

# NGQUSHWA LOCAL MUNICIPALITY



## FINAL PROPERTY RATES POLICY

FOR

2021/2022

Policy Sponsor (Name/Position)	
Department Responsible	<i>B.T.O</i>
Unit responsible	<i>Revenue</i>
Applies to	<i>All employees and Councillors</i>
Key Words	Property rates policy
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#### REVISION RECORD

Date	Version	Revision Description
March 2021	Version 1	Property rates policy - 2021/22

## **1. TITTLE**

- Property rates policy

## **2. PURPOSE**

- The purpose of this policy is to allow the Council to exercise its power to impose rates within a statutory framework for the purpose of enhancing certainty, uniformity and simplicity, taking into account the historical imbalances within communities, as well as the burden of rates on the poor.
- As trustees on behalf of the Local Community, the Council shall adhere to its statutory and moral obligation to ensure that it implements this policy in a manner, which safeguards the monetary value and future service provision invested in property.

## **3. SCOPE**

This policy applies to:

- Technicians
- Middle Managers (except managers on CTC)
- Senior Managers/HOD's will be based on CTC breakdown of employee choice
- Councillors (as per the Determination of upper limits for public office bearers)

## **4. PROCEDURE DETAIL**

### **Imposition of property rates**

- 4.1. The Council shall, as part of each annual operating budget component, impose a rate in the rand on the value of all rateable property recorded in the municipality's valuation or supplementary valuation roll, provided that properties with a market value below a prescribed valuation level to be determined annually by the Council may be rated at a uniform fixed amount per property, instead of a rate determined on the value thereof as reflected in the applicable valuation roll.
- 4.2 The Council shall, in imposing the rate for each financial year, take cognizance of:
- (a) the aggregate burden of rates and service charges on representative property owners in the various categories of property ownership and of the -

4.4.1 Levying different rates for different categories of properties;

4.4.2 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;

4.4.3 granting rebates; or

4.4.4 increasing rates -

must consider and apply the following criteria which shall influence such action -

- (a) the need to alleviate poverty;
- (b) the need to stimulate industrial growth;
- (c) the importance of promoting tourism;
- (d) the creation of work opportunities in the municipality;
- (e) the maintenance of agricultural activity;
- (f) the need for assistance by charitable and other public benefit organizations;
- (g) the municipality's budgetary needs;
- (h) the municipality's integrated development plan; and
- (i) surpluses contributed by other services –

#### **4.5 Compliance with Section 3 (3) (c) of the Act.**

In terms of Section 3 (3) (c) of the Act, the Council has determined categories as referred to in paragraph 6 of this policy.

#### **4.6 Compliance with Section 3 (3) (d) of the Act.**

Pursuant to Section 3 (3) (d) of the Act, it is the policy of the Council to exercise its powers in terms of Section 9 (1) of the Act in relation to properties used for multiple purposes by assigning a property use for multiple purposes to a category determined in accordance with the provisions of the said Section 9 of the Act.

#### **4.7 Compliance with Section 3 (3) (e) of the Act.**

It is the policy of the Council to identify and provide reasons for the grant of exemptions, rebates and reductions granted in terms of this policy.

#### **4.8 Compliance with Section 3 (3) (f) of the Act.**

Pursuant to Section 3 (3) (f) of the Act, it is the policy of the Council to grant registered indigent property owners and poor and disabled persons a rebate on their rates account in a manner specified in this policy.

