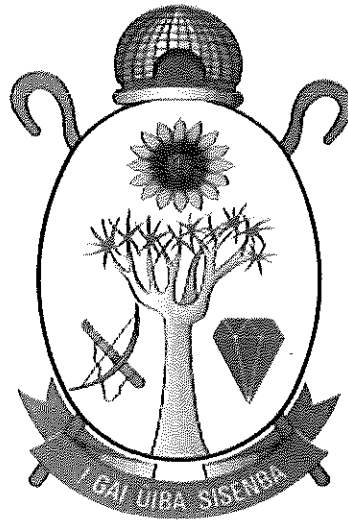


# **NAMA KHOI MUNICIPALITY**



## **PROPERTY RATES POLICY**

**2023/24**

**VERSION 1**

## CONTENTS

1	PREAMBLE .....	3
2	PURPOSE.....	3
3	SCOPE OF APPLICATION .....	4
4	LEGISLATIVE AND POLICY FRAMEWORK.....	4
5	DEFINITIONS .....	5
6	PRINCIPLES .....	13
7	CATEGORIES OF PROPERTY .....	15
8	CATEGORIES OF OWNERS .....	16
9	PROPERTIES USED FOR MULTIPLE PURPOSES .....	17
10	DIFFERENTIAL RATING.....	17
11	EXEMPTIONS .....	18
11.1	IMPERMISSIBLE RATES .....	18
11.2	GENERAL EXEMPTIONS .....	19
11.3	PUBLIC BENEFIT ORGANISATIONS.....	19
12	REDUCTIONS.....	21
13	REBATES .....	22
13.1	CATEGORIES OF PROPERTY .....	22
13.1.1	BUSINESS, COMMERCIAL AND INDUSTRIAL PROPERTIES .....	22
13.1.2	PRIVATELY OWNED TOWNS SERVICED BY OWNER .....	23
13.1.3	AGRICULTURAL PROPERTIES.....	23
13.2	CATEGORIES OF OWNERS .....	24
13.2.1	INDIGENT OWNERS.....	24
13.2.2	CHILD-HEADED HOUSEHOLDS .....	24
13.2.3	RETIRED, TERMINALLY ILL AND DISABLED PERSONS.....	24
14	ACCOUNTS, ARREARS, INTEREST, DEBT COLLECTION, ARRANGEMENTS TO PAY ARREAR DEBT AND WRITING OFF OF IRRECOVERABLE DEBT.....	24
15	FREQUENCY OF VALUATION .....	24
16	COMMUNITY PARTICIPATION .....	25
17	REGISTER OF PROPERTIES .....	25
18	BY-LAWS TO GIVE EFFECT TO THE RATES POLICY .....	26
19	MISCONDUCT .....	26
20	CONFLICT.....	26
21	DELEGATIONS.....	26
22	RESPONSIBILITY FOR IMPLEMENTATION .....	26
23	MONITORING AND EVALUATION .....	26
24	REVIEW AND AMENDMENTS .....	26
25	EFFECTIVE DATE .....	27
26	POLICY APPROVAL.....	27

## **1 PREAMBLE**

- 1.1 This Policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act 6 of 2004, which specifically provides that the Municipality must adopt a Rates Policy.
- 1.2 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996, the Municipality may impose rates on property.
- 1.3 In terms of the Local Government: Municipal Property Rates Act 6 of 2004, a Municipality, in accordance with –
- (a) section 2(1), may levy a rate on property in its area; and
  - (b) section 2(3), must exercise its power to levy a rate on property subject to –
    - (i) section 229 and any other applicable provisions of the Constitution;
    - (ii) the provisions said Act and any regulations promulgated in terms thereof; and
    - (ii) this Policy.
- 1.4 In terms of Section 4(1)(c) of the Local Government: Municipal Systems Act 32 of 2000, the Municipality has the right to finance the affairs of the Municipality by imposing, amongst others, rates on property.
- 1.5 In terms of Section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act 56 of 2003, the Municipal Manager must ensure that the Municipality has and implements a rates policy.
- 1.6 This Policy must be read together with, and is subject to the provisions of, the Local Government: Municipal Property Rates Act 6 of 2004 and any regulations promulgated in terms thereof from time to time.

