



EXTRACT RESOLUTION REGISTER - SPECIAL COUNCIL MEETING 25 SEPTEMBER 2024

RESOLUTION REF.	BACKGROUND	RESOLUTION TAKEN	RESPONSIBLE DEPT./OFFICIAL
SCM 6.3 25/09/2024	<p>NGQUSHWA LOCAL MUNICIPALITY: REPORT ON INCORRECTLY INCREASED TARIFFS ON OUR TARIFF STRUCTURE</p> <p>The report was tabled to provide Council with developments that recently came to the municipalities' attention on incorrectly increased tariffs applied on all services for the 2024/25 tariff structure and to speedily rectify the error.</p> <p>Council approved a set tariff increase by National Treasury of 4.9% however was applied erroneously on the tariff structure.</p> <p>This was a result of a combination of an erroneous entry of formulae on the excel spreadsheet used to calculate tariffs along with oversight from our side as we had never imagined such a challenge.</p> <p>The correct procedure in applying a tariff increase for a municipality is to increase it on the rate free of vat. The nature of the tariff structure is such that it depicts values of a tariff free of vat, a vat amount and a tariff amount inclusive of vat.</p> <p>The error arised through a command on the spreadsheet which seeks to apply an increase on the vat inclusive</p>	<p>That Council notes the report.</p> <p>That Council approves the corrected tariff structure.</p> <p>That Council approves the correction made to the billing system</p>	Council/CFO/ Manager: Revenue

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figure as opposed to the vat exclusive figure. Thus VAT was duplicated in the levying of Tariffs in the 2024/2025 Financial year.

The result of this, leads to non-compliance on Treasury circulars and legislation. This matter now sees the municipality increasing it's services by a tariff more than that set by National Treasury, in essence, the increase applied was 20% as opposed to the 4,9% approved by council and set by National treasury. In an effort to rectify this, council must approve the corrected tariff structure and effect the new tariffs on its billing system.

FINANCIAL IMPLICATIONS

- R30 000 (Estimated amount to be paid to the service provider who is appointed for the billing system)
- Credit billing for the excess VAT billed for the months (July, August, September and October) amounting to R105,338.75



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COUNCILLOR D NCANYWA
SPEAKER

28/09/2024
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DATE