Definitions, words and expressions”** as used in the Act are applicable to this policy document where ever it is used;

**“Economic services”**, means services for which the tariffs are fixed to recover the full costs of the service, like refuse and sewer services;

**“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) of the Act, or

(b) in relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect in terms of section 78 (b) of the Act; **“Exemption”**, in relation to the payment of a rate, means an exemption from the payment of rates, 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;

**“Illegal use”**, means the use of a property in a manner that is inconsistent with or in contravention of the permitted use of the property;

**“Improvement”**, means any building or structure on or under a property, but excludes -

(a) a structure constructed solely for the purpose of rendering the property suitable for the erection of any immovable structure thereon; and

(b) any building, structure or equipment or machinery referred to in section 46(3) of the Municipal Property Rates Act;

(c) **“Land reform beneficiary”**, in relation to a property, means a person who -

(d) (a) acquired the property through -

(e) (i) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or

(f) (ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);

(g) (b) holds the property subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996);

(h) (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 (Act No.108 of 1996) be enacted after this Act has taken effect;

(i) 2.9 **“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 No.11 of 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 organizations and non-governmental, private sector or labour organizations or bodies which are involved in local affairs within the municipality; and

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

(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 amount a property would have realized if sold on the date of valuation in the open market by a willing seller to a willing buyer;

**“MEC for Local Government”**, means the member of the Executive Council of the Limpopo Provincial Government who is responsible for local government in the Limpopo Province;

**“Multiple purposes”**, in relation to a property, means the use of a property for more than one purpose;

**“Municipal Manager”**, means a person appointed in terms of section 82 of the Municipal Structures Act, 1998;

**“Municipality”**, means the Fetakgomo-Greater Tubatse Local Municipality;

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

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

**“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;

**“Non-urban land”** means land that is not situated in a proclaimed township, but that is used for residential or agricultural purposes or is not in use. Where the whole of a portion of non-urban land is used for business, industrial or mining purposes the market value of such land or portion of it must be recorded separately in the valuation roll and rated according to the applicable category;

**“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;

**“Owner”-**

- (a) in relation to a property, means a person in whose name ownership of the property is registered;
- (b) in relation to a right means a person in whose name the right is registered;
- (c) in relation to a land tenure right 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, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”; provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:-
  - (i) A trustee, in the case of a property in a trust excluding state trust land;
  - (ii) an executor or administrator, in the case of a property in a deceased estate;
  - (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
  - (iv) a judicial manager, in the case of a property in the estate of a person under judicial management;
  - (v) a curator, in the case of a property in the estate of a person under judicial management;

- (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”**, 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; or
- (b) Any alleviation of any such restrictions;

**Public Benefit Organizations:** means properties owned by public benefit organizations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care ) and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act

**“Privately owned towns serviced by the owner”** means single properties, situated in an area not ordinarily being serviced by the municipality, divided through sub division or township establishment into (ten or more) full title stands and/ or sectional units and where all rates related services inclusive of installation and maintenance of streets, roads, sidewalks, lighting, storm water drainage facilities, parks and recreational facilities are installed at the full cost of the developer and maintained and rendered by the residents of such estate.

**“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 persons in terms of legislation; or
- (d) public service infrastructure;

**“Property register”**, means a register of properties referred to in section 23 of the Act;

**“Protected area”**, refers to nature reserves, botanical gardens or national parks provided that the specific area/s is declared as a “Protected area” referred to in section 10 of the Protected Areas Act;

**“Protected Areas Act”** means the National Environmental Management: Protected Areas Act, 2003 (Act No. 57, of 2004);

**“Publicly controlled”**, means owned by or otherwise under the control of an organ of state, including -

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

**“Public service infrastructure”**, means publicly controlled infrastructure of the following kinds -

- (a) national, provincial or other public road 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 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) breakwater, sea walls, channels, basin, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewage or similar services of ports, or navigational aids comprising light houses, radio navigational aids, buoys, 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) any right registered against immovable property

**“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 levy a rate, excluding property fully excluded from the levying of rates;

**“Rebate”**, in relation to a rate payable on a property, means a discount granted in terms of the amount of the rate payable on the property;

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

**“Remainder of Townships”** means the remaining extent of an approved or proclaimed township which is still registered in the name of the applicant for Township Development and which has not yet been transferred to another owner and on which no improvements have been erected except for public service infrastructure

**“Residential property”** means improved property that:

- (a) is used predominantly (60% or more) for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes.
- (b) is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes.
- (c) Is owned by a share-block company and used solely for residential purposes.
- (d) Is a residence used for residential purposes situated on property used for or related to educational purposes.
- (e) Retirement schemes and life right schemes used predominantly (60% or more) for residential purposes.

