

PROPERTY RATES POLICY	
<i>Policy Number</i>	
Policy Name	PROPERTY RATES POLICY
Policy Status	Approved
Date of last Approval \ Reviewable	May 2018
Policy review / Development	Policy to be reviewed with the Budget approval process
Date of next review	With the Budget approval process in May 2020
Purpose	<p>To comply with the provisions of the local government Municipal Property Rates Act 6 of 2004.</p> <p>To formulate tariffs that is realistic and affordable to all residents.</p>
Aims and objectives	<p>To recover cost occurred when rendering the services to To levy of fees for municipal services provided by the municipality.</p> <p style="text-align: center;">The obligation on a Council of a municipality to adopt and implement a rates policy on the levying of rates on rateable property is derived from the following legislation:</p> <ul style="list-style-type: none"> - Section 3(1) of the Municipal Property Rates Act, Act 6 of 2004 (MPRA). - Section 62(1) of the Municipal Finance

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	Management Act, Act 56 of 2003 (MFMA).
Policy custodian	Chief Financial Officer
Related Policies and Legislations	<ul style="list-style-type: none"> • <i>Municipal systems Act 32 of 2000</i> • <i>Municipal Finance Act 2003 (Act. 56 of 2003)</i>
Approving authority	Council
Applicability	To the Municipal Manager and Chief Financial Officer when in vesting Councils Funds.
Amendments to the Policy	<ul style="list-style-type: none"> • <i>Any owner of erven that is not a registered as an indigent must pay the full property rated after impermissible rates and a 15% discount was awarded. The full value if taxable less R 15 000</i> • <i>Indigent properties will pay tax after the value of R 70 000 that is rebated to a maximum of R 70 000 for the financial year 2020/21</i>
Policy Benchmark and References	None
Stakeholders Consulted	Not applicable
Accountability	<ul style="list-style-type: none"> • The Municipal Manager is accountable for the proper implementation of this policy in terms of the <i>Municipal Finance Act 2003 (Act. 56 of 2003)</i>

**MSUKALIGWA MUNICIPALITY
PROPERTY RATES POLICY**

**MSUKALIGWA
LOCAL MUNICIPALITY
(MP 302)**



PROPERTY RATES POLICY

1 JULY 2020 – 30 JUNE 2021

Council Resolution: LM685(b)/06/2020

MSUKALIGWA MUNICIPALITY PROPERTY RATES POLICY

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MSUKALIGWA MUNICIPALITY

PROPERTY RATES POLICY

MP 302

1. PART 1: PREAMBLE

- The municipality derives its power to levy rates from Section 229(1) of the Constitution of the Republic of South Africa.
- The obligation on a Council of a municipality to adopt and implement a rates policy on the levying of rates on rateable property is derived from the following legislation:
 - Section 3(1) of the Municipal Property Rates Act, Act 6 of 2004 (MPRA).
 - Section 62(1) of the Municipal Finance Management Act, Act 56 of 2003 (MFMA).

The policy of the Msukaligwa Local 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.

As part of each annual operating budget the Council is obliged to impose a rate in the rand on the market value of all rateable properties as recorded in the municipality's valuation roll or supplementary valuation roll(s). Rateable property shall include any rights registered against such property, with the exception of a mortgage bond. Generally, all land within the Msukaligwa Local Municipal area of jurisdiction is rateable unless it is specifically exempted as set out in Section 15 of the MPRA.

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The Rates Policy sets out the broad policy framework within which the municipality rates its area as per Section 3 of the MPRA, and gets annually reviewed and, when necessary, amends the municipality's rates of assessment as per Section 5 of the MPRA.

2. PART 2: DEFINITIONS

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

“agricultural (purposes)” means a property that is used primarily for agricultural purposes, including the rearing, trading and hunting of game but, without derogating from section 9, excludes the use of (a) the property for the purpose of eco-tourism (or for the trading in or hunting of game) and any portion thereof that is used for the hospitality of guests;

“annually” means once every financial year;

“appeal board” means a valuation appeal board established in terms of section 56;

“assistant municipal valuer” means a person designated as an assistant municipal valuer in terms of section 35(1) or (2);

“business and commercial” means the activity of buying, selling or trade in goods or services and includes any office or other accommodation on the same property, the use of which is incidental to such business.

