

# PROPERTY RATES POLICY 2016/17



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# 1 INTRODUCTION

The policy of the Govan Mbeki Municipality for levying rates on rateable property is set out in this document. The Council adheres to all requirements of the Municipal Property Rates Act (MPRA) and Municipal Finance Management Act (MFMA) including any regulations promulgated in terms of these Acts.

The Rates Policy only rules the rating of valued property which are valued according to the Municipal Property Rates Act, Act 6 of 2004 and its regulations as published under Government Notice 1036 of 2006 in Government Gazette 29304 dated 18 October 2006 and does not rule or guide the processes of property valuation and approval of the valuation roll.

In developing and adopting this rates policy, the council has sought to give effect to the sentiments expressed in the preamble of the Property Rates Act, namely that:

- the Constitution enjoins local government to be developmental in nature, in addressing the service delivery priorities of our country and promoting the economic and financial viability of our municipalities;
- there is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfill its developmental responsibilities;
- revenues derived from property rates represent a critical source of income for municipalities to achieve their constitutional objectives, especially in areas neglected in the past because of racially discriminatory legislation and practices;
- it is essential that municipalities exercise their power to impose rates within a statutory framework which enhances certainty, uniformity and simplicity across the nation, and which takes account of historical imbalances and the burden of rates on the poor.

In applying its rates policy, the municipality shall adhere to all the requirements of the Property Rates Act no. 6 of 2004 including any regulations promulgated in terms of that Act.

The municipality derives its power to levy rates from Section 229(1) of the Constitution of the Republic of South Africa.

Section 3(1) of the Local Government: Municipal Property Rates Act 2004 (Act No 6 of 2004) (MPRA) requires that the Council must adopt a rates policy for the Municipality. The Municipality's rates policy takes effect on the effective date of the first valuation roll prepared by the Municipality in terms of the Act. It must accompany the Municipality's budget for the financial year concerned when the budget is tabled in the Council in

terms of section 16(2) of the Local Government: Municipal Finance Management Act 2003 (Act No 56 of 2003) (MFMA)

In terms of section 5(1) of the MPRA the Council must annually review, and if necessary, amend its rates policy. Any amendments to a rates policy must accompany the Municipality's annual budget when it is tabled in the Council in terms of section 16(2) of the MFMA.

Before the Municipality adopts the rates policy, it must follow a process of community participation in accordance with Chapter 4 of the Municipal Systems Act as required by section 4(1) of the Act. It must further give public notice of the rates policy and invite the public to submit comments and representations regarding the draft policy.

Section 6 of the MPRA requires that the Municipality must adopt bylaws to give effect to its policy.

## 2 DEFINITIONS

In this policy, unless the context indicates otherwise, in addition to the definitions contained in both the MPRA, MFMA and the Govan Mbeki Land Use Scheme, the following meanings are assumed:

**“agent”** in relation to the owner of a property, means a person appointed by the owner of the property;

- to receive rental or other payments in respect of the property on behalf of the owner,
- to make payments in respect of the property on behalf of the owner.

**“agricultural category”** Land uses normally or otherwise reasonably associated with the use of land for agricultural activities, including the use of land for structures, buildings and dwelling units reasonably necessary for or related to the use of the land for agricultural activities, excludes the use of a property for the purpose of eco-tourism, or for the trading or hunting of game.

**“conservation category”** Land uses normally or otherwise reasonably associated with the use of land for the preservation or protection of the natural or built environment, including preservation or protection of the physical, ecological, cultural or historical characteristics of land against undesirable change or human activity

**“open Space category”** Land uses normally or otherwise reasonably associated with the use of land as open spaces, public parks, public gardens, recreation sites, sport fields or public squares or for religious gatherings.

**“residential category”** Land uses normally or otherwise reasonably associated with the use of land primary for human habitation, including a dwelling house, group housing, flats, boarding houses, residential clubs, hostels or rooms to let.

**“institutional category”** land uses normally or otherwise reasonably associated with the use of land, either public or private, for community purposes, such as charitable institutions, hospitals, nursing homes, clinics, sanatoriums, cultural activities, social meetings and non-residential clubs, educational purposes, such as crèches, schools, lecture halls, monasteries, public Libraries, art galleries, museums, colleges, University of Technology, University, and government purposes, including the use of land by National Government, Provincial Government, or Local Government to give effect to its governance role. Land used for services infrastructure is excluded from this category.

**“business category”** Land uses normally or otherwise reasonably associated with the use of land for business activities, including shops, offices, showrooms, restaurants, tourism accommodation and facilities, garages, distribution centers, wholesale trade and storage warehouses, but excludes places of instruction, builder’s yards, scrap yards or industrial activities.