## **2 PURPOSE**

- 2.1 The purpose of this Policy is to ensure that –
- (a) all ratepayers within a specific category are treated equally and reasonably;

- (b) rates are levied in accordance with the market value of the property;
- (c) rates are based on the value of all rateable property and the amount required by the Municipality to expend on rates-related services as reflected in the operational budget, taking into account any surpluses generated from municipal services and the amounts required to finance exemptions, reductions and rebates that Council may approve from time to time; and
- (d) the income base of the Municipality is optimally safeguarded by only approving exemptions, reductions and rebates that are reasonable and affordable.

### **3 SCOPE OF APPLICATION**

- 3.1 This Policy applies to all organs of state and all owners of property in the jurisdictional area of the Municipality.
- 3.2 This Policy guides the annual setting or revision of property rates tariffs.
- 3.3 Details pertaining to the application of the various property rates tariffs are published annually by means of the Municipality's schedule of tariffs in the *Provincial Gazette*, which must be read in conjunction with this Policy.
- 3.4 The Municipality grants exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this Policy.

### **4 LEGISLATIVE AND POLICY FRAMEWORK**

The legislative and policy framework for this Policy includes –

- Constitution of the Republic of South Africa Act, 1996
- Cultural Institutions Act 119 of 1998
- Deeds Registry Act 47 of 1937
- Disaster Management Act 57 of 2002
- Income Tax Act 58 of 1962
- Land Survey Act 8 of 1977
- Local Government: Disciplinary Regulations for Senior Managers, 2010
- Local Government: Municipal Demarcation Act 27 of 1998
- Local Government: Municipal Finance Management Act 56 of 2003
- Local Government: Municipal Property Rates Act 6 of 2004
- Local Government: Municipal Property Rates Act 6 of 2004: General Guidelines (March 2020)

- Local Government: Municipal Property Rates Act 6 of 2004: Generic Rates Policy Format (March 2020)
- Local Government: Municipal Structures Act 117 of 1998
- Local Government: Municipal Systems Act 32 of 2000
- Mineral and Petroleum Resources Development Act 28 of 2002
- National Environmental Management: Biodiversity Act 10 of 2004
- National Environmental Management: Protected Areas Act 57 of 2003
- Promotion of Access to Information Act 2 of 2000
- Promotion of Administrative Justice Act 3 of 2000
- Property Practitioners Act 22 of 2019
- Sectional Titles Act 95 of 1986
- Share Blocks Control Act 59 of 1980
- Nama Khoi Municipality Credit Control and Debt Collection Policy
- Nama Khoi Municipality Delegation Policy
- Nama Khoi Municipality Indigent Support Policy
- Nama Khoi Municipality Irrecoverable Debt Policy
- Nama Khoi Municipality Tariff Policy
- Nama Khoi Municipality Tariffs, Credit Control and Debt Collection By-Law
- Nama Khoi Municipality Writing Off of Irrecoverable Debt

## 5 DEFINITIONS

In this Policy, unless the context dictates otherwise, any word or expression to which a meaning has been assigned in the Local Government: Municipal Property Rates Act 6 of 2004 has that meaning, and –

**“Act”** means the Local Government: Municipal Property Rates Act 6 of 2004, and **“Municipal Property Rates Act”** has a corresponding meaning;

**“agricultural property”** means property that is used primarily for agricultural purposes;

**“agricultural purposes”**, without derogating of clause 9, in relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trading in, or hunting of, game and any portion thereof that is used commercially for the hospitality of guests;

**“annually”** means once every financial year;

**“bona fide farmer”** is a person who is a full-time farmer and if such land is used *bona fide* and exclusively by the owner or occupier for agricultural purposes;

**“By-law”** means legislation passed by the Council of the Municipality, and which is binding on the Municipality and on the persons and institutions to which it applies;

**“category”** in relation to –

- (a) property, means a category of properties determined in terms of clause 7; and
- (b) owners of properties, means a category of owners determined in terms of clause 8;

**“child-headed household”** means a household headed by a child as defined in section 28(3) of the Constitution and a household in which –

- (a) the parents of the household have died;
- (b) a minor has assumed the role of caregiver in respect of another minor in the household;
- (c) such minors reside permanently on the property; and
- (d) the situation pertaining to the household has been verified by a social worker;