“category”

(a) In relation to property, means a category of properties determined in terms of section 9:

And

(b) In relation to owners of properties, means a category of owners determined in section 15(2)

“data-collector” means a person designated as a data-collector in terms of section 36.

“date of valuation” means the date determined by a municipality in terms of section 31(1)

“district municipality” means a municipality that has municipal executive, and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category C municipality;

“effective date”-

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- (a) In relation to a valuation roll, means the date on which the valuation roll takes effect in terms of section 32(1); or
- (b) In relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect in terms of section 78(2)(b);

“exclusion”, in relation to a municipality’s rating power, means a restriction of that power as provided for in section 17;

“exemption”, in relation to the payment of a rate, means an exemption granted by a municipality in terms of section 15;

“financial year” means the period starting from 1 July in a year to 30 June the following year;

“government/state” means National and Provincial Government properties owned and exclusively used by an organ of the state.

“illegal use” means any use that is inconsistent with or in contravention of the permitted use of the property.

“Income Tax Act” means the *Income Tax Act, 1962 (act No. 58 of 1962)*

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

“industrial” means branch of trade or manufacturing, production, assembling or processing of finished or partially finished products from raw materials or fabricated parts, on so large scale that capital and labour are significantly involved. This includes factories as defined in the Machinery and Building Work Act, Act 22 of 1941, as amended and includes any office or other accommodation on the same erf, the use of which is incidental to the use of such factory.

“land reform beneficiary” in relation to a property, means a person who-

- (a) *acquired the property through-*
 - (i) *the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993)*
 - (ii) *the Restitution of land Rights Act, 1994 (Act No. 22 of 1994); or*
- (b) *holds the property subject to the Communal Property associations Act, 1996 (Act No. 28 of 1996).*
- (c) *holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution be enacted after this Act has taken effect;*

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“land tenure right” means (an old order right or new order right) a land tenure right as defined in section 1 of the Upgrading of Land Tenure Rights act 1991 (Act 112 of 1991);

“local community”, in relation to a municipality-

- (a) Means that body of persons comprising-
 - a. the residents of the municipality;
 - b. the ratepayers of the municipality;
 - c. any civic organizations and non-governmental, private sector or labour organizations or bodies which are involved in local affairs within the municipality; and
 - d. 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 disadvantaged sections of such body of persons.

“local municipality” means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155(1) of the Constitution as a category B municipality;

“market value”, in relation to a property, means the value of the property determined in accordance with section 46;

“MEC for local government” means the member of the Executive Council of a province who is responsible for local government in that province;

“metropolitan municipality” means a municipality that has exclusive executive and legislative authority in its area, and which is described in section 155(1) of the Constitution as a category A municipality;

“mining property” means a property used for mining operations as defined in the Minerals and Petroleum Resources development Act, 2002 (Act No. 28 of 2002);

“Minister” means the Cabinet member responsible for local government:

“Multiple purposes” in relation to a property, means the use of a property for more than one purpose, subsection to section 9;

“Municipal Council” or **“council”** means a municipal council referred to in section 18 of the Municipal Structures Act:

“Municipal Finance Management Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“Municipal System Act” means the Local Government: Municipal System Act, 2000 (Act No. 32 of 2000);

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“Municipal manager” means a person appointed in terms of section 82 of the Municipal Structures Act;

“Municipal valuer” or **“valuer of a municipality”** means a person designated as a municipal valuer in terms of section 33(1);

“newly ratable property” means any ratable 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) 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 phasing-in of a rate is not justified;

“Occupier” in relation to a property; means a person in actual occupation of a property, whether or not that person has a right to occupy the property;