And specifically exclude hostels, flats, old age homes, guest houses and vacant land irrespective of its zoning or intended use.

**“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 unit”**, means a unit defined in section 1 of the Sectional Titles Act; 1986 (Act No. 95 of 1986);

**“Specified public benefit activity”**, means an activity listed as welfare and humanitarian, health care and education and development in Part 1 of the Ninth Schedule to the Income Tax Act;

**“State trust land”**, means land owned by the state in trust for persons communally inhabiting the land in terms of a traditional system of land tenure, land owned by the state over which land tenure rights were registered or granted or land owned by the state which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);

**“Trading services”**, means services for which the tariffs are fixed to yield a trading profit, like electricity and water services;

**“Urban land”**, means land that is situated within a proclaimed township or approved in terms of the DFA Act

**“Vacant land”**, means:

- (a) Land on which no immovable improvements have been erected; or
- (b) Land where the value added by immovable improvements is less than 10% of the value of the land with no immovable improvements on it.

## 1. POLICY PRONCIPLES

- 1.1 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.



- 1.2 As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property as contemplated in clause 7 and 8 of this policy. 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.
- 1.3 There would be no phasing in of rates based on the new valuation roll, except as prescribed by legislation and in accordance with clause 16 of this policy.
- 1.4 In accordance with section 3(3) of the Act, the rates policy for the municipality is based on the following principles:
- (a) Equity
- The municipality will treat all ratepayers with similar properties the same.
- (b) 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, rebates and cross subsidy from the equitable share allocation.
- (c) 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;
  - ii. Supports local, social and economic development; and
  - iii. Secures the economic sustainability of every category of ratepayer.
- (d) Cost efficiency
- Rates will be based on the value of all rateable property and will be used to fund community and subsidised services after taking into account surpluses generated on economic (refuse removal) services and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.

## **2. LEGAL FRAMEWORK**

- 2.1 This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.

- 2.2 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.
- 2.3 In terms of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) 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 any regulations promulgated in terms thereof; and
    - iii. the rates policy.
- 2.4 In terms of Section 4 (1) (c) of the Local Government: 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.
- 2.5 In terms of Section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy.
- 2.6 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) and any regulations promulgated in terms thereof

### **3. IMPOSITION OF PROPERTY RATES**

- 3.1. The Council shall as part of each annual operating budget component impose a rate in the rand on the market value of all rateable property recorded in the municipality's valuation roll and supplementary valuation roll.
- 3.2 The Council shall, in imposing the rate for each financial year, take proper cognizance of the aggregate burden of rates and service charges on representative property owners, in the various categories of property ownership, and of the extent to which this burden is or remains competitive with the comparable burden in other municipalities within the local economic region.
- 3.3 **Principles applicable to financing of services**
- 3.3.1 All ratepayers, in a specific category, as determined by Council from time to time, shall be treated equitably, as required by Section 3 (3) (a) of the Act;
- 3.3.2 Rates are raised in proportion to the market value of the property;
- 3.3.3 The municipal manager or his/her nominee must, subject to the guidelines provided by the National Treasury and the Executive Committee of the municipality, make provision for the following classification of services:-
- (a) Economic services
    - i. Refuse removal.
  - (a) Community and subsidised services - These include all those services ordinarily being rendered

by the municipality excluding those mentioned in 3.3.3(a).

3.3.4 Economic services as referred to in clauses 3.3.3(a) must be ring fenced and financed from service charges while community and subsidised services referred to in clause 3.3.3(a) will be financed from surpluses on trading and economic services, regulatory fees, rates and rates related income.