**“industrial category”** Land uses normally or otherwise reasonably associated with the use of land for the manufacture, altering, repairing, assembling or processing of a product, or the dismantling or breaking up of a product, or the processing of raw materials, or any activity that may have a polluting impact on surrounding uses or the environment, including a noxious activity, builder’s yard and scrap yard.

**“mining category”** Land uses normally or otherwise reasonably associated with the use of land for mining, but excludes the processing, storage or transport of the raw material.

**“transport category”** Land uses normally or otherwise reasonably associated with the use of land primarily as a point for the pick-up or off-load of people or goods, including taxi ranks, bus bays, bus stations, bus terminuses, railway stations, airports and airfields, truck stops and ancillary uses.

**“street category”** Land use as public or private streets.

**“utilities category”** Land uses normally or otherwise reasonably associated with the use of land for the accommodation and maintenance of health, communication and sanitation infrastructure, such as water reservoirs, water works, sewerage treat ment plants, waste disposal sites, electrical substations, telephone exchanges and telecommunication infrastructure.

**“category”**

- in relation to property, means a category of properties determined
- in relation to owners of properties, means a category of owners determined

**“exclusion”**, in relation to a municipality’s rating power, means a restriction of that power as provided.

**“exemption”**, in relation to the payment of a rate, means an exemption granted by the municipality

**“permitted use”** in relation to a property, means the limited purposes for which the property may be used in terms of-

- Any restrictions imposed by
  - A condition of title
  - A provision of a town planning or land use scheme, or
  - Any legislation applicable to any specific property; or
- Any alleviation of such restrictions

**“government”**, means owned and exclusively used by an organ of the state, excluding non-urban properties used for residential, non-residential or agricultural purposes.

**“illegal use”**, means any use that is inconsistent with or in contravention of the permitted use of the property as per Govan Mbeki Municipality land use scheme, Municipal By-Laws and Regulations.

**“improvement”** means any building or structure on or under a property, including:

- a structure constructed solely for the purpose of rendering the property suitable for the erection of any immovable structure thereon; and
- buildings, structures and equipment or machinery referred to in Section 46(3) of the MPRA.

**“indigent”**, means debtors who are poor private residential households as defined by the municipality’s policy on Free Basic Services and Indigent Support.

**“municipal”**, means owned and exclusively used by the municipality.

**“municipal owned land”**, means residential, business, institutional and or other permitted use, including proclaimed townships where the properties are not yet registered in the names of the occupant but permitted use has been granted.

**“multiple use”**, means a property that cannot be assigned to a single category due to the different uses of the property.

**“new private infrastructure developments”**, means single properties divided (through subdivision or township establishment) into 10 or more full title units and all

services, inclusive of water, sewerage, electricity and roads are installed by the developer at his own cost.

**“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 property which was incorrectly omitted from the valuation role and for that reason was not rated before that date; and
- 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 which is not situated in an approved township and used for residential, non-residential or agricultural purposes.

**“person”**, means a natural person, juristic person and an organ of state

**“public benefit organization”**, means an organization conducting specified public benefit activities as defined in the Act and registered in terms of the Income Tax Act for tax reductions because of those activities.

**“protected area”**, means an area that is or has to be listed in the register referred to in section 10 of the National Environmental Management: Protected Areas Act, 2003.

**“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 and 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) any other publicly controlled as may be prescribed; or
- (i) right of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (h).

**“place of Public worship”**, means 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.

**“rebate”**, in relation to a rate payable on a property, means a discount granted on the amount payable to 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 the lower amount.

**“sectional title”**, means a unit registered in terms of the Sectional Title Act, includes any unit in the same Sectional Title Scheme registered in the name of the same owner which is used together with the unit as if it were one property, for example a garage or servant’s quarters.

**“tax base”**, means the values as reflected in the officially approved valuation roll of the municipality.

**“urban land”**, means land which is situated within a proclaimed township.

**“vacant land”**, means:

- land where no immovable improvements have been erected, excluding properties where the usage is non-residential;
- vacant land is rated according to the Land Use Zone as indicated in the Govan Mbeki Land Use Scheme, and By-Law.

### **3 INSTITUTIONAL ARRANGEMENT**

#### **3.1 Powers, duties and functions of the Council**

The council shall:

- a) annually, together with the consideration and adoption of the budget, determine the rate in the rand at which property rates shall be payable; and
- b) annually, together with the consideration and adoption of the budget, review and consider changes to this policy



### **3.2 Powers, duties and functions of the Mayor**

The Mayor shall:

- a) monitor the implementation of this policy;
- b) submit recommendations to the Council regarding the rate in the rand at which property rates shall be payable;
- c) submit recommendations to the Council regarding the review and amendment of this policy; and
- d) regularly report to the Council regarding the implementation of this policy.