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

“Official residence”, in relation to places of public worship, means a single property registered in the office of the Registrar of Deeds in the name of a religious community or religious community or registered in the office of the Registrar of Deeds in the name of a trust established for the sole benefit of a religious community and used as a place of residence for an office bearer;

“Organ of state” means an organ of state as defined in section 239 of the Constitution:

“Owner”

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

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

(bA) in relation to a time sharing interest contemplated in the Property Time-sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the Property Time-sharing Control Act, 1983, and published in government notice R327 of 24 February 1983;

(bB) in relation to a share block company as defined in the Share Block Control Act, 1980 (Act No. 59 of 1980):

(Applicable from 1 July 2015).

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(c) in relation to a land tenure right referred to in paragraph (c) of the definition of **“property”**, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or

(d) in relation to public service infrastructure referred to in paragraph (d) of the definition of **“property”**, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of publicly controlled”.

Provided that a person mentioned below, may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:

- (i) A trustee, in the case of 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 a municipality and is leased by it; or
- (viiA) A lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right; or
- (viii) A buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

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

- (a) Any restrictions imposed by-
 - a. A condition of title;
 - b. A provision of a town planning or land use scheme; or
 - c. Any legislation applicable to any specific property or properties;
- (b) Any alleviation of any such restrictions;

“Person” includes an organ of state;

“Place of public worship” means used primarily for the purposes of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium:

Provided that the property is-

- (a) Registered in the name of a religious community;
- (b) Registered in the name of a trust established for the sole benefit of a religious community; or
- (c) Subject to a land tenure right:

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“Prescribe” means prescribe by regulation in terms of section 83;

“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 to a person in terms of legislation; or
- (d) Public service infrastructure.

“Property register” means a register of properties referred to in section 23;

“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.

“Protected Areas Act” means the national Environmental Management: protected Areas Act, 2003;

“Publicly controlled” means owned by or otherwise under the control of an organ of state, including-

- (a) a public entity listed in the Public Finance Management Act, 1999 (Act No. 1 of 1999)
- (b) a municipality; or
- (c) a municipal entity as defined in the Municipal systems Act;

“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;

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- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways or aprons on the air traffic control unit at national or provincial airports; including the vacant land known as the obstacle free zone surrounding these, which must be vacant for the air navigation purpose;
- (h) breakwaters, sea walls, channels, basins, clay 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 comprising lighthouses, radio navigational aids, buoy, beacons or any other device or system used to assist the safe and efficient navigation of vessels; communications system serving the public;
- (i) any other publicly controlled as may be prescribed; or
- (j) a right registered against immovable property in connection with infrastructure mentioned in paragraphs (a) to (i);

“Rate” means a municipal rate on property envisaged in section 229(l) of the Constitution;

“Rateable property” means property on which a municipality may in terms of section 2 levy a rate, excluding property fully excluded from the levying of rates in terms of section 17;

“Ratio”, in relation to section 19, means the relationship between the cent amount in the Rand applicable to residential properties and non-residential properties: Provided that the two relevant cent amounts in the Rand are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category;

“Rebate” in relation to a rate payable on a property, means a discount granted in terms of section 15 on the amount of the rate payable on the property;

“Reduction” in relation to a rate payable on a property, means to lowering in terms of section 15 of the amount for which the property was valued and the rating of the property at that lower amount;

“Register”-

- (a) Means to record in a register in terms of-
 - (i) The deeds Registries Act, 1937 (Act No. 47 of 1937); or
 - (ii) The Mining Titles Registration Act, 1967 (Act No. 16 of 1967); and
- (b) Includes any other formal act in terms of any other legislation to record-
 - (i) A right to use land for or in connection with mining purpose; or
 - (ii) A land tenure right;

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“Residential property” means a property included in a valuation roll in terms of section 48(2)(b)(as residential); in respect of which the primary use or permitted use is for residential purpose;

“Sectional Titles Act” means a scheme defined in section 1 of the Sectional Titles Act;

“Sectional Title Scheme” means a scheme defined in section 1 of the Sectional Titles Act;

“Sectional title unit” means a unit defined in section 1 of the Sectional Titles Act;

“Specified public benefit activity” means an activity listed in item 1 (welfare and humanitarian), item 2 (health care) and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act;

“State trust land” means land owned by the state-

- (a) In trust for persons communally inhabiting the land in terms of a traditional
- (b) Over which land tenure rights were registered or granted; or
- (c) Which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act 22 of 1994);

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

“This Act” includes regulations made in terms of section 83.