3.3.5 Property rates shall not be used to subsidize trading or economic services;

3.3.6 Exemptions, reductions and rebates should not unreasonably affect the income base of the municipality.

3.3.7 Therefore, pursuant to section 3 (3) (b) of the Act, it is the policy of the municipality, when –

- \* levying different rates for different categories of properties;
- \* exempting a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate on their properties;
- \* granting rebates; or
- \* increasing rates;

***To apply the following criteria -***

- \* poverty alleviation;
- \* stimulation of industrial growth;
- \* promotion of tourism;
- \* creation of jobs;
- \* maintenance of agricultural activity;
- \* assist charity and other public benefit organizations;
- \* this municipality's budgetary needs;
- \* this municipality's integrated development plan; and
- \* surpluses contributed by other services.

#### **4. CATEGORIES OF RATEABLE PROPERTIES**

4.1 Different rates may be levied in respect of the following categories of rateable properties and such rates will be determined on an annual basis during the compilation of the annual budget:-

##### **4.1.1 Residential Properties (r)**

4.1.1.1 r Residential 1

4.1.1.2 r Parks owned by township owner

4.1.1.3 r2 Residential 2

4.1.1.4 r3 Residential 3

**4.1.2 Government (g)**

4.1.2.1 gb Business

4.1.2.2 ge Educational

4.1.2.3 gh Hospital or clinic

4.1.2.4 gp Police station

4.1.2.5 go Other

4.1.2.6 gr Residential

4.1.2.7 gmin Mining and related uses

**4.1.3 Business**

4.1.3.1 bus Businesses including guesthouses in urban areas with services

4.1.3.2 buws Businesses including guesthouse on farms without services

**4.1.4 ind** Industrial

**4.1.5 f** Formal and informal settlements

**4.1.6 il** Illegal use

**4.1.7 is** Independent school

**4.1.8 mun** Municipal

**4.1.9 min** Mining and related uses

**4.1.10 nr** Nature reserve, national park or national botanical garden

**4.1.11 nu** Non-urban land

**4.1.12 psi** Public service infrastructure

**4.1.13 pw** Place of public worship or official residence

**4.1.14 re** Remaining extent of proclaimed township

**4.2.** In determining the category of a property referred to in 4.1 the municipality shall take into consideration the following criteria or a combination thereof:-

4.2.1 The formal zoning of the property;

4.2.2 Township establishment approvals;

- 4.2.3 The use of the property;
- 4.2.4 Permitted use of the property; and
- 4.2.5 The geographical area in which the property is situated.

**4.3** In order to create certainty and to ensure consistency the criteria mentioned in 4.2 shall be applied as indicated below in order of priority and no deviation is permissible:

4.3.1 Properties shall first of all be determined by the actual use of the property and if the property was not in use then according to the zoning of the property. Town planning schemes, town establishment schemes and town planning regulations may be used to determine the formal zoning.

**4.4** Properties used for multiple purposes shall be categorised and rated as provided for in section 9 of the Act. A property used for multiple purposes is, for rates purposes, assigned in terms of section 9 of the Act as follows:-

4.4.1 Properties in urban land shall be categorised and rated as provided in section 9(1)(b) of the Act to correspond with the dominant use of the property.

4.4.2 Properties in non-urban land shall be categorised and rated as provided in section 9(1)(c) of the Act to correspond to the multiple purposes for which the property is used. Where the whole or a portion of non-urban land is used for business, industrial or mining purposes the market value of such land or portion of it must be recorded separately in the valuation roll and rated according to the applicable category”.

## **5. CATEGORIES OF OWNERS**

5.1 For the purpose of granting exemptions, reductions and rebates in terms of clauses 6,7 and 8 respectively the following categories of owners of properties are determined:-

5.1.1 Those owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality;

5.1.2 Those owners who do not qualify as indigents in terms of the adopted indigent policy of the municipality but whose total monthly income is less than the amount annually determined by the municipality in its budget;

5.1.3 Owners of property situated within an area affected by-

5.1.3.1 a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or

5.1.3.2 serious adverse social or economic conditions.