- (i) Agricultural purposes;
- (ii) Residential purposes;
- (iii) Industrial purposes;
- (iv) Business and Commercial purposes; or
- (v) Purposes other than those specified in subparagraphs (i) to (iv) above;
- (g) State-owned properties that provide -
  - (i) Local services, e.g. Clinics, Local Hospitals, Police Stations, Courts, Home Affairs' offices, but excluding Schools;
  - (ii) Regional/District Municipal wide services. e.g. Prisons, Hospitals;
  - (iii) Provincial/National services e.g. National Defence, Provincial and National headquarters and their Regional and Local Administrative offices;
- (h) Municipal properties;
- (i) Public service infrastructure;
- (j) Privately owned towns serviced by the owner;
- (k) Formal and informal settlements;
- (l) Communal Land as defined in the Communal Land Rights Act, 2004;
- (m) State Trust Land owned by the State-
  - (i) in trust for persons communally inhabiting the land in terms of a Traditional system of Land Tenure;
  - (ii) over which Land Tenure rights were registered or granted; or
  - (iii) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994;
- (n) properties-
  - (i) acquired through the Provision of Land and Assistance Act, 1993 or the Restitution of Land Rights Act, 1994; or
  - (ii) which is subject to the Communal Property Associations Act, 1996;
- (o) protected areas as defined in the National Environmental Management: Protected Areas Act, 2003, namely-
  - (i) special nature reserves, nature reserves (including wilderness areas) and protected environments;
  - (ii) world heritage sites;

**(6.4.1)** A property used for multiple purposes must, for rates purposes, be assigned to a category determined by the municipality for properties used for –

- (a) a purpose corresponding with the permitted use of the property;
- (b) a purpose corresponding with the dominant use of the property; or
- (c) multiple purposes in terms of subparagraph 6.4(2)(i) below.

**(6.4.2)** A rate levied on a property assigned in terms of subparagraph 6.4.1 (1)(c) to a category of properties used for multiple purposes must be determined by -

- (a) apportioning the market value of the property, in a manner as may be prescribed, to the different purposes for which the property is used; and
- (b) applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments.

6.5 For purposes of this policy, the municipality's application is as follows: The multiple purpose establishment shall be regarded on its dominant use and be categorised as such, Section 9(b).

## 7. Categories of owners

7.1 For the purpose of granting exemptions, reductions and rebates as provided in this policy, the under-mentioned categories of owners of properties are determined with a view to the alleviation of poverty and to decrease the rates burden on the poor:

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

7.1.2 Those owners who do not qualify as indigents in terms of the aforesaid indigent policy but whose total monthly income is equal to or less than an amount annually determined by the Council when approving the municipal budget;

7.1.3 Pensioners and child-headed families.

7.2 The owners of property situated within an area affected by disaster within the meaning of the Disaster Management Act No. 57 of 2002 or by serious adverse social or economic conditions with a view to alleviating their economic plight and decreasing their rates burden due to circumstances beyond their control.

## 8. Exemptions

The following categories of property are exempted from the payment of rates:

#### 8.2.4 Conditions applicable to applications

The following conditions apply in respect of an application for exemption in terms of this subparagraph:

- (a) applications for exemption must be submitted annually in writing and on the prescribed form;
- (b) applicants must produce a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule to the Income Tax Act;
- (c) the municipal manager or his nominee must approve all applications;
- (d) the Council retains the right to refuse an application for exemption if the details supplied in the application form are incomplete, incorrect or false;
- (e) if, during the currency of any financial year, any property or portion thereof is used for a purpose other than the purpose in respect of which an exemption in terms of this subparagraph has been granted, the Council shall impose rates on the exempted property or portion thereof so used, at a rate proportionate to the period of such use.

#### 9. Impermissible Rates

In terms of section 17(1) of the Act and subject to the provisions of this subparagraph, 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 National Environmental Management: Protected Areas Act No. 57 of 2003, or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, Act No. 10 of 2004, which are not developed or used for commercial, business, agricultural or residential 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 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;
- (b) 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 and which is occupied by an office-bearer thereof who officiates at services at that place of worship provided that:
- (c) istered in the name of that community and which is occupied by an office-bearer thereof who officiates at services at that place of worship provided that:
- (i) The exclusion from rates of such property lapses if the property -