(2) In this act, a word or expression derived from a word or expression defined in subsection (1) has a corresponding meaning unless the context indicates that another meaning is intended.

“Vacant land” means:

- land where no immovable improvements have been erected; or
- the value added by the immovable improvements is less than 10% of the value of the land.

PART 3: OBJECTIVE

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:

- (1) 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;

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- (2) there is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfill its developmental responsibilities;
- (3) 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 discriminator legislation and practices; and
- (4) 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 council shall adhere to all the requirements of the Property Rates Act no. 6 of 2004 including any regulations promulgated in terms of that Act.

PART 4: IMPOSITION OF RATES

The council shall as part of each annual operating budget component impose a rate in the rand on the market value of all rateable property as recorded in the municipality's valuation roll and supplementary valuation roll. Rateable property shall include any rights registered against such property, with the exception of a mortgage bond.

The council pledges itself to limit each annual increase as far as practicable to the increase in the consumer price index over the period preceding the financial year to which the increase relates, except when the approved integrated development plan of the municipality provides for a greater increase.

The council shall, in imposing the rate for each financial year, take proper cognizance of the aggregate burden of rates and service charges on representative property owners, in the various categories of property ownership, and of the extent to which this burden is or remains competitive with the comparable burden in other municipalities within the local economic region.

The council shall further, in imposing the rate for each financial year, strive to ensure that the aggregate budgeted revenues from property rates, less revenues forgone and less any contributions to the provision for bad debts, equal at least 25% (twenty five percent) of the municipality's aggregate budgeted net revenues for the financial year concerned. By doing so, the municipality will ensure that its revenue base and the collectability of its revenues remain sound.

PART 5: CATEGORIES OF PROPERTIES

The Council may levy different rates to different categories of rateable property. All rateable property will be classified in a category and will be rated based on the use of the property. For purposes of levying differential rates based on the use of the properties in terms of section 8(1)(a) read with sections 3 (3)(b) and 3(3)(c) of the Act, the following categories (including clarification of category) of properties are determined:

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The categories and clarification are as follows:

1	Agricultural properties	Properties used primarily for farming and agricultural purposes excluding the use of eco-tourism or the trading in or hunting of game.
2	Agricultural properties not used for any purposes	Agricultural property which is not used for farming and agricultural purposes.
3	Business and Commercial properties	All properties including farms, small holdings and sectional title schemes used for business and commercial activities.
4	Communal land	Property belonging to a land reform beneficiary or his or her heirs provided that this exclusion lapses 10 years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds.
5	Industrial properties	All properties including farms, small holdings and sectional title schemes used for industrial purposes.
6	Mining properties	Properties used for mining purposes.
7	Multiple use properties	Properties utilized for more than one purpose. The categorization of such property will be determined by 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 applying the rates applicable to the categories determined by the Municipality for properties used for those purposes to the different market value apportionments.
8	Municipal properties	All properties registered and vested in the municipality and used by the municipality in the execution of its constitutional obligations.