5.1.4 Owners of residential properties with a market value below the amount as determined annually by the municipality in its budget; and

- 5.1.5 Owners of agricultural properties as referred to in clause 8.1(e).
- 5.1.6 Child headed families where any child of the owner or child who is a blood relative of the owner of the property, is responsible for the care of siblings or parents of the household.

## 6. EXEMPTIONS AND IMPERMISSIBLE RATES

6.1 The following categories of property are exempted from rates:-

(a) Municipal properties

Municipal properties are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers. However, where municipal properties are leased, the lessee will be responsible for the payment of determined assessment rates in accordance with the lease agreement.

(b) Residential properties

All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. **For the 2018/2019 financial year the maximum reduction is determined as R50 000.** The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality. The remaining R35 000 is an important part of the council's indigent policy and is aimed primarily at alleviating poverty.

All residential properties under communal land are exempted from paying rates and this exemption will be determined by the council on an annual basis.

(c) Public Service Infrastructure

Is exempted from paying rates as allowed for in the Act as they provide essential services to the community.

(d) Right registered against a property

Any right registered against a property as defined in the definition of property in clause 2 of this policy is exempted from paying rates.

6.2 Exemptions in clause 6.1 will automatically apply and no application is thus required.

6.3 Impermissible Rates: In terms of section 17(1) of the Property Rates Act the municipality may, inter alia, not levy a rate:-

- (a) On those parts of a special nature reserve, national park or nature reserve within the meaning of the Protected Areas Act, or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, or residential agricultural purposes.

- (b) On mineral rights within the meaning of paragraph (b) of the definition of “property” in section 1 of the Act.
- (c) On a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary’s title was registered in the office of the Registrar of Deeds.
- (d) 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.

#### 6.4 **Public Benefit Organizations (PBO)**

Taking into account the effects of rates on PBOs performing a specific public benefit activity and if registered in terms of the Income Tax Act, 1962 (No 58 of 1962) for tax reduction because of those activities, Public Benefit Organizations may apply for the exemption of property rates. Public Benefit Organizations may include, inter alia:-

- i. Sporting bodies  
Property used by an organisation for sporting purposes on a non-professional basis.
- ii. Cultural institutions  
Property used for purposes declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.
- iii. Museums, libraries, art galleries and botanical gardens  
Property registered in the name of private persons, open to the public and not operated for gain.
- iv. Youth development organisations  
Property owned and/or used by organisations for the provision of youth leadership or development programmes.
- v. Animal welfare  
Property owned or used by organisations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.
- vi. Cemeteries and crematoriums  
Property used for cemeteries and crematoriums on a not-for-gain basis.
- vii. Charitable institutions  
Property owned or used by institutions or organisations whose aim is to perform charitable work on a not-for-gain.
- viii. Welfare institutions  
Properties used exclusively as an orphanage, non-profit retirement villages, old age homes or benevolent/charitable institutions, including workshops used by the inmates, laundry or cafeteria facilities, 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.

- 6.4.1 All possible benefiting organisations in clause 6.4 must apply annually for exemptions. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the exemption applied for is granted the exemption will apply for the full financial year.
- 6.4.2 Public benefit organizations must attach a SARS 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) to all applications.
- 6.5 The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- 6.6 The extent of the exemptions implemented in terms of clauses 6.1 to 6.4 must annually be determined by the municipality and included in the annual budget.

## **7. REDUCTIONS**

- 7.1 Reductions as contemplated in section 15 of the Act. Will be considered on an ad-hoc basis in the event of the following:-
- 7.1.1 Partial or total destruction of a property.
- 7.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).
- 7.2 The following conditions shall be applicable in respect of clause 7.1:-
- 7.2.1 The owner referred to in clause 7.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the municipality that his property has been totally or partially destroyed. He/ she will also have to indicate to what extent the property can still be used and the impact on the value of the property.
- 7.2.2 Property owners will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).
- 7.2.2 A maximum reduction, to be determined on an annual basis, will be allowed in respect of both clauses 7.1.1 and 7.1.2. For the 2017/2018 financial year the maximum reduction will amount to 80%.
- 7.2.3 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the municipality gives further extension on application.
- 7.2.4 If rates were paid in advance prior to granting of a reduction the municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.