		<b>EXEMPTIONS</b>
1. Commercial, Industrial and Special Properties	Properties used for business, commercial or Industrial purposes.  - Rated as business	No rebates, reductions
2. Residential	2.1 Property used for residential purposes.  2.2 Share-block/sectional Title	First is <b>exempt (R15 000 via the property rates Act No.6 of 2004) plus R 45 000 (only to properties who market value is R 60 000 or less) ( Low cost housing)</b> via the Rates Policy) by way of reduction.  R40 000 reduction on share – block/sectional Title  Further rebates on the remaining amount granted for lack of services must be applied for:  1. No Municipal Roads – <b>7.5%</b>  5. No municipal street lighting <b>7.5%</b>
3. Municipal  <b>(NB: Municipal Buildings, Public Open Space and Municipal Public Service Infrastructure must be totally exempt from rates)</b>	Properties leased to third parties	<b>Exempt (via the property rates Act No.6 of 2004)</b>
4. Public Service Infrastructure (PSI), State-owned Property and Institutions	All infrastructure owned by the State, Telkom, Transnet etc.  - Measurable & quantifiable properties to be rated.	0.0024
5. Farming	<b>4.1 Bona-fide agricultural land</b>  - Principle source of income is from produce of land.  - Owner taxed by SARS as a farmer.	<b>TOTAL REBATE = 20%</b>  (Rebate is granted for lack of Municipal services i.e. No Municipal Roads, No Municipal Sewer, No Municipal Refuse removal, No Municipal Electricity, Residential accommodation for farm workers, School)



6. Multiple Purpose	Rated according to its dominant use (e.g. Business, Residential, Agricultural etc)	Depending on the dominant use of property.
7. Vacant land	Land with no improvements.	No rebates
8. Informal properties (those without or insecure title deeds)	Temporary Exemption granted by the Municipal Manager in terms of the Act	<b>Exempt</b>
9. Bell, Bodium, Newtondale, Glenmore, Durban Mission, Wooldridge	Properties where there exist mixed tenureship or ownership issues in a particular area (one half of the township have been granted title deeds and the other half not)	Residential rate – <b>100% rebate</b>
10. Places of Worship		<b>Exempt as per the Property rates Act No.56 of 2004</b>
<b>NECESSARY PROOF OF QUALIFICATION FOR THE FOLLOWING CATEGORIES MUST BE FURNISHED BEFORE THE EXEMPTION IS GRANTED</b>		
11. HIV/Aids Households and Hospices	Households run by children due to HIV/Aids	Residential rate – <b>100% rebate</b>
12. Property owners who are 100% indigent.	Properties where owners are registered as being 100% indigent. Taking into account the value of the property	Residential rate – <b>100% rebate</b>

**10.1.1** Partial or total destruction of a property;

**10.1.2** Disasters as defined in the Disaster Management Act No. 57 of 2002 in circumstances where the Council considers a reduction in the value of affected properties to be just and equitable;

**10.2** The following conditions shall be applicable to an application for a reduction in terms of subparagraph 10.1:

**10.2.1** The owner of a property referred to in subparagraph 10.1.1 shall apply in writing for a reduction and the onus will rest on such owner to prove to the satisfaction of the Council that the property concerned has been totally or partially

authorised representative of the enterprise concerned indicating how it intends meeting the local, social and economic development objectives of the municipality;

(ii) the submission to the municipality of an acceptable continuation plan issued by the aforesaid authorised representative and certified by the auditors of the enterprise stating that the aforementioned objectives have been met in the first year after the establishment of the enterprise concerned and how such enterprise plans to continue to meet the identified objectives;

(iii) an assessment by the municipal manager indicating that the relevant enterprise qualifies for the rebate in terms of the Council's requirements; and

(iv) a Council resolution.

### **11.1.2 New commercial or industrial developments**

In order to stimulate new commercial or industrial development in the municipality, the following rebates may, upon application, be granted by the Council to owners of properties which are being developed for new, approved commercial or industrial developments:

(a) 100% of the assessed rates payable on the improved value until the development has been completed;

(b) 75% of the assessed rates on the improved value for the financial year or part thereof immediately following the completion of the development;

(c) 50% of the assessed rates on the improved value in the second financial year; and

(d) 25% of the assessed rates on the improved value in the third financial year following the completion of the development.