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9	Place of worship and/or vicarage	Properties registered in the name of and used primarily as a place of worship by a religious community, including an official residence registered in the name of that community.
10	Privately owned towns serviced by the owner	A property on which a township is laid out, privately owned, maintained and serviced by the owner.
11	Protected areas	An area that is or has to be listed in a register referred to in section 10 of the National Environmental Management: Protected Areas Act 2003 (Act No 57 of 2003) and “protected areas” has a corresponding meaning.
12	Public monuments & memorial properties	<p>Monument and memorials erected on land belonging to any branch of central, provincial or local government, or on land belonging to any organization funded by or established in term of the legislation of such a branch of government; or</p> <p>Which were paid for by public subscription, government funds, or a public-spirited or military organization, and are on land belonging to any private individual.</p>
13	Public service infrastructure	<p>Publicly controlled infrastructure of the following kinds:</p> <ul style="list-style-type: none"> (a) National, provincial or other public roads on which goods, services or labour move across a municipal boundary; (b) Water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public; (c) Power stations, power substations or power lines forming part of an electricity scheme serving the public; (d) Gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels; (e) Railway lines forming part of a national railway system; (f) Communication towers, masts, exchanges or lines forming part of a communications system serving the public; (g) Runways or aprons at national or provincial airports; (h) Breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provisions of water, lights, power sewerage or similar services of ports, or navigational aids

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		<p>comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;</p> <p>(i) Any other publicity controlled infrastructure as may be prescribed; or</p> <p>(j) A right registered against immovable property in connection with infrastructure mentioned in paragraph (a) to (i).</p>
14	Public benefit organization properties	Property owned by a public benefit organization and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule of the Income Tax Act.
15	Residential properties	All properties including farms, small holdings as well as sectional title properties of which the primarily use is for residential purposes, excluding hotels and guest houses.
16	State trust land	<p>Land owned by the state:</p> <p>(a) In trust for persons communally inhabiting the land in terms of a traditional system of land tenure;</p> <p>(b) Over which land tenure rights were registered or granted; or</p> <p>(c) Which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act 22 of 1994).</p>
17	State-owned properties	All properties owned by Provincial and / or National Government or an organ of the State.
18	Vacant properties & Commercial properties	All properties of which the permitted use is for business and commercial purposes and is undeveloped..
19	Vacant Industrial properties	All Properties of which the permitted use is for industrial purposes and is undeveloped.
20	Vacant Residential properties	All properties of which the permitted use is for residential purposes and is undeveloped.
21	Unregistered properties	Properties of which certificate of registered titles has not been issued by the Deeds Office

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PART 6: RATE RATIOS

“The rate ratios to be in line with Section 19 of the Local Government Property Rates Act, Act 6 of 2004”

Ref no	Category	Rate Ratio
1.	Agricultural Properties	1:0.25
2.	Agricultural Properties not used for any purposes	1:0.25
3.	Business and Commercial properties	1:2
4.	Communal land	0:0
5.	Industrial properties	1:2
6.	Mining properties	1:2
7.	Multiple use properties	Per category of use
8.	Municipal properties	1:0
9.	Place of worship and/or vicarage	1:0
10.	Privately owned towns serviced by the owner	1:1
11.	Protected areas	1:0
12.	Public monuments & memorial properties	1:0
13.	Public service infrastructure	1:0.25
14.	Public benefit organization properties	1:0.25
15.	Residential properties	1:1
16.	State trust land	1:0
17.	State-owned properties	1:
18.	Vacant Business & Commercial properties	1:2
19.	Vacant Industrial properties	1:2
20.	Vacant Residential properties	1:
21.	Unregistered properties	0:0

PART 7: EXEMPTIONS, REBATES AND REDUCTIONS ON RATES

In imposing the rate in the rand for each annual operating budget component, 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.