## **8. REBATES**



## 8.1. Categories of property

### (a) Public Educational Institutions

The municipality may grant a rebate as annually determined for property used by educational institutions declared or registered by law provided that an application in the prescribed format is received not later than 30 September of each year.

### (b) Independent Schools

The municipality may grant a rebate as annually determined for property used by registered independent schools for educational purposes only provided that an application in the prescribed format is received not later than 30 September of each year.

### (c) Business, commercial and industrial properties

- i. The municipality may grant rebates to rateable enterprises that promote local, social and economic development in its area of jurisdiction. The following criteria will apply:-
  - a. job creation in the municipal area;
  - b. social upliftment of the local community; and
  - c. creation of infrastructure for the benefit of the community.
- ii. A maximum rebate as annually determined by the municipality will be granted on approval, subject to:-
  - a. a business plan issued by the directors of the company indicating how the local, social and economic development objectives of the municipality are going to be met;
  - b. a continuation plan issued by the directors and certified by auditors of the company stating that the objectives have been met in the first year after establishment and how the company plan to continue to meet the objectives; and
  - c. an assessment by the municipal manager or his/her nominee indicating that the company qualifies.
- iii. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year.

### (d) Privately owned towns serviced by the owner

- i. The municipality may grant an additional rebate, to be determined on an annual basis, which applies to privately owned towns serviced by the owner qualifying as defined in clause A of this policy. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied

for is granted the rebate will apply for the full financial year. For the 2017/2018 financial year the rebate is determined as 40%.

(e) Public Benefit Organisations (PBO's)

Properties owned by public benefit organizations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care) and item 4 (education and development) of part 1 of the ninth Schedule of the Income Tax Act will pay a rate that may not exceed the ratio as published in Government Gazette no 33016 of 12 March 2010. For 2017 /18 the **a ratio is 1:0.25**

(f) Agricultural property rebate

- i. When considering the criteria to be applied in respect of any exemptions, rebates and reductions on any properties used for agricultural purposes the municipality must take into account:-
  - a. the extent of rates related services rendered by the municipality in respect of such properties.
  - b. the contribution of agriculture to the local economy.
  - c. the extent to which agriculture assists in meeting the service delivery and developmental objectives of the municipality; and
  - d. the contribution of agriculture to the social and economic welfare of farm workers.
- ii. In terms of section 84 of the Act the Minister for Provincial and Local Government, and in concurrence with the Minister of Finance as required through section 19 of the Act, may determine that a rate levied by the Council on a category of non residential property may not exceed the ratio to the rate on residential property. In the absence of any such promulgation the municipality will apply the standard ratio for agricultural properties as 1:0.25 (75% rebate on the tariff for residential properties). For the 2017/2018 financial year the minister has promulgated **a ratio of 1:0.25**.
- iii. An additional rebate (based on the total property value) of maximum 10% will be granted by the municipality in respect of the following:-
  - a. 2,5% for the provision of accommodation in a permanent structure to farm workers and their dependants.
  - b. 2,5% if these residential properties are provided with potable water.
  - c. 2,5% if the farmer for the farm workers electrifies these residential properties.

- d. 2,5% for the provision of land for burial to own farm workers or educational or recreational purposes to own farm workers as well as people from surrounding farms.
- iv. The granting of additional rebates is subject to the following:-
  - a. All applications must be addressed in writing to the municipality by 31 August 2018 indicating how service delivery and development obligations of the municipality and contribution to the social and economic welfare of farm workers were met. This application will be required as a once off requirement. Any new applications for the 2018/2019 financial year and onwards must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year and such application again regarded as a once off requirement.
  - b. Council reserves the right to send officials or its agents to premises/households receiving relief on annual basis for the purpose of conducting an on-site audit of the details supplied. The onus also rests on recipients to immediately notify Council of any changes in their original application.
  - c. The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- v. No other rebates will be granted to properties that qualify for the agricultural rebate. For the avoidance of doubt, properties that qualify for the agricultural rebate will not be entitled to the residential rate exemption as set out in clause 6.1(b) of this policy.