### **11.1.3 Small, very small and micro business enterprises**

For purpose of this subparagraph, a small business enterprise means a separate and distinct business entity, together with its branches or subsidiaries, if any, including co-operative enterprises, managed by one or more owners and predominantly carried on in any sector or sub-sector of the economy mentioned in column 1 of the Schedule to the National Small Business Act No. 102 of 1996 (the Act) and classified as a micro-, a very small, a small or a medium enterprise by satisfying the criteria mentioned in columns 3, 4 and 5 of the said schedule.

The Council may, upon application, grant a rebate, in a percentage determined by resolution, to the owner of rateable property lawfully used for a small, very small and micro business enterprise, subject to the following conditions:

(a) the property in respect of which the rebate is sought must be owned and utilized by the owner(s) concerned and the owners concerned:-

received by the municipality by the last day of the third month following the effective date of the SV or within three months from the date of registration of the changed ownership of the property in the Deeds Office, failing which no such rebate may be granted for that financial year.

(c) Owners of properties where a change of use qualifies the property for an agricultural rebate must apply for the rebate by 31 August of the financial year in which the change of usage occurs, failing which no such rebate may be granted for that financial year.

(d) Approved applications will remain valid until the next General Valuation, Special Valuation or changes of ownership affecting those properties are implemented. An owner is required to immediately inform the municipality of the termination of agricultural activities on a property in respect of which a rates rebate has been granted in terms of this subparagraph.

(e) The municipality reserves the right to inspect a property before or after granting a rebate and to revoke or amend any decision made prior to such inspection.

(f) 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 a residential rate rebate.

(g) The registered owner of the property must apply for an agricultural rebate in terms of this subparagraph and provide the municipality with such information as may be specified, in an affidavit by the due dates set out above and declare in such affidavit that no contraventions of the town planning zoning scheme are taking place on the property.

#### **11.1.5 Additional conditions applying in respect of this rebate**

Qualifying requirements for the rebate provided in this subparagraph are that:

(i) the owner should be taxed by SARS as a farmer and his most recent tax assessment (currently called IT 34) must be provided as proof or, where the owner is not taxed as a farmer, proof is required that income from farming activities exceeds 40% of the household income;

(ii) owners of farms and smallholdings with a residential component and limited agricultural activities may apply to be rated at the residential rate and to receive the valuation reduction and, in this event, such properties will not qualify for the agricultural rebate. An owner who wishes to apply for this dispensation, must do so by the due date set out above and declare, in an affidavit, that no contraventions of the town planning zoning scheme are taking place on the property concerned;

(iii) owners of properties referred to in subparagraph (ii) are not precluded from applying for any indigent relief or social grant rebate referred to in this policy, provided they meet the qualifying criteria;

(iv) farms and smallholdings of which 40% or more of the extent are used for

The Council may, by resolution, grant a rebate on assessed rates in respect of property registered in the name of a church organisation, any organisation established not for gain or any private person and used exclusively for burials and cremations.

#### **11.1.9 Public health care institutions**

The Council may, by resolution, grant rebates on assessed rates in respect of property used exclusively as a hospital or clinic, including workshops used by the inmates, laundry and cafeteria facilities, provided that any profits from the use of such property shall be utilized entirely for the benefit of the institution concerned and/or for charitable purposes within the municipality.

#### **11.1.10 Welfare institutions**

The Council may, by resolution, grant rebates on assessed rates in respect of properties used exclusively as orphanages, 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 occupation and/or use of such properties are utilized entirely for the benefit of the institutions concerned and/or to charitable purposes within the municipality.

#### **11.1.11 Charitable institutions**

The Council may, by resolution, grant a rebate on assessed rates in respect of property owned or used by institutions or organisations whose aim is to perform charitable work on a not-for-gain basis and provided such institutions or organisations are registered in terms of the Nonprofit Organizations Act No. 71 of 1997.