**“day”** means calendar day, inclusive of Saturdays, Sundays and public holidays;

**“Disciplinary Regulations for Senior Managers”** means the Local Government: Disciplinary Regulations for Senior Managers, 2010;

**“exclusion”** in relation to a municipality's rating power, means a restriction of that power as provided for in section 17 of the Local Government: Municipal Property Rates Act 6 of 2004;

**“exemption”** - in relation to the payment of a rate, means an exemption granted by a municipality in terms of section 15 of the Local Government: Municipal Property Rates Act 6 of 2004;

**“farm properties”** any farm property that is used for anything other than agricultural activity, such as for industrial, residential, mining, business and commercial, trading in or hunting of game or eco-tourism among other is not covered by the ratio for agricultural properties;

**“financial year”** means the period starting from the 1st of July in any year and ending on the 30<sup>th</sup> of June of the following year;

**“household”** means a registered owner or tenant with or without children who reside on the same premises;

**“Gazette”** means the *Government Gazette* of the Republic of South Africa;

**“indigent”** means any household or category of households, earning a combined gross income, as determined by the Municipality annually in terms of a social and economic analysis of its area, which qualifies for rebates or remissions, support or a services subsidy: Provided that child support grants are not included when calculating such household income;

**“Indigent Support Policy”** means the Indigent Support Policy adopted by the Council of the Municipality;

**“local community”** in relation to the Municipality –

- (a) means that body of persons comprising –
  - (i) the residents of the Municipality; the rate payers of the Municipality;
  - (ii) the rate payers of the Municipality;
  - (iii) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the Municipality; and
  - (iv) visitors and other people residing outside the Municipality, who, because of their presence in the Municipality, make use of services or facilities provided by the Municipality; and
- (b) includes, more specifically, the poor and other deprived sections of such body of persons;

**“market value”** in relation to a property, means the value of the property determined in accordance with section 46 of the Local Government: Municipal Property Rates Act 6 of 2004;

**“mining property”** means a property used for mining operations as defined in the Mineral and Petroleum Resources Development Act 28 of 2002;

**“month”** means one of twelve months of a calendar year;

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

**“municipal area”** means the geographic area, determined in terms of the Local Government: Municipal Demarcation Act 27 of 1998 as the municipal area pertaining to the Municipality;

**“Municipal Manager”** means the Municipal Manager contemplated in section 54A of the Local Government: Municipal Systems Act 32 of 2000;

**“Municipal Systems Act”** means the Local Government: Municipal Systems Act 32 of 2000;

**“Municipality”** means the Nama Khoi Municipality;

**“newly rateable property”** means any rateable property on which property rates were not levied before the end of the previous financial year, excluding –

- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
- (b) a property identified by the Minister by notice in the *Gazette* where the phasing in of a rate is not justified;

**“occupier”** in relation to a property, means a person who is in actual occupation of, controls or resides on a property, irrespective of whether or not that person has a right or permission to occupy, control or reside on that property;

**“office bearer”** in relation to places of public worship, means the primary person who officiates at services at that place of worship;

**“organ of state”** has the meaning ascribed to it in section 239 of the Constitution of the Republic of South Africa, 1996;

**“owner”** in relation to –

- (a) a property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;
- (b) a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered;



- (c) 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
- (d) public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which –
  - (i) owns or controls that public service infrastructure; and
  - (ii) uses it for public service purposes,
- (e) Provided that a person mentioned below may, for the purposes of this Policy, in the following instances be regarded as the owner of a property:
  - (i) A trustee, in the case of a property in a trust excluding state trust land;
  - (ii) An executor or administrator, in the case of a property in a deceased estate;
  - (iii) A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
  - (iv) A judicial manager, in the case of a property in the estate of a person under judicial management;
  - (v) A curator, in the case of a property in the estate of a person under curatorship;
  - (vi) A person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
  - (vii) A lessee, in the case of a property that is registered in the name of the Municipality and is leased by it; or
  - (viii) A buyer in the case of a property that was sold by the Municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

“person” means a natural or juristic person, and includes an organ of state;