(g) Rebate for developed stands not yet sold by the developer

- i. The municipality grants a rebate, (residential tariff less 20%) on the DE Value which applies to vacant stands not yet sold and transferred by the developer. Upon selling of such vacant stands. The rebate will lapse on the date of transfer of the property into the name of the new owner and the new owner will pay rates on the market value

(h) Rebate for guest houses on non Urban Land

The Municipality may grant a rebate to quest houses on non urban land where they provide for services by themselves. For the 2018/19 financial year a rebate of 30% on business tariff will be applicable.

## 8.2 Categories of owners

Indigent owners and child headed families will receive a 100% rebate from payment of property tax:-

(a) Indigent households

- i. Owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality, regardless of the value of the property, will receive a 100% rebate from payment of property tax. If qualifying in terms of the indigent policy this 100% rebate will automatically apply and no further application is thus required by the owner.

(b) Child headed families

- i. Families headed by children will receive a 100% rebate from payment of property tax according to monthly household income. To qualify for the rebate the head of the family must:-
  - a. occupy the property as his/her normal residence;
  - b. not be older than 18 years of age;
  - c. still be a scholar or jobless; and
  - d. be in receipt of a **total monthly income** from all sources not exceeding an amount to be determined annually by the Municipality; For the 2018/2019 financial year this amount is determined as **3 (three times)** the social pension per month.
- ii. The family head must apply on a prescribed application form for registration as a child headed household and must be assisted by the municipality with completion of the application form. If qualifying, this rebate will automatically apply and no further application is thus required.
- iii. Applications must be accompanied by:-
  - a. a certified copy of the identity document or any other proof of the applicant's age which is acceptable to the municipality;
  - b. sufficient proof of total household income;
  - c. an affidavit from the applicant;
- iv. These applications must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought.
- v. The municipality retains the right to refuse rebates if the details supplied in the application form were incomplete, incorrect or false.

(c) Retired and Disabled Persons Rate Rebate

- i. Retired and Disabled Persons qualify for special rebates according to monthly household income. For the 2018/19 financial year it will be a further 40% discount.

To qualify for the rebate a property owner must:-

- a. occupy the property as his/her normal residence;
- b. not be the owner of more than one property;

- c. be at **least 60** years of age or in receipt of a disability pension from the Department of Welfare and Population Development;
  - d. be in receipt of a **total monthly income from all sources** (including income of spouses of owner) not exceeding an amount annually determined by the Municipality. For the 2018/2019 financial year this amount is determined as 3 (three) times the social pension per month; and
  - e. provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.
- ii. Property owners must apply on a prescribed application form for a rebate as determined by the municipality.
  - iii. Applications must be accompanied by:-
    - a. a certified copy of the identity document or any other proof of the owners 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.
  - iv. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year.
  - v. The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.

8.3 Properties with a market value below a prescribed valuation level of a value to be determined annually by the Municipality may, instead of a rate being determined on the market value, be rated a uniform fixed amount per property.

8.4 The extent of the rebates granted in terms of clauses 8.1 and 8.2 must annually be determined by the municipality and included in the annual budget.

## **9. SPECIAL RATING AREAS**

9.1 The municipality may from time to time, as provided for in Section 22 of the Act, and as to be depicted in its annual budget and by resolution of the Council, determine a certain area within the boundaries of the municipality, as a special rating area.