### **11.2 Categories of owners**

#### **11.2.1 Indigent owners and State Pensioners**

(a) Indigent households meeting the requirements of this subparagraph shall be granted a rebate equal to 100% of the assessed rates on the property they own.

For purpose of this subparagraph, an "indigent household" means a debtor which is registered on the municipality's data base of indigent debtors and which is a poor private household:

(i) in circumstances where the total gross monthly income of all the members of such household does not exceed an amount equal to double an old age pension payable by the State.

(ii) where the head of the household as well as any other member of such household does not own fixed property other than the one in which they reside; and

(iii) the improved municipal value of the property in which the household resides does not exceed a value as determined by Council from time to time.

(b) Pensioners qualify for a rebate equal to 100% of the assessed rates on the

- (a) occupy the property in respect of which the rebate is sought as his normal residence;
- (b) be the owner of the property concerned;
- (c) produce a bar-coded identity document;
- (d) be at least 60 years of age on 1 July of the financial year in which the rebate is sought or be in receipt of a pension, disability grant or income from any other source not exceeding two state pension per month;
- (e) not be in receipt of an indigent subsidy from the municipality.

The grant of a rebate in terms of this subparagraph is subject to the following conditions:

- (i) An owner must annually submit an application for a rebate on the prescribed form which shall be accompanied by such documentary proof (including proof of monthly household income) as may be required;
- (ii) The aforesaid application must be submitted to the municipality by not later than 31 August of the financial year in which the rebate is sought, failing which the rebate will not be granted;
- (iii) Any owner who, during a financial year, for the first time, meets all the qualifying criteria, may apply to receive the rebate from the date of receipt by the municipality of the application and for the remainder of that financial year.

### **11.2.2 Pensioners and disabled (other sources)**

Retired and disabled persons in receipt of a monthly household income from all sources in excess of double the amount of an old age pension payable by the State but not exceeding two state pensions per month qualify for a rebate of 50% on the rates assessed on their properties.

In order to qualify for a rebate in terms of this subparagraph, the applicant must:

- (a) occupy the property in respect of which the rebate is sought as his normal residence;
- (b) be the owner of the property concerned;
- (c) produce a bar-coded identity document;
- (d) be at least 60 years of age on 1 July of the financial year in which the rebate is sought or be in receipt of a pension, disability grant or income from any other source not exceeding two state pension per month;
- (f) not be in receipt of an indigent subsidy from the municipality.

- (a) apply annually;
- (b) occupy the property together with members of his household as his normal place of residence;
- (c) not be older than 18 years of age;
- (d) submit proof of the death of both parents;
- (e) still be a scholar or be jobless; and
- (f) be in receipt of a total monthly income from all sources not exceeding an amount as annually determined by the Council.

The household head must apply on a prescribed application form for a rebate and must be assisted by the municipality with the completion of this form.

Applications must be accompanied by:-

- (a) a certified copy of the identity document or any other proof of the applicant's age acceptable to the municipality;
- (b) sufficient proof of total household income;
- (c) an affidavit from the applicant stating that he is the head of child-headed household and confirming such information as the municipality may require.

The application must lodged with the municipality not later than 31 August of the year in which the rebate is sought.

Applications made in terms of this subparagraph shall be evaluated by the municipality on the same basis as applications for indigent relief.

#### **11.2.4 Rebate to limit rates shocks**

(a) The Council may limit rates shocks to property owners materially affected by an increase in the market value of their properties as a result of the compilation and implementation of a new valuation roll. Such limitation may be achieved through the determination of an initial lower Cent in the Rand rate tariff on the valuation of a property and the adjustment of such tariff on a rising incremental basis during the succeeding three years of the validity period of the first general valuation roll prepared in terms of the MPRA, provided that, in the fourth year of such validity period, all ratepayers in the municipality shall be rated on the same basis.