**“prescribed”** means prescribed by this Policy and where applicable by Council or the Municipal Manager;

**“privately owned towns serviced by the owner”** means single properties situated in an area

–

- (a) not ordinarily being serviced by the Municipality, divided through subdivision or township establishment in 10 or more full title stands and/or sectional units; and
- (b) where all rates-related services inclusive of installation and maintenance of streets, roads, sidewalks, lighting, storm water drainage facilities, parks and recreation facilities, are installed at the full cost of the developer and are rendered and maintained by the residents, homeowners association or management companies or bodies of such estate;

**“property”** means –

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted in terms of legislation; or
- (d) public service infrastructure;

**“public benefit organisation property”** means property defined as such in the Rate Ratio Regulations made under section 19 of the Local Government: Municipal Property Rates Act 6 of 2004, and **“PBO property”** has a corresponding meaning;

**“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; Including the vacant land known as the obstacle free zone surrounding these, which must be vacant for air navigation purpose;
- (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 or any other device or system used to assist the safe and efficient navigation of vessels, and any other publicly controlled infrastructure as may be prescribed;
- (i) Any other publicly controlled infrastructure as may be prescribed; or
- (j) A right registered against immovable property in connection with infrastructure referred to in paragraphs (a) to (i),

provided that (a), (b), (e), (g) and (h) may not be rated;

**“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;

**“ratepayer”** means a person who is liable to the Municipality for the payment of –

- (a) rates on property in the Municipality;
- (b) any other tax, duty or levy imposed by the Municipality; and
- (c) fees for services provided either by the Municipality or in terms of a service delivery agreement;

**“Rate Ratio Regulations”** means the Regulations made under section 19 of the Local Government: Municipal Property Rates Act 6 of 2004 and published as Government Notice R.195 in Government Gazette 33016 of the 12th of March 2010, which determines the rate ratio between –

- (a) residential properties; and
- (b) different categories of non-residential properties with specific reference to agricultural properties, public service infrastructure and public benefit organisation properties;

**“rates”** means municipal rates on property envisaged in section 229(1) of the Constitution read with the Local Government: Municipal Property Rates Act 6 of 2004 and the Local Government: Municipal Finance Management Act 56 of 2003;

**“rebate”** in relation to a rate payable on a property, means a discount granted in terms of section 15 of the Local Government: Municipal Property Rates Act 6 of 2004 on the amount of the rate payable on the property;

**“reduction”** in relation to a rate payable on a property, means the lowering in terms of section 15 of the Local Government: Municipal Property Rates Act 6 of 2004 of the amount for which the property was valued and the rating at that lower amount;

**“registered owner”** means the person, natural or juristic, in whose name the property is registered in terms of the Deeds Registry Act 47 of 1937;

**“residential property”** means improved property that –

- (a) is used predominantly (60% or more) for residential purposes, including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such linked properties are regarded as one residential property for rate rebate or valuation reduction purposes;
- (b) is a unit registered in terms of the Sectional Titles Act 95 of 1986 and used predominantly for residential purposes;
- (c) is owned by a share-block company as provided for in the Share Blocks Control Act 59 of 1980 and used solely for residential purposes;
- (d) is a residence used for residential purposes situated on property used for or related to educational purposes; and
- (e) retirement schemes and life right schemes used predominantly (60% or more) for residential purposes,

and specifically excludes hostels, old age homes, nursing homes, guest houses and vacant land irrespective of its zoning or intended use;

“**service delivery agreement**” means an agreement between the Municipality and an institution or person contemplated in section 76(b) of the Local Government: Municipal Systems Act 32 of 2000; and

“**vacant property**” means –

- (a) property on which no immovable improvements have been erected;
- (b) property on which immovable improvements are being constructed, where such property cannot be permanently occupied; and
- (c) in the case of smallholdings zoned as “vacant”, in the absence of proof of *bona fide* farming, the property concerned is deemed as residential vacant property.

## 6 PRINCIPLES

6.1 Rates are levied in accordance with the Act as an amount in the Rand based on the market value of all rateable property contained in the Municipality's valuation roll and supplementary valuation roll.

6.2 As provided for in the Act, the Municipality has decided to implement the following approach in respect of rates:

- (a) to differentiate between various categories of property and categories of owners of property as contemplated in clauses 7 and 8; and
- (b) to grant relief to specific properties and specific categories of owners from rates as contemplated in clauses 11, 12 and 13.