- 9.2 The following matters shall be attended to in consultation with the committee referred to in clause 10.6 whenever special rating is being considered:-
- 9.2.1 Proposed boundaries of the special rating area;
  - 9.2.2 Statistical data of the area concerned giving a comprehensive picture of the number of erven with its zoning, services being rendered and detail of services such as capacity, number of vacant erven and services that are not rendered;
  - 9.2.3 Proposed improvements clearly indicating the estimated costs of each individual improvement;
  - 9.2.4 Proposed financing of the improvements or projects;
  - 9.2.5 Priority of projects if more than one;
  - 9.2.6 Social economic factors of the relevant community;
  - 9.2.7 Different categories of property;
  - 9.2.8 The amount of the proposed special rating;
  - 9.2.9 Details regarding the implementation of the special rating;
  - 9.2.10 The additional income that will be generated by means of this special rating.
- 9.3 An additional rate, as will be depicted in the annual budget, shall be levied on the properties in the identified area, for the purpose of raising funds for improving or upgrading of the specified area.
- 9.4 The municipality may differentiate between categories of properties when levying the additional special rate.
- 9.5 The municipality shall establish separate accounting and other record-keeping systems for the identified area and the households concerned shall be kept informed of projects and financial implications on an annual basis.
- 9.6 The municipality shall establish a committee, composed by representatives from the specific area, to act as consultative and advisory forum. This committee shall be a sub-committee of the ward committee/s in the area. The election of the committee will happen under the guidance of the Municipal Manager. Gender representivity shall be taken into consideration with the establishment of the committee. The committee will serve in an advisory capacity only and will have no decisive powers.
- 9.7 In determining the special additional rates the municipality shall differentiate between different categories as referred to in clause 4.
- 9.8 The additional rates levied shall be utilised for the purpose of improving or upgrading of the specific area only and not for any other purposes whatsoever.

## **10. PAYMENT OF RATES**

- 10.1 The rates levied on the properties shall be payable:-
- (a) on a monthly basis; or
  - (b) annually, before 30 December each year.
- 10.2 Ratepayers may choose paying rates annually in one installment on or before 30 December each year. If the owner of property that is subject to rates, notify the municipal manager or his/her nominee in writing not later than 30 June in any financial year, or such later date in such financial year as may be determined by the municipality that he/she wishes to pay all rates annually, such owner shall be entitled to pay all rates in the subsequent financial year and each subsequent financial year annually until such notice is withdrawn by him/her in a similar manner.
- 10.3 The municipality shall determine the due dates for payments in monthly installments and the single annual payment and this date shall appear on the accounts forwarded to the owner/ tenant/ occupants/ agent.
- 10.4 Interest on arrears rates, whether payable on or before 30 December or in equal monthly installments, shall be calculated in accordance with the provisions of the Credit Control and Debt Collection Policy of the Municipality. No interest will be charged on annually payments before January of the following year
- 10.5 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 and Debt Collection By-law of the Municipality.
- 10.6 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act and the Municipality's credit control and debt collection by-law.
- 10.7 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.
- 10.8 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.

## **11. ACCOUNTS TO BE FURNISHED**

- 11.1 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,
- (v) if the property is subject to any compulsory phasing –in discount, the amount of the discount; and
- (vi) rebates, exemptions, reductions or phasing-in, if applicable.

11.2 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.

11.3 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.

## **12. GENERAL VALUATION OF RATEABLE PROPERTY**

12.1 The municipality shall prepare a new valuation roll at least every 5 (Five) years.

12.2 In accordance with the Act the municipality, under exceptional circumstances, may request the MEC for Local Government and Housing in the province to extend the validity of the valuation roll to 7 (seven) years.

12.3 Supplementary valuations may be done on a continual basis but at least on an annual basis.

## **13. LIABILITY FOR AND RECOVERY OF RATES**

13.1 The owner of a property shall be liable for the payment of the rates levied on the property.

13.2 Joint owners of a property shall be jointly and severally liable for payment of the rates levied on the property.

13.3 In the case where an agricultural property is owned by more than one owner in undivided shares and these undivided shares were allowed before the commencement date of the Subdivision of Agricultural Land Act, 1970, Act No. 70 of 1970, the municipality shall hold any joint owners liable for all rates levied in respect of the agricultural property concerned or hold any joint owners only liable for that portion of rates levied on the property that represents joint owner's undivided share in the property.

13.4 In the event that a property has been transferred to a new owner and an Interim Valuation took place, the immediate predecessor in title, as well as the new owner, will jointly and severally be held responsible for settling the interim account.

13.5 Properties, which vest in the Municipality during developments, i.e. open spaces and roads should be transferred at the cost of the developer to the Municipality. Until such time, rates levied will be for the account of the developer even if it is zoned as Municipal in the valuation roll

13.6 Rates Clearance Certificates will be valid for a period of maximum 3 months after date of issuing



#### **14. CORRECTION OF ERRORS AND OMISSIONS**

- 14.1 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.
  