(b) The relief granted by the Council, if any, in terms of this subparagraph shall not be granted on an individual basis but be approved by the Council equitably in a defined geographical area where all owners of property in such area are materially affected in a manner envisaged in subparagraph (a) above.

(c) Any relief granted by the Council in terms of this paragraph shall be regarded as a special rebate.

- (b) the proposed improvement or upgrading of such area; and
- (ii) obtain the consent of the majority of the members of the local community in the proposed special rating area who will be liable for the payment of the additional rate.

**13.4** When the Council determines a special rating area it must:

- (i) determine the boundaries of such area;
- (ii) indicate how the area concerned is to be improved or upgraded by funds derived from the additional rate referred to in subparagraph 13.1;
- (iii) establish separate accounting and other record-keeping systems complying with GRAP regarding-
  - (a) the revenue generated by the additional rate; and
  - (b) the improvement and upgrading of the area concerned.

**13.5** For the purpose of consulting the community as envisaged in subparagraph 13.3, the Council may, through a transparent process and with due regard to especially gender representivity, appoint a committee composed of persons representing the community in the proposed special rating area to act as a consultative and advisory forum on the intended improvement and upgrading thereof.

**13.6** The committee referred to in subparagraph 13.5 shall perform its functions as a sub-committee of the ward committee or committees elected for the ward in which the proposed special rating area is situated.

**13.7** The Council may not establish a special rating area in order to reinforce existing inequities in the development of the municipality and any determination of a special rating area in terms of this paragraph must be consistent with the objectives of the municipality's integrated development plan.

## **14. Phasing-in of rates**

**14.1** The rates to be levied on newly rateable property shall be phased-in in a manner provided in section 21 of the Act.

**14.2** The phasing-in discount on the properties referred to in subparagraph 14.1 shall be as follows:-

First year : 75% of the relevant rate;

Second year : 50% of the relevant rate; and

Third year : 25% of the relevant rate.

## **15. Promulgation of resolutions levying rates**

**15.1** A rate is levied by by resolution passed by the Council with a supporting vote of a majority of the members of the Council.

recover the amount due in full or partially as follows:-

(a) from the agent who is lawfully responsible to collect commission or rental in respect of the property concerned;

(b) from a tenant or occupier of the property but only after an attempt was made to collect the amount concerned from the agent referred to in subparagraph (a) and such attempt was unsuccessful or if no such agent exists or if only a part of the outstanding amount could successfully be recovered from the agent concerned.

**16.5.2** The amount recoverable is limited to the amount stipulated in the Act and such amount may only be recovered after written notice has been served on the tenant, occupier or agent as the case may be, of the rates due and payable, but not yet paid by owner of the property.

**16.5.3** The notice referred to in subparagraph 16.5.2 shall afford the party concerned at least 14 calendar days in which to pay the outstanding rates.

**16.6** Rates levied on property in sectional title schemes, shall be payable by the owner of each unit.

**16.7** Rates levied on property in sectional title schemes, where the Body Corporate is the owner of any specific sectional title unit, shall be payable by the Body Corporate.

## **17. Accounts to be furnished**

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

(a) the description of the property including its erf or farm number and physical address where known and provided that the insertion of this information on an account is feasible in terms of the billing system of the municipality;

(b) the amount due for rates payable;

(c) the date on or before which the amount due is payable;

(d) how the amount due was calculated;

(e) the market value of the property;

(f) if the property is subject to any compulsory phasing-in discount, the amount of such discount; and

(g) if the property is subject to any additional rate in terms of section 22 of the Act, the amount due for additional rates.

## **18. Liability for and recovery of rates**

**18.1** The owner of a property shall be liable for the payment of the rates levied on his property.



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 was first detected back to the date on which rates were first raised in terms of the current valuation roll.

**20.2** 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 prescribed rate.

## **21. Cost of exemptions, rebates, reductions and phasing-in discounts of rates**

**21.1** The municipal manager must annually table in the Council:

(a) a list of all exemptions, rebates and reductions granted by the Council in terms of this policy and/or the Act during the previous financial year; and

(b) a statement reflecting the income for the municipality foregone during the previous financial year by way of-

(i) such exemptions, rebates and reductions;

(ii) exclusions as referred to in section 17(1)(a), (e), (g), (h) and (i) of the Act; and

(iii) the phasing-in discount granted in terms of this policy and/or the Act.