### **3.3 Powers, duties and functions of the Municipal Manager**

3.3.1 The Municipal Manager shall be responsible and accountable for –

- a) implementing this policy;
- b) advising the Mayor with regard to –
  - the rate in the rand at which property rates shall be payable; and
  - the review and amendment of this policy;
- c) regularly reporting to the Mayor on the implementation of this policy; and
- d) appointing, in terms of the Municipality's supply chain management policy, of a valuer to prepare –
  - a general valuation roll; or
  - a supplementary valuation roll,

3.3.2 The Municipal Manager may, in the performance of her/his functions and the discharge of her/his duties in terms of this policy –

- a) Delegate any of her/his functions, powers or duties; and
- b) Perform such function and discharge such duty through an official under her or his control.

## 4 PRINCIPLES

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 or rebates.

(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; and
- ii. Supports local social economic development

(d) Cost efficiency

Rates will be based on the value of all rateable property and will be used to fund community and subsidized services after taking into account surpluses generated on trading (water, electricity) and economic (refuse removal, sewerage 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.

## 5 CATEGORIES OF PROPERTY FOR LEVYING OF DIFFERENTIAL RATES

RATE CATEGORY	VALUATION CATEGORY
Agriculture	FAR-Farms Agricultural
	AGB-Farms Business & Commercial
Conservation	-Public areas
	-Private areas
	PRO-Protected Areas
Open Space	Private Open Spaces
	Public Open Spaces
Residential	RES-Residential
	RESV-Residential Vacant

	ResCON- Residential with Consent (Secondary Land Use Right
	INF-Subsidy Housing
	SSR - Sectional Title Residential
	PVTR-Private Town (Residential)
Institutional	INS-Institutions
	GOS-State Owned Schools
	GOV-State Owned
	MUN-Municipal
	PBO-Public Benefit Organizations
	SSI - Sectional Title Public Benefit Organizations
	PVTV-Private Town (VACANT LAND)
	PSI-Private Schools or Institutions
Business	SSR - Sectional Title Business
	Public Benefit Organizations
	PVTO-Private Town (None Residential)
	BUS-Business & Commercial Vacant
	PVTV-Private Town (VACANT LAND)
Industrial	SSR - Sectional Title industrial
	IND-Industrial
	INDV-Industrial vacant
	PVTO-Private Town (None Residential)
	PVTV-Private Town (VACANT LAND)
Mining	MIN-Mining & Quarries surface rights
Transport	-Pubic Taxi or Bus amenities
	-Private Taxi or Bus amenities
	-Public airfields and heliports
	-Private airfields and heliports
	-Private truck stops and weigh bridges or transport
Street	PRR-Streets/Roads
	PVS-Private Street
	-Private parking areas
Utilities	PSI-Public Service Infrastructure
	-Private Service Infrastructure

## 6 CLARIFICATION OF CATEGORIES OF PROPERTIES

### 6.1 Business and Commercial

Property in this category includes:

- (i) property that have the Primary Land Use Right of Business or Industrial in term of the Land Use Scheme or used and operated as business, commercial, industrial and Tourism Accommodation (TA) and Include Boarding house Guesthouse & Lodges;

- (ii) property used for game farming and / or eco-tourism and Include Boarding house Guesthouse & Lodges;
- (iii) property used as a race course for any racing in connection with which betting is carried on by means of a totalizer or otherwise;
- (iv) Property that fall within the Land Use Zones of Special (S), General Mixed Use (GMU), Low-Impact Mixed Use (LMU), Suburban Mixed Use (SMU), Industrial (I), High-Impact Industrial (HI), Low-Impact Industrial (LI) and Chemical Industry (CI), which is used for business and commercial or industrial purposes, unless such property is used for residential purposes in which case the residential rate will be applied. The residential property value reductions and rebates will be applicable to such properties used for residential purposes;
- (v) Property for which a Consent was Approved (Primary Land Use Right) for business or commercial use by the Council.

## **6.2 Residential**

### **This category includes:**

- (i) Property used for residential purposes but excluding any property used business or commercial with a residential component or residential property for which a Consent (Secondary Land Use Right) was approved;
- (ii) Where a property is used for residential purposes, notwithstanding that it fall within a Zone of Business, the owner of such property may apply to the Council in writing for the levying of residential rates. The Council has the right to call for documentary evidence (Land use Right Certificate) and/or conduct a physical inspection of the property. Where the actual usage is primarily residential, the residential rates and property value reductions and rebates will apply to such property;
- (iii) The Council will not levy a rate on the first part of the value up to R60 000 of the market value of Residential Properties: on the first R15 000 on the basis set out in section 17(1)(h) of the MPRA; and on the balance of the market value up to R185 000 in terms of section 15 of the Act.