6.3 No phasing in of rates based on a new valuation roll will be implemented, except as prescribed by legislation.

6.4 In accordance with section 3(3) of the Act, this Policy is based on the following principles:

- (a) Equity: The Municipality must treat all ratepayers with similar properties equally.
- (b) Affordability: The Municipality must take into account the ability of a person to pay rates. When dealing with the poor ratepayers, the Municipality provides relief measures through exemptions, reductions, rebates and cross-subsidies from the equitable share allocation.
- (c) Sustainability: The Municipality must rate property in a manner that –
  - (i) supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the Municipality;
  - (ii) ensures the financial sustainability of the Municipality;
  - (iii) supports local socio-economic development; and
  - (iv) secures the economic sustainability of every category of ratepayers.
- (d) Cost efficiency: Rates must be –
  - (i) based on the value of rateable property; and
  - (ii) used to fund community development and subsidise services after taking into account –

- surpluses generated on trading services (water and electricity) and economic services (refuse and sewerage removal); and
- the amounts required to finance exemptions, reductions and rebates.

6.5 Properties with a value less than an amount as determined by Council from time to time are billed a fixed amount for the purposes of property rates.

6.6 All rateable properties within the jurisdictional area of the Municipality must be valued during a general valuation, including those properties that are partially or fully excluded from rates.

## **7 CATEGORIES OF PROPERTY**

7.1 Council must determine rates on an annual basis during the compilation of the Municipality's annual budget.

7.2. Different rates may be levied in respect of the following categories of rateable properties:

- (a) Residential properties, including small holdings;
- (b) Business and commercial properties;
- (c) Agricultural properties;
- (d) Properties owned or controlled by an organ of state and used for public service purposes;
- (e) Municipal properties;
- (f) Public service infrastructure properties;
- (g) Properties on which national monuments are proclaimed;
- (h) Properties owned by public benefit organisations and used for specified public benefit activities;
- (i) Properties used for multiple purposes subject to clause 9;
- (j) Privately developed estates;

- (k) Mining properties;
- (l) Industrial properties; and
- (m) Any other category of property as may be determined by the Minister, with the concurrence of the Minister of Finance, by notice in the *Gazette*.

7.3 In determining the category of a property referred to in clause 7.2, the Municipality must take into consideration –

- (a) the dominant use of the property, regardless of the formal zoning of the property; and
- (b) all relevant information, including circumstantial evidence, in order to determine the actual purpose for which the property is being used, including, but not limited to, a physical inspection of the property concerned.

7.4 Properties used for multiple purposes must be categorised and rated as provided for in section 9 of the Act and in accordance with clause 9 of this Policy.

## **8 CATEGORIES OF OWNERS**

8.1 For the purpose of granting exemptions, reductions and rebates in terms of clauses 11, 12 and 13 respectively, the following categories of owners of properties are determined:

- (a) Those owners who qualify and who are registered as indigent customers in terms of the Indigent Support Policy;
- (b) Those owners who do not qualify as indigent in terms of the Indigent Support Policy but whose total monthly income is less than the amount determined annually by Council in the municipal budget;
- (c) Children who head child-headed households who qualify as such in terms of the Indigent Support Policy;
- (d) Owners of properties situated within an area affected by –
  - (i) a disaster as defined in the Disaster Management Act 57 of 2002; or



- (ii) serious adverse social or economic conditions;
- (e) Owners of residential properties with a market value below the amount determined annually by Council in the municipal budget; and
- (f) Owners of agricultural properties.

## **9 PROPERTIES USED FOR MULTIPLE PURPOSES**

9.1 A rate levied on a property assigned in terms of section 9(1)(c) of the Act 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 of property (as determined by the Municipality) used for those purposes to the different market value apportionments, provided that the R 15 000 rebate for residential properties as contemplated in clause 11.1(d) must be applied in respect of the residential portion.

## **10 DIFFERENTIAL RATING**

10.1 The Municipality must apply the following criteria for the differential rating of different categories of properties:

- (a) The nature of the property, including its sensitivity to rating (e.g. agricultural properties used for agricultural purposes); and
- (b) The promotion of local, social and economic development of the Municipality and all communities in the jurisdictional area of the Municipality.

