



the dplg

Department:
Provincial and Local Government
REPUBLIC OF SOUTH AFRICA

**LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES ACT NO.6 OF
2004 CIRCULAR NO. 1 (ISSUED ON 07 APRIL 2006)**

TO ALL:

MUNICIPAL MANAGERS

MUNICIPAL CHIEF FINANCIAL OFFICERS

**CIRCULAR ON THE RATING OF STATE OWNED PROPERTIES DURING
THE TRANSITIONAL PERIOD OF THE IMPLEMENTATION OF LOCAL
GOVERNMENT: MUNICIPAL PROPERTY RATES ACT**

This Circular focuses on the rating of state owned properties during the transitional period of the implementation of Local Government: Municipal Property Rates Act No.6 of 2004 (hereinafter referred to as the “Act”). The Act became effective on 02 July 2005. A four year implementation period has been provided for.

1. Implementation of Section 88 of the Local Government: Municipal Property Rates Act, 2004

Section 88 of the Act provides for transitional arrangement with regard to valuation and rating under prior legislation. In terms of section 88(1) of the Act

“Municipal valuations and property rating conducted before the commencement of this Act by a municipality in an area in terms of legislation repealed by this Act, may despite such repeal, continue to be conducted in terms of that legislation until the date on which the valuation roll covering that area prepared in terms of the this Act takes effect in terms of section 32(1)”.

Section 32(1)(a) of the Act provides that “a valuation roll takes effect from the start of the financial following completion of the public inspection period required by section 49”.

1.2 Section 88 (1) of the Act implies the following:

Until such time that a comprehensive valuation roll covering the entire municipal area prepared in terms of the Act takes effect in terms of section 32(1) of the Act, a municipality may continue its valuation and rating of properties in terms of the legislation repealed by the Act. The Rating of State Property Rates Act, 1984 (Act No. 79 of 1984) is one of the pieces of legislation in terms of which the rating of state property was conducted, and this legislation is one of the pieces of legislation repealed by the Act on 2 July 2005.

2. The Rating of State Property During the Transitional Period

2.1 The Rating of State Property Act provides for mandatory rebates that must be granted by municipalities when levying rates on state property. During the transitional period and until such time that a comprehensive valuation roll prepared in terms of the Act takes effect in terms of section 32(1) of the Act, a municipality must continue to grant state property the mandatory rebates provided for in the Rating of State Property Act. Once a new comprehensive valuation roll in terms of the Act is implemented, the statutory rebates provided for in the Rating of State Property Act fall away. Municipalities must effect these statutory rebates when finalising their 2006/07 budgets.

CONTACT PERSON

Should municipalities require any further information on the matter dealt with in this Circular, requests are to be directed to the Department of Provincial and Local Government (**dplg**) for the attention of:

The Senior Manager: Municipal Finance Policy

Postal Address: Private Bag X804, Pretoria, 0001

Telephone: (012) 334-4918

Facsimile: (012) 334-4878

Email: mpra@dplg.gov.za

Website: www.dplg.gov.za