## **6.3 Residential with Consent (Secondary Land Use Right as per Land Use Scheme)**

- (i) Any property with residential rights in respect of which a consent use (Secondary Land Use Right) has been granted for any business, commercial or Institutional purpose shall be rated as residential with consent use;
- (ii) Consent use granted on any property other than that referred to in (i) above, will result in that property being rated at the rate applicable to the purpose for which the consent has been granted;
- (iii) If a consent use is granted, the category of the property concerned will be updated in the valuation roll or supplementary valuation roll, as the case may be, to reflect residential with consent use (Secondary Land Use Right);
- (iv) If consent use lapses, falls away by the effluxion of time, is withdrawn or ceases to be applicable for any other reason, the owner of the property concerned may apply to the Council for the re-instatement of the residential rate. If approved, the residential rate shall be re-instated as from the date that the Council is satisfied

- that the property is being used for residential purposes only and proof be provided by the owner in terms of the Land Use Rights Certificate thereof;
- (v) Where a residential property with a market value less than that specified in the threshold is partially used for non-residential consent purposes, such property will remain in the category of residential.

#### **6.4 Sectional Title Business**

Property in this category includes:

- (i) Sectional Title properties that are within business category or have businesses operating therefrom;
- (ii) Where a property is in the Zone for Business and is used exclusively as residential, the residential tariff will be applicable. The property owner must submit a declaration and proof (Land Use Rights Certificate) as to the purpose for which the property is being used, so that it can be rated accordingly. The residential property value rebates will be applicable to such property;
- (iii) A rate levied by the Council on a sectional title unit is payable by the owner of the unit.

#### **6.5 Sectional Title Residential**

This category includes sectional title properties, with in the Residential Zone and used solely for residential purposes:

- (i) The Council will not levy a rate on the first part of the value up to R60 000 of the market value as per the Valuation Roll: on the first R15 000 on the basis set out in section 17(1)(h) of the MPRA; and Act in respect of residential properties, provided that the Council may from time to time on the balance of the market value up to R185 000 in terms of section 15 of the Act in respect of residential properties, provided that the Council may from time to time during its annual budget process contemplated in section 12 (2) of the Act determine, as threshold, the amount to be deducted from the market value of residential properties, as a result of which rates will only be determined on the balance of the market value of such properties after deduction of the threshold amount.
- (ii) A rate levied by the Council on a sectional title unit is payable by the owner of the unit.

#### **6.6 Sectional Title Other**

- (i) This category includes structures within a sectional title complex Business or residential that need to be valued separately including but not limited to garages, maids quarters, security houses.

### **7 DETERMINATION OF RATES**

- 7.1 The Municipality shall as part of each annual operating budget impose a rate in the rand on the market value of all ratable properties as recorded in the Municipality's valuation roll and supplementary valuation roll(s). Ratable property shall include any rights registered against such property, with the exception of a mortgage bond. Generally, all properties within the Govan Mbeki Municipal area of jurisdiction are ratable unless it is specifically

exempted as set out in Section 15 of the MPRA and includes (but not limited to):

- cemeteries
- sport grounds for exercising amateur sport
- properties owned by welfare organisations

7.2.1 The Municipality shall not levy rates on;

- a) Properties of which the Municipality is the owner
- b) Public service infrastructure owned by a municipal entity of which the Municipality is a parent municipality; and
- c) Properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racially discriminatory laws or practices

7.3 Notwithstanding the provisions of paragraph 5.1 all properties which were rated in terms of the previous valuation roll and supplementary valuation roll(s) will be rated in terms of this policy.

7.4 The Council shall, when determining the rate for each financial year, take into account:

- a) the aggregate burden of rates and service charges on property owners in the various categories of property ownership; and
- b) the extent to which this burden is or remains competitive with the comparable burden in other municipalities within the economic region.

7.5 In determining whether a property forms part of a particular category, the municipality shall have regard to the actual use to which the relevant property is put. In the case of vacant land the Primary Land Use Right as per the Register of Land Use Rights (RegLUR) shall determine the category into which it falls for rating purposes.