10.2 The Municipality must ensure that the differential ratings of the various property categories are implemented by means of –

- (a) determining a different cent amount in the Rand for each property category; and
- (b) exemptions, reductions and rebates as provided for in this Policy, the Indigent Support Policy and other relevant policies of the Municipality.

## 11 EXEMPTIONS

### 11.1 IMPERMISSIBLE RATES

11.1.1 In terms of section 17(1) of the Act, the Municipality may, amongst others, not levy a rate on –

- (a) those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act 57 of 2003, or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act 10 of 2004, which are not developed or used for commercial, business, agricultural or residential purposes;
- (b) mining rights or a mining permit within the meaning of the Mineral and Petroleum Resources Development Act 28 of 2002, excluding any building, other immovable structures and infrastructure above the surface of the mining property required for purposes of mining;
- (c) a property belonging to a land reform beneficiary or his or her heirs, dependants or spouse, provided that this exclusion lapses –
  - (i) ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds; or
  - (ii) upon alienation of the property by the land reform beneficiary or his or her heirs, dependants or spouse;
- (d) the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll of the Municipality to a category determined by the Municipality –
  - (i) for residential properties; or
  - (ii) for properties used for multiple purposes, provided one or more components of the property are used for residential purposes; and
- (e) a property registered in the name of and used primarily as a place of public worship by a religious community, including the official residence registered in the name of that community, which is occupied by the office

bearer of that community who officiates at services at that place of worship.

## **11.2 GENERAL EXEMPTIONS**

11.2.1 The following categories of property categories are exempt from the payment of property rates:

- (a) **Municipal properties:** Municipal properties that are not leased or rented out by the Municipality are exempted from paying rates.
- (b) **Residential properties:** All residential properties with a market value of less than the amount annually determined by the Municipality are exempted from paying rates. The impermissible rate of R 15 000 contemplated in clause 11.1(d) must be included in the above amount.
- (c) **Public service infrastructure:** Public service infrastructure is exempted from paying rates as allowed for in the Act as they provide essential services to the community.

11.2.2 The Municipality must automatically apply the general exemptions contemplated in clause 11.2, and no application is required.

## **11.3 PUBLIC BENEFIT ORGANISATIONS**

11.3.1 Taking into account the effects of rates on public benefit organisations performing specified public benefit activities and registered in terms of section 30(3) of the Income Tax Act 58 of 1962 for tax reduction because of those activities, the following public benefit organisations may apply for the exemption of property rates on property owned and used by such organisations for those activities:

- (a) **Health care institutions:** Properties used exclusively as a hospital, clinic or mental hospital, including workshops used by the inmates, laundry or cafeteria facilities, provided that any profits from the use of such property are used entirely for the benefit of the institution and/or for other charitable purposes within the jurisdictional area of the Municipality.
- (b) **Welfare institutions:** Properties used exclusively as orphanages, non-profit retirement villages, old age homes, nursing homes and other

benevolent institutions, including workshops used by the inmates, laundry or cafeteria facilities, provided that any profits from the use of such property are used entirely for the benefit of the institution and/or for other charitable purposes within the jurisdictional area of the Municipality.

- (c) Charitable institutions: Property belonging to not-for-gain institutions or organisations that perform charitable work.
- (d) Cultural institutions: Properties owned by institutions that have been declared as cultural institutions in terms of the Cultural Institutions Act 119 of 1998.
- (e) Museums, libraries, art galleries and botanical gardens: Property registered in the name of private persons, open to the public and not operated for gain.
- (f) Youth development organisations: Property owned or used by organisations for the provision of youth leadership or youth development programmes.
- (g) Animal welfare: Property owned or used by institutions or organisations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.
- (h) Organisations that perform other specified public benefit activities as 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 58 of 1962: Property owned or used by such organisations.

11.3.2 A public benefit organisation within the jurisdictional area of the Municipality that performs any of the functions referred to in clause 11.3.1 must –

- (a) apply annually for an exemption by completing and submitting the prescribed application form to the Municipal Manager by the 31<sup>st</sup> of May of the current financial year for the next financial year in respect of which property rates are levied; and

- (b) attach a tax exemption certificate issued by the South African Revenue Services as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act 58 of 1962 to its application.