- 14.2 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.

In the case where an agricultural property is owned by more than one owner in undivided shares and these undivided shares were allowed before the commencement date of the Subdivision of Agricultural Land Act, 1970, Act No. 70 of 1970, the municipality shall hold any joint owners liable for all rates levied in respect of the agricultural property concerned or hold any joint owners only liable for that portion of rates levied on the property that represents joint owner's undivided share in the property.

## **15 DIFFERENTIAL RATES**

15.1 Criteria for differential rating on different categories of properties will be according to:-

- (a) The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.
- (b) The promotion of social and economic development of the municipality.

15.2 Differential rating among the various property categories will be done by way of setting different cent amount in the rand for each property category; and

15.3 by way of reductions and rebates as provided for in this policy document.

## **16. COSTS OF EXEMPTIONS, REBATES, REDUCTIONS AND PHASING IN OF RATES**

16.1 During the budget process the accounting officer must inform Council of all costs associated with suggested exemptions, rebates, reductions and phasing in of rates.

16.2 Provisions must be made on the operating budget for: -

- (a) the full potential revenue associated with property rates; and
- (b) the full costs associated with exemptions, rebates, reductions and phasing in of rates.

16.3 The revenue foregone should be further appropriately disclosed in the annual financial statements, and the rebates also be indicated on the rates accounts submitted to each property owner.

## **17. LOCAL, SOCIAL AND ECONOMIC DEVELOPMENT**

17.1 The municipality may grant rebates to organisations that promote local, social and economic development in its area of jurisdiction.

17.2 The Municipality's LED Unit must validate the qualification for the continued application of the rebate and the said rebates must be phased- out within 3 years from the date that the rebate was granted for the first time.

17.3 Rebates will be restricted to a percentage determined by Council from time to time.

## **18. REGISTER OF PROPERTIES**

18.1 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.

18.2 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.

18.3 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.

18.4 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.

18.5 The municipality will update Part A of the register every 6 months during the supplementary valuation process.

18.6 Part B of the register will be updated on an annual basis as part of the implementation of the municipality's annual budget.

## **19. COMMUNITY PARTICIPATION**

19.1 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:

- 19.1.1 Council must establish appropriate mechanisms, processes and procedures to enable the local community to participate and will provide for consultative sessions with locally recognised community organisations and where appropriate traditional authorities.
- 19.1.2 Conspicuously display the draft rates policy for a period of at least 30 days at the municipality's head and satellite offices and libraries and on the website.
- 19.1.3 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.

- 19.1.4 Property owners and interest persons may obtain a copy of the draft policy from the municipal offices during office hours at a fee of determined annually by the municipality. Property owners and interest persons are invited to submit written comments or representations to the municipality within the specified period in the notice.
- 19.1.5 Council will consider all comments and/or representations received when considering the finalisation of the rates policy.
- 19.1.6 The municipality will communicate the outcomes of the consultation process in accordance with section 17 of the Municipal Systems Act 32 of 2000. For this purpose, public meetings will be advertised in local newspapers distributed within the Greater Tubatse municipal area.

## **20. NOTIFICATION OF RATES**

- 20.1 A notice stating the date on which the new rates shall become operational as resolved by Council must be displayed, published, disseminate and served by the Municipality in terms of Section 49 of the Act.
- 20.2 This is to be aligned with the annual budgetary process and shall be subject to the same obligations as contemplated in the MFMA.

## **21. BY-LAWS TO GIVE EFFECT TO THE RATES POLICY**

- 21.1 The municipality will adopt By-laws to give effect to the implementation of the Rates Policy and such By-laws may differentiate between different categories of properties and different categories of owners of properties liable for the payment of rates.

## **22. REGULAR REVIEW PROCESSES**

- 22.1 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 Integrated Development Plan and with legislation.

## **23. ENFORCEMENT/IMPLEMENTATION**

- 23.1 This policy has been approved by the Municipality in terms of Council resolution ..... dated ..... and takes effect once approved by the Council of Municipality