**21.2** All exemptions, rebates and reductions projected for a financial year must be reflected in the municipality's annual budget for that year as-

(a) income on the revenue side; and

(b) expenditure on the expenditure side.

## **22. Budget related policy**

**22.1** This policy constitutes a budget-related policy as defined in the Municipal Finance Management Act.

**22.2** The Council must annually, after following a community consultation process as part of the Council's annual budget process in terms of sections 22 and 23 of the Municipal Finance Management Act, review, and if necessary, amend this policy.

**22.3** Any amendments to this policy must accompany the municipality's annual budget when it is tabled in the Council in terms of section 16 (2) of the Municipal Finance Management Act.

## **23. By-laws to give effect to this rates policy**

The Council shall adopt by-laws to give effect to the implementation of this 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.

<b>Act</b>	Means the Local Government: Municipal Property Rates Act No. 6 of 2004 and 29 of 2014 as amended.
<b>Accommodation establishment</b>	Means a property that, although zoned for single residential or agricultural purposes, provides residential accommodation on a regular and continuous short-term rentable basis in addition to its permitted use and includes guesthouses, “ <b>bed &amp; breakfast</b> ” and “ <b>self-catering</b> ” establishments and, for purposes of this policy, such establishment shall be regarded as commercial property;
<b>Agent</b>	In relation to the owner of a property, means a person appointed by the owner of such property to receive rental or other payments or make payments in respect of that property on his behalf;
<b>Agricultural Property</b>	Means a property that is used primarily for agricultural purposes but, without derogating from the provisions of this policy relating to the rating of property used for multiple purposes, excludes any portion thereof that is used commercially for the hospitality of guests and also excludes the use of property for the purposes of ecotourism or for the trading in or hunting of game.
<b>Agricultural purpose</b>	In relation to the use of a property, excludes the use thereof for the purpose of eco-tourism or for the trading in or hunting of game;
<b>Arrear rates</b>	Means any amount due for assessed rates which remains unpaid after the due date for payment;
<b>Annually</b>	Means once every financial year
<b>Business</b>	Means the activity of buying, selling or trade in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of the business of mining, agriculture, farming, or inter alia, any other business consisting of cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms;
<b>Category</b>	<p>(a) in relation to property, means a category of properties determined in terms of section 8 of the Act; and</p> <p>(b) in relation to owners of properties, means a category of owners determined in terms of section 15 (2) of the Act;</p>

<b>Financial year</b>	Means the period starting from 1 July in a year to 30 June the next year
<b>Income Tax Act</b>	Means the Income Tax Act No. 58 of 1962 as amended;
<b>Indigent owner</b>	Means an owner of property who is in permanent occupation of such property and is registered as an indigent in terms of the municipality's indigent policy; child-headed tenant or occupier.
<b>Land reform beneficiary</b>	In relation to a property, means a person who- <b>(a)</b> acquired such property through-  <b>(i)</b> the Provision of Land and Assistance Act No. 126 of 1993; or  <b>(ii)</b> the Restitution of Land Rights Act No. 22 of 1994;  <b>(b)</b> holds such property subject to the Communal Property Associations Act No. 28 of 1996; or  <b>(c)</b> holds or acquires the property in question 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;
<b>land tenure right</b>	" means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act No. 11 of 2004
<b>local community</b>	In relation to the municipality <b>(a)</b> means that body of persons comprising:  <b>(i)</b> the residents of the municipality;  <b>(ii)</b> the ratepayers of the municipality;  <b>(iii)</b> any civic organizations and non-governmental, private sector or labour organizations or bodies which are involved in local affairs within the municipality; and  <b>(iv)</b> 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>(b)</b> includes, more specifically, the poor and other disadvantaged sections of such body of persons;