11.3.3 The Municipality reserves the right to refuse an application for exemption if the details supplied in the application form are incomplete, incorrect or false.

11.3.4 If the application for exemption is granted, the exemption applies for the full financial year.

11.3.5 The extent of the exemptions implemented in terms of clause 11.3 must –

- (a) annually be determined by the Municipality; and
- (b) be included in the annual budget.

## 12 REDUCTIONS

12.1 Reductions as contemplated in section 15 of the Act must be considered on an *ad hoc* basis in the event of the following:

- (a) Partial or total destruction of a property; and
- (b) Disasters as contemplated in the Disaster Management Act 57 of 2002.

12.2 The following conditions are applicable:

- (a) The owner referred to in clause 12.1(a) must –
  - (i) apply in writing for a reduction;
  - (ii) provide sufficient proof to the satisfaction of the Municipality that his or her property has been totally or partially destroyed; and
  - (iii) indicate to what extent the property can still be used and the impact on the value of the property.
- (b) In respect of property contemplated in clauses 12.1(a) and (b) –
  - (i) Council must, for the current financial year, determine the maximum reduction; and

- (ii) the Municipality must, on an annual basis, determine the maximum reduction.
- (c) An *ad hoc* reduction may not be granted for a period in excess of six months unless the Municipality, on approval of a written application, grants a further extension.
- (d) In the event that a property has been damaged by any form of disaster as contemplated in the Disaster Management Act 57 of 2002, the property's new market value must be determined by means of a supplementary valuation roll.

## 13 REBATES

### 13.1 CATEGORIES OF PROPERTY

#### 13.1.1 BUSINESS, COMMERCIAL AND INDUSTRIAL PROPERTIES

13.1.1.1 The Municipality may grant rebates to rateable enterprises that promote local, social and economic development in its area of jurisdiction. The following criteria apply:

- (a) Job creation in the municipal area;
- (b) Social upliftment of the local community; and
- (c) Creation of infrastructure for the benefit of the local community.

13.1.1.2 A maximum rebate as annually determined by the Municipality is granted on approval, subject to the submission of –

- (a) a business plan issued by the directors of the company or governance structure of the duly registered entity, indicating how the local, social and/or economic development objectives of the Municipality will be met;
- (b) a continuation plan –
  - (i) issued by the directors of the company or governance structure of the duly registered entity; and

- (ii) certified by auditors of the company, stating that the objectives have been met in the first year after establishment and how the company or other entity plans to continue to meet the objectives; and
- (c) an assessment by the Municipal Manager indicating that the company or other duly registered entity qualifies for such rebate.

13.1.1.3 All applications must be addressed in writing to the Municipality by the 31<sup>st</sup> of May for the financial year in respect of which the rate is levied. If the rebate applied for is granted, the rebate applies for the following full financial year.

### **13.1.2 PRIVATELY OWNED TOWNS SERVICED BY OWNER**

13.1.2.1 The Municipality grants an additional rebate as annually determined by the Municipality, which applies to privately owned towns serviced by the owner as contemplated in clause 7.2(j).

13.1.2.2 All applications must be addressed in writing to the Municipality by the 31<sup>st</sup> of May for the financial year in respect of which the rate is levied. If the rebate applied for is granted, the rebate applies for the following full financial year.

### **13.1.3 AGRICULTURAL PROPERTIES**

13.1.3.1 When considering the criteria to be applied in respect of any exemptions, rebates and reductions on any properties used for agricultural purposes, the Municipality must take into account –

- (a) the extent of rates-related services rendered by the Municipality in respect of such properties;
- (b) the contribution of agriculture to the local economy;
- (c) the extent to which agriculture assists in meeting the service delivery and developmental objectives of the Municipality;

- (d) the contribution of agriculture to the social and economic welfare of farm labourers and their dependants who reside with them; and
- (e) in the case of pensioners, the allocation of discounts for farms that are valued as residential properties.

## **13.2 CATEGORIES OF OWNERS**

### **13.2.1 INDIGENT OWNERS**

13.2.1.1 Owners who are registered as indigent customers in terms of the Indigent Support Policy receive a rebate on rates in accordance with that Policy.