7.6 A property used for multiple uses, for rates purposes must be determined by;

- apportioning the market value of the property to the different purposes for which the property is used; and
- applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments

## **8 PAYMENT OF RATES**

- 8.1 Payments for rates shall be made monthly on or before the date specified in each monthly rate account, which date shall be the 7th day of the month concerned or if the 7th is not a business day, the last business day before the 7th .
- 8.2 Arrears rates shall be recovered from tenants, occupiers and agents of the owner in terms of section 28 and 29 of the Act as follows:-
- 8.2.1 If an amount, due for rates levied on a property, is not paid by the owner by the due date as shown on the account and no reaction is forthcoming from the owner after two written reminders have been issued, the amount in full or partially as follows:
- 8.2.2 From the agent who is lawfully responsible to collect commission or rental in respect of the property concerned;
- 8.2.3 From a tenant or occupier of the property, only after an attempt was made to collect it from an agent refer to in 8.2.2 but such attempt was unsuccessful or no such agent exists or only a part of the outstanding amount could successfully be recovered.
- 8.2.4 The amount recoverable is limited to the amount as stipulated in the Act and it may only be recovered after written notice has been served on the party concerned (tenant, occupier or agent) of the rates due and payable, but not yet paid by owner of the property.
- 8.2.5 The notice referred to in 8.2.4 shall give the party concerned at least 14 calendar days to pay the outstanding rates.

## **9 EXEMPTIONS, REBATES AND REDUCTIONS ON RATES**

- 9.1 In imposing the rate in the rand for each annual operating budget, the council shall grant exemptions, rebates and reductions to the categories of properties and categories of owners indicated in schedule 1, but the council reserves the right to amend these exemptions, rebates and reductions if the circumstances of a particular annual budget so dictate.
- 9.2 The percentage rebates and reductions granted by the Municipality shall be determined each year together with the consideration and approval of the annual budget.

## 9.4 Relief Mechanisms

Govan Mbeki Municipality may grant additional exemptions, rebates and reductions in accordance with of Section 15(2) of the Municipal Property Rates Act.

## 9.5 Exemptions

- 9.5.1 The first R15,000 (fifteen thousand rand) of the market value of all residential properties and of all properties used for multiple purposes, provided one or more components of such properties are used for residential purposes, is exempt from the payment of rates in terms of Section 17(1)(h) of the Property Rates Act;
- 9.5.2 Rate able property registered in the name of a welfare organization registered in terms of the National Welfare Act, 1978(Act 100 Of 1978);
- 9.5.3 Ratable property registered as a public organization in the name of an institution or organization;
- 9.5.4 Hospitals, clinics and institutions for mentally ill persons which are not operated with the intention of making a profit;
- 9.5.5 Ratable property registered in the name of a public benefit organization performing specific public benefit activities;
- 9.5.6 Cemeteries and crematoriums that are registered in the name of private persons and which are used exclusively for the burials and cremations of human remains, as the case may be;
- 9.5.7 Museums, art galleries, libraries and botanical gardens which are registered in the name of private persons and which are open to public, whether admission fees is charged or not;
- 9.5.8 National monuments including ancillary business activities at national monuments;
- 9.5.9 Places of Worship defined as per the MPRA;

Exemptions described under paragraph 9.5.2 to 9.5.9 above may only be granted upon formal written applications submitted by the owners for consideration in terms of Section 15(2) of the MPRA.

## 9.6 Exemptions will be subject to the following conditions:-

- (a) all applications referred to in 9.5 must be addressed in writing to the municipality;



- (b) a SARS tax exemption certificate must be attached to all applications;
- (c) the municipal manager or his/her nominee must approve all applications;
- (d) applications must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought; and
- (e) the municipality retains the right to refuse exemptions if the details supplied in the application form were incomplete, incorrect or false.

## 9.7 Rebates

The following categories of owners of residential properties shall receive the following rebates on the rate due in respect of such properties:

### 9.7.1 Indigent Owners and Child Headed Families

Property owners who are both the permanent occupants and the sole owners of the property concerned and who are registered indigents in terms of the municipality's indigent management policy will be subsidized in terms of that policy and will not form part of a rebate in terms of the MPRA. Such subsidy is funded from the equitable share received to provide basic services to the poor.

### 9.7.2 Pensioners

Aged persons qualify for special rebates according to monthly household income and other criteria as follows:

- a) Applicants must have reached the age of 60 years.
- b) The Applicant must be the registered owner of the property and occupant.
- c) Applicant cannot be a registered owner of more than one property in the Municipal area.
- d) Income must not exceed the maximum as approved by Council from time to time.
- e) Proof of income from pension and other sources must be submitted with the applications in terms of this rebate.

Applications must be submitted before 31 October of each financial year in order to qualify for the rebate during the next financial year.

### 9.7.3 Disabled and Medically Unfit Applicants

- a) Applicants qualify irrespective of the age on condition that a medical certificate proving medical unfitness is produced to Council and/or is in receipt of a disability grant from Social Services
- b) The income must not exceed the maximum laid down by Council from time to time.
- c) The Applicant must be the registered owner of the property and occupant.
- d) The Applicant cannot be a registered owner of more than one property in the Municipal area.
- e) Applications must be submitted before 31 October of each financial year in order to qualify for the rebate during the next financial year.