	local government by notice in the Gazette where the phasing-in of a rate is not justified;
<b>Occupier</b>	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 concerned
<b>organ of state</b>	" means an organ of state as defined in section 239 of the Constitution;
<b>"owner" means registered owner of a property/Title holder at te Deeds.</b>	<p>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;</p> <p><b>(b)</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;</p> <p><b>(bA)</b> in relation to a time sharing interest contemplated in the Property Time-sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the Property Time-sharing Control Act, 1983, and published in Government Notice R327 of 24 February 1984;</p> <p><b>(bB)</b> in relation to a share in a share block company, the share block company as defined in the Share Blocks Control Act, 1980 (Act No. 59 of 1980);</p> <p><b>(bC)</b> in relation to buildings, other immovable structures and infrastructure referred to in section 17(1)(f), means the holder of the mining right or the mining permit;</p> <p><b>(c)</b> 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</p> <p><b>(d)</b> 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",</p> <p>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:</p> <p><b>(i)</b> a trustee, in the case of a property in a trust excluding state trust land;</p>

	<p>(iii) any legislation applicable to any specific property or properties; or</p> <p>(b) any alleviation of any such restrictions;</p>
<b>Prescribed</b>	Means prescribed in terms of the Act or a regulation promulgated in terms of the Act;
<b>Property Register</b>	<p>” means -</p> <p>(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;</p> <p>(b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;</p> <p>(c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or</p> <p>(d) public service infrastructure;</p>
<b>property register</b>	” means a register of properties referred to in section 23 of the Act
<b>protected area</b>	” means an area that is or has to be listed in the register referred to in section 10 of the Protected Areas Act
<b>Protected Areas Act</b>	” means the National Environmental Management: Protected Areas Act No. 57 of 2003;
<b>public benefit organisation property</b>	” means property owned by public benefit organisations 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;
<b>publicly controlled</b>	<p>“” means owned by or otherwise under the control of an organ of state, including -</p> <p>(a) a public entity listed in the Public Finance Management Act No. 1 of 1999);</p> <p>(b) a municipality; or</p> <p>(c) a municipal entity as defined in the Municipal Systems Act No. 32 of 2000);</p>

**public service purposes**

“” in relation to the use of a property, means property owned and used by an organ of state as -

- (a) hospitals or clinics;
- (b) schools, pre-schools, early childhood development centres or further education and training colleges;
- (c) national and provincial libraries and archives;
- (d) police stations;
- (e) correctional facilities; or
- (f) courts of law,

but excludes property contemplated in the definition of ‘public service infrastructure’;

“**public service infrastructure**” means publicly controlled infrastructure of the following kinds:

- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
- (b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- (e) railway lines forming part of a national railway system;
- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons

	<p>and used predominantly for residential purposes;</p> <p>(e) is owned by a share-block company and used solely for residential purposes;</p> <p>(d) is a residence used for residential purposes on property used primarily for or related to educational purposes; and</p> <p>(e) specifically excludes:</p> <p>(i) vacant land irrespective of its zoning or intended use;</p> <p>(ii) residential property in respect of which the Council has, in terms of applicable town planning legislation, granted approval for such property to be utilized for purposes other than residential.</p>
Sectional Title Act	Means the Sectional Titles Act No 95 of 1986
<b>specified public benefit activity</b>	Means an 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 No. 55 of 1962;
<b>State trust land</b>	<p>Means land owned by the state -</p> <p>(a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;</p> <p>(b) over which land tenure rights were registered or granted; or</p> <p>(c) which is earmarked for disposal in terms of the Restitution of Land Rights Act No. 22 of 1994;</p>
Smallholding	Means a property, whether improved or not by the construction of a dwelling, not large enough to support a commercially viable farming operation, but able to provide a subsistence level of output for the owner thereof;
<b>Trading services</b>	Means services for which the tariffs are fixed to yield a trading profit and includes electricity and water services;

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