### **13.2.2 CHILD-HEADED HOUSEHOLDS**

13.2.2.1 Child-headed households registered as indigent customers in terms of the Indigent Support Policy receive a rebate on rates in accordance with that Policy.

### **13.2.3 RETIRED, TERMINALLY ILL AND DISABLED PERSONS**

13.2.3.1 Retired persons over the age of 65, persons diagnosed with a terminal illness and disabled persons may qualify for special rebates on rates in terms of the Indigent Support Policy.

## **14 ACCOUNTS, ARREARS, INTEREST, DEBT COLLECTION, ARRANGEMENTS TO PAY ARREAR DEBT AND WRITING OFF OF IRRECOVERABLE DEBT**

14.1 The payment of accounts and arrears, interest on arrears, debt collection measures and arrangements to pay arrear debt are regulated by the Credit Control and Debt Collection Policy.

14.2 The writing off of irrecoverable debt is regulated by the Writing Off of Irrecoverable Debt Policy.

## **15 FREQUENCY OF VALUATION**

15.1 The Municipality must prepare a new valuation roll at least every five years.



15.2 As provided for in the Act, the Municipality may, under exceptional circumstances, request the MEC for Local Government and Housing to extend the validity of the valuation roll to seven financial years.

15.3 Supplementary valuations may be performed on a continual basis, but must be performed at least on an annual basis.

## **16 COMMUNITY PARTICIPATION**

16.1 Before the Municipality may adopt this Policy, the Municipal Manager must follow the process of community participation envisaged in –

- (a) section 4 of the Municipal Property Rates Act; and
- (b) Chapter 4 of the Municipal Systems Act.

## **17 REGISTER OF PROPERTIES**

17.1 The Municipality must compile and maintain a register in respect of all properties situated within the jurisdictional area of the Municipality, consisting of a Part A and a Part B.

17.2 Part A of the register must consist of the current valuation roll of the Municipality and must include all supplementary valuations done from time to time.

17.3 Part B of the register must specify which properties on the current valuation roll or any supplementary valuation roll are subject to –

- (a) an exemption from rates in terms of section 15 of the Act;
- (b) a rebate or reduction in terms of clause section 15 of the Act;
- (c) the phasing-in of rates in terms of section 21 of the Act.

17.4 The Municipality must update Part A of the register on a continuous basis by way of a supplementary valuation process.

17.5 The Municipality must update Part B on a regular basis, but at least annually, as part of the implementation of the Municipality's annual budget.

## **18 BY-LAWS TO GIVE EFFECT TO THE RATES POLICY**

18.1 The Municipality must 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 liable for the payment of rates.

## **19 MISCONDUCT**

19.1 If there is evidence of any misconduct, dishonesty or intentional wrongdoing with regard to any provision of this Policy by a municipal staff member, the Municipality must institute disciplinary proceedings in terms of the disciplinary procedure in the collective agreement or the Disciplinary Regulations for Senior Managers, as the case may be.

## **20 CONFLICT**

20.1 In the event of a conflict between this Policy and the Tariffs, Credit Control and Debt Collection By-Law of the Municipality, the latter prevails.

## **21 DELEGATIONS**

21.1 The delegation of any power, function or duty provided for in this Policy must be performed in terms of the Delegation Policy.

## **22 RESPONSIBILITY FOR IMPLEMENTATION**

22.1 The Municipal Manager accepts overall responsibility for the implementation of this Policy.

## **23 MONITORING AND EVALUATION**

23.1 The Municipal Manager must carry out the monitoring and evaluation of this Policy's implementation.

## **24 REVIEW AND AMENDMENTS**

24.1 The Council –

(a) must review this Policy on an annual basis and table the reviewed Policy for approval as part of the annual budget process; and

(b) may amend this Policy during the course of any specific year.

**25 EFFECTIVE DATE**

25.1 This Policy becomes effective upon approval thereof by the Council.

**26 POLICY APPROVAL**

Authorised by Municipal Manager:

Signature:

Date:

Recommended by Portfolio Committee on Finances:

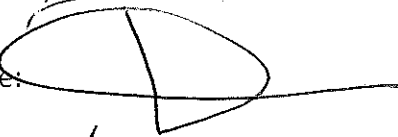
Signature:

Date:

Approved by Council:

Signature:

Date:



01 July 2023