A rebate as determined on the above mentioned rates shall apply to residential applicants who qualify in terms of these criteria.

### 9.7.4 Property used for agricultural purposes

A rebate may be determined to the extent of municipal services provided by the municipality to agricultural properties in terms of section 3(4) of the MPRA.

### 9.7.5 Compulsory phasing in of certain rates

Rates levied on new ratable property must be phased in over a period of four years depending on the ownership and use (category) of such a property in terms of section 21 of the MPRA.

- i. In the first year, must be 100 per cent of the rate for that year otherwise applicable to the property;
- ii. In the second year, must be 75 per cent of the rate for that year otherwise applicable to the property;
- iii. In the third year, must be 50 per cent of the rate for that year otherwise applicable to the property;
- iv. In the fourth year, must be 25 per cent of the rate for that year otherwise applicable to the property;

9.7.6 The Council grants the above rebates in recognition of the following factors, after application was received for phasing in of certain rates:

- a) The inability of residential property owners to pass on the burden of rates, as opposed to the ability of the owners of business, commercial, industrial and certain other properties to recover such rates as part of the expenses associated with the goods or services which they produce.

- b) The need to accommodate indigents and less affluent pensioners.
- c) The services provided to the community by public service organizations.
- d) The value of agricultural activities to the local economy coupled with the limited municipal services extended to such activities, but also taking into account the municipal services provided to municipal residents who are employed in such activities.
- e) The need to preserve the cultural heritage of the local community.
- f) The need to encourage the expansion of public service infrastructure.
- g) The indispensable contribution which property developers (especially in regard to commercial and industrial property development) make towards local economic development, and the continuing need to encourage such development.
- h) The requirements of the Property Rates Act no. 6 of 2004.

9.7.7 The municipal manager shall ensure that the revenues forgone in respect of the foregoing rebates are appropriately disclosed in each annual operating budget component and in the annual financial statements and annual report, and that such rebates are also clearly indicated on the rates accounts submitted to each property owner.

#### 9.7.8 Promotion of Economic Development

- a. The five year phasing in discount will apply to **new non- residential developments** that would take place within the Urban areas of Govan Mbeki Municipality after approval of the MEC in terms of sections 21 (5) and 3(3)(i) was granted.
- b. The proposed development must be in line with the development requirements set out by the Land Use Scheme, By-Laws and Regulations and is **implemented after approval of the Site Development Plan.**
- c. The phasing in discount will be applied as follows.
  - v. In the first year after approval of Site Development Plan, must be 100 per cent of the rate for that year otherwise applicable to the property;

- vi. In the second year after approval of Site Development Plan, must be 80 per cent of the rate for that year otherwise applicable to the property;
- vii. In the third year after approval of Site Development Plan, must be 60 per cent of the rate for that year otherwise applicable to the property;
- viii. In the fourth year after approval of Site Development Plan, must be 40 per cent of the rate for that year otherwise applicable to the property;
- ix. In the fifth year after approval of Site Development Plan, must be 20 per cent of the rate for that year otherwise applicable to the property.

d. The developer must apply to Council for this phasing in discount.

## **10 CORRECTION OF ERRORS AND OMISSIONS**

Where the rates levied on a particular property have been incorrectly determined, whether because:

- a) of an error or omission on the part of the municipality; or
- b) false information provided by the property owner concerned; or
- c) a contravention of the permitted use to which the property concerned may be put, in all the above, 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. 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 FREQUENCY OF VALUATIONS AND IMPLEMENTATION DATES**

- a) The municipality shall prepare a new General Valuation Roll every 4 years, with the option to extend the validity of the valuation roll to 5 (five) years and supplementary valuation rolls at least once a year Sec. 32(1) (b). The General Valuation Roll takes effect on the implementation date which is the 1<sup>st</sup> July 2016.
- b) The municipality shall prepare a Supplementary Valuation Roll at least once a year as stipulated in Section 77. A Supplementary Valuation Roll takes effect on the first day of the month following the completion of the public inspection period (Section 49) and remains valid for the duration of the municipality' current valuation roll as stipulated in Section 78(2)(b).

## 12 SCHEDULE 1

### 1. CATEGORIES OF PROPERTY, REDUCTIONS, REBATES AND RATES

Rates Category	Land Use	Valuation Category	Reduction & Rebates	Ratio	Tariff
AGB-Farms Business & Commercial	Business & Commercial – non-agricultural farms used for business purposes	AGB-Farms Business & Commercial	None	1:2	0.020608
<i>Agricultural/Farming properties not used for bona fide farming purposes shall be rated according to the actual use thereof;</i>					
BUS-Business & Commercial	Business & Commercial – (Trading) Business	BUS-Business & Commercial VAC – Vacant Land	None	1:2 1:4	0.020608 0.041216
BUS-Business & Commercial	Industrial	IND-Industrial		1:2	0.020608
IND-Industrial	Industrial	VAC-Vacant Land		1:4	0.041216
IND-Industrial					
<b>Properties in this categories includes:-</b>					
I. <i>Properties zoned for business, commercial and industrial purposes;</i>					
II. <i>Properties used for game farming and/or eco-tourism;</i>					
III. <i>Properties zoned private open space used for recreational or sporting facilities;</i>					
<i>Properties zoned general, special or undetermined which is used for business, commercial or industrial purposes;</i>					
FAR-Farms Agricultural	Agriculture	FAR-Farms Agricultural	AGRICULTURAL REBATES MPRA (Agricultural Purpose) Rebate 55%	1:0.25	0.002415
<i>Properties in this category is limited to properties zoned for agricultural/farming and used predominantly for bona fide farming purposes with the property owner deriving his/her principal source of income from the produce of land / stock farming on such property. This category excludes properties used for purposes of eco-tourism and/or game farming, equestrian estate and non-edible farming.</i>					
GOS-State Owned Schools	Institutional	GOS-State Owned Schools	None	1:2	0.020608
I. <i>Properties owned by the State is rateable and will be categorised according to the zoning of the property;</i>					
II. <i>If property owned by the State is zoned for the provision of residential accommodation, the rates must, after presentation of a Certificate of Occupancy, be levied in terms of the residential tariffs; and</i>					
III. <i>Only use classified as State as defined in this policy, will be rated in accordance with the tariff determined for State owned properties.</i>					
GOV-State Owned	Institutional	GOV-State Owned	None	1:2	0.020608

<p>I. Properties owned by the State is rateable and will be categorised according to the zoning of the property;</p> <p>II. If property owned by the State is zoned for the provision of residential accommodation, the rates must, after presentation of a Certificate of Occupancy, be levied in terms of the residential tariffs; and</p> <p>III. Only use classified as State as defined in this policy, will be rated in accordance with the tariff determined for State owned properties.</p>					
ResCon – Residential Consent Use	Multi-Purpose	ResCon – Residential Consent Use	None	1:1.5	0.015456
<p><b>A consent use is an extended right to use land or to erect and use a building on the land granted in terms of an applicable Town Planning Scheme; provided that:-</b></p> <p>I. Any property zoned for residential purposes in respect of which a consent use has been granted for any business, commercial and/or industrial purpose shall be rated as residential with consent use;</p> <p>II. If a consent use is granted, the category of the property concerned will be updated in the valuation roll or supplementary valuation roll, as the case may be, to reflect residential with consent use;</p> <p>III. If a consent use lapse, falls away by the efflux ion of time, is withdrawn or ceases to be applicable for any other reasons, the owner of the property concerned may apply to the Council for the re-instatement of the residential rate. If approved, the residential rate shall be re-instated as from the date that Council is satisfied that the property is being used for residential purposes only in terms of the zoning thereof;</p> <p>IV. Where a residential property with a market value less than that specified in the threshold (60 000) is partially used for non-residential purposes, such property will remain in the category of residential; and Consent use granted on any property other than referred to in (i) above will result in that property being rated at the tariff applicable to the purpose of the consent within the range of property categories set out in the Property Rates Policy.</p>					
INS-Institutions	Institutional	INS-Institutions		1:2	0.020608
MIN-Mining & Quarries	Mining	MIN-Mining & Quarries	None	1:2	0.020608
<p>Properties used for mining purposes or purposes incidental to mining operations must be rated as if zoned business and/or commercial.</p>					
MUN-Municipal	Institutional	MUN-Municipal	STANDARD REDUCTION AND REBATES MPRA (Municipal): Rebate 100%	1:1	0.010304
<p>All properties owned or vested in the Council are not rateable.</p>					
MUPR-Multiple Purpose Residential	Multipurpose	MUPR-Multiple Purpose Residential	None	1:1.5	0.015456
<p>Where a property's zoning allows more than one permitted use and where the use of the property is used dominantly (Fifty plus one percent) for residential purposes the entire property will be rated in accordance with the residential tariff. Only if the property owner submits a declaration duly certified by a registered town planner as to the purpose the property is being used for, so that it can be rated accordingly. However the residential rebate will not apply.</p>					
MUPR-Multiple Purpose Business	Multipurpose	MUPR-Multiple Purpose Business	None	1:2	0.020608

*Where a property's zoning allows for more than one permitted use and where the use of the property is used dominantly (Fifty plus one percent) for business and commercial purposes the entire property will be rated in accordance with the business rate.*

PBO-Public Benefit Organisations	Institutional	PBO-Public Benefit Organisations		1:0.25	0.002415
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*Properties in this category shall be rated according to the prevailing nationally promulgated rates ratio based on usage of property subject to:-*

- I. The Public benefit organisation providing the Council with 3 years audited financial statements and can prove to the Council that it is not in the financial position to pay the full rates;*
- II. A Public benefit organisation is required*
- III. Any property not falling within the ambit of bullet number (I) shall be deemed to be business and commercial for the purpose of levying a rate.*

POS-Public Open Space	Open Space	POS-Public Open Space	STANDARD REDUCTION AND REBATES MPRA (Municipal): Rebate 100%	1:1	0.010304
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PRO-Protected Areas	Conservation	PRO-Protected Areas	STANDARD REDUCTION AND REBATES MPRA (Protected Areas): Rebate 100%	1:1	0.010304
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PRR-Streets/Roads	Streets	PRR-Streets/Roads		1:1	0.010304
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PSI-Public Service Infrastructure	Utilities	PSI-Public Service Infrastructure	STANDARD REDUCTION AND REBATES MPRA (Infrastructure): Rebate 30%	1:0.25	0.002415
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*Property falling within this category shall be rated at the prevailing ratio as promulgated by MPRA Regulations.*

PVT-Private Town	Open Space	VAC-Vacant Land	Rates Policy Rebate 75%	1:0.25	0.002415
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RES-Residential	Residential	RES-Residential	STANDARD REDUCTION AND REBATES MPRA (Residential): Reduction R 15, 000.	1:1	0.010304
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RES-Residential	Residential	VAC-Vacant Land	Rates Policy Rebate R150,000	1:2	0.020608
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INF-Informal Residential	Residential	INF-Informal Residential		1:1	0.010304
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**Residential Property shall include-:**

- I. *Properties zoned and used for residential purposes but excluding any business or commercial zoned properties with a residential component or residential with consent use;*

*The Council will not levy a rate on the first value up to R60 000 of the market value as per the Valuation Roll of Residential Properties, as follows-:*

- *On the first R15 000 on the basis set out in Section 17(1)(h) of the Municipal Property Rates Act (Act No. ...of 2005); and*
- *On the balance of the market value up to R150 000 in respect of residential properties, provided that Council may from time to time during its annual budget process contemplated in Section 12(2) of the Municipal Property Rates Act determine, as threshold, the amount to be deducted from the market value of residential properties as a result of which rates will only be determined on the balance of the market value of such properties after deduction of the threshold amount.*

*Where a property is zoned institutional but the actual usage is residential the owner of such property shall be required to apply to the Council in writing for the levying of property rates at a tariff lower than that applied to the business, commercial and industrial category. The Council has the right to call for documentary evidence and/or conduct a physical inspection of the residential, the scale of residential property value reductions and rebates will be applicable to such properties.*

SCP-Private Schools or Institutions	Institutional	SCP-Private Schools or Institutions	None	1:2	0.020608
UDT-Unregistered	Undetermined	UDT-Unregistered		1:0	
WOR-Places of Worship	Institutional	WOR-Places of Worship	STANDARD REDUCTION AND REBATES MPRA (Places of Worship): Rebate 100%	1:1	0.010304
<i>Properties in this category refers to 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.</i>					
AER-Accommodation Establishment	Residential	AER-Accommodation Establishment	None	1:1.5	0.015456

*A dwelling house which is used for the purpose of letting individual and family rooms for residential accommodation, with or without meals, and which exceeds the restrictions of a bona fide residential dwelling.*

**2. EXEMPTIONS**

- The first R15, 000 via MPRA of the market value of all residential properties and of all properties used for multiple purposes, provided one or more components of such properties are used for residential purposes, is exempt from the payment of rates in terms of Section 17(1)(h) of the Property Rates Act. (Paragraph 7.5.1)
- Exemption per application on the following subsidy housing into section 3 (3)(f)
  - R110 000 exemption on all subsidy housing for the poor
  - R164 000 exemption on a 45 sq. meter subsidy house for a wheelchair dependent
  - R188 000 for 50 sq. meter subsidy house for Military Veteran
  - R110 000 exemption on all Farm and Rural 40 sq. meter subsidy houses
- Properties identified in terms of paragraph 7.5.2 to 7.5.9 of this policy.



## **ENFORCEMENT / IMPLEMENTATION**

This policy has been approved by the Municipality in terms of resolution A23/05/2016 dated 26 May 2016 and comes into effect from 1 July 2016.

Signed by the Municipal Manager as per resolution **A23/05/2016**:

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**Mr. M.F. Mahlangu**  
**Municipal Manager**

\_\_\_\_\_  
**Date**