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7.1 EXEMPTIONS

- 7.1.1 The first **R15 000** 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) in the Act;
- 7.1.2 Rateable property registered in the name of a welfare organization registered in terms of the National Welfare Act, 1978 (Act 100 of 1978)
- 7.1.3 Rateable property registered in the name of an institution or organization which, in the opinion of the Council performs charitable work;
- 7.1.4 Hospitals, clinics and institutions for mentally ill persons which are not operated with the intention to make a profit;
- 7.1.5 Rateable property registered in the name of a public benefit organization performing specific public benefit activities;
- 7.1.6 Cemeteries and crematoriums that are registered in the name of private persons and which are used exclusively for burials and cremations of human remains, as the case may be;
- 7.1.7 Museums, art galleries, libraries and botanical gardens which are registered in the names of private persons and which are open to public, whether admission fees is charged or not;
- 7.1.8 National monuments including ancillary business activities at national monuments;

Exemptions described under sub paragraphs 6.1.2 to 6.1.8 above may only be granted upon formal written applications submitted by the owners for consideration in terms of Section 15 (2) of the MPRA.

7.2 Rebates and Reductions on Rates

The following categories of owners of residential properties shall additionally receive the following rebates on the rates due in respect of such properties.

7.2.1 Indigent Owners

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 Indigent 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.

7.2.2 Pensioners and Disabled persons

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

- Applicants must have reached the age of 60 years.
- The Applicant must be a registered owner of the property and occupies it for at

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least 5 years.

- Applicant cannot be a registered owner of more than one property in the Municipal area.
- Income must not exceed the maximum as approved by Council from time to time. (Schedule 1)
- Proof of income from pension or other income must be provided with applications in terms of this rebate.
- Applications must be provided before the 15th of March of each financial year in order to qualify for the rebate during the next financial year.

7.2.3 Disabled and Medical Unfit Applicants

- Applicants qualify irrespective the age on condition that a medical certificate be produced to Council, and in receipt of a disability pension from the Department of Welfare and Population Development.
- Income must not exceed the maximum as approved by Council from time to time. (Schedule 1)
- The Applicant must be a registered owner of the property and occupies it for at least 5 years.
- The Applicant cannot be a registered owner of more than one property in the Municipal area.
- Applications must be provided before the 15th of March 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 for residential applicants who qualify in terms of these criteria.

7.2.4 Compulsory phasing in of certain rates

Rates levied on new ratable property must be phased in over a period of three or four years depending on the ownership and use (category) of such a property in terms of section 21 of the Municipal Properties Rates Act. (Schedule 1)

The Council grants the above rebates in recognition of the following factors:

- 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.
- The need to accommodate indigents and less affluent pensioners.
- The services provided to the community by public service organizations.

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- 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.
- The need to preserve the cultural heritage of the local community.
- The need to encourage the expansion of public service infrastructure.
- 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.
- The requirements of the Property Rates Act no. 6 of 2004.

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 rebate are also clearly indicated on the rates accounts submitted to each property owner.

PART 8: FREQUENCY OF PAYMENTS

Payments for rates shall be made monthly on or before the date specified in each monthly rate account, which date shall be the 15th day of the month concerned or if the 15th is not a business day, the last business day before the 15th.

PART 9: CORRECTION OF ERRORS AND OMISSIONS

1. Where the rates levied on a particular property have been incorrectly determined, because of an error or omission on the part of the municipality, 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, but limited to one (the present) financial year.
2. Where the rates levied on a particular property have been incorrectly determined, because of false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.
3. 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 a penalty fee as approved by Council shall be imposed and interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

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PART 10: FREQUENCY OF VALUATIONS

The municipality shall prepare a new valuation roll every 4 years and supplementary valuation rolls once a year (Sec. 32(1)(b))

PART 11: LEGAL REQUIREMENTS

A paraphrase – and in some instances an abridgement – of the key requirements of the Local Government: Property Rates Act no. 6 of 2004 is attached as an annexure to this policy.

(SECTION 2) POWER TO LEVY RATES

- (1) A metropolitan or local municipality may levy a rate on property in its municipal area.
- (2) A municipality must exercise its power to levy a rate on property subject to
 - (a) Section 229 and any other applicable provisions of the Constitution,
 - (b) The provisions of the present Act,
 - (c) and the rates policy it must adopt in terms of this Act.

(SECTION 3) ADOPTION AND CONTENTS OF RATES POLICY

The council of a municipality must adopt a policy consistent with the present Act on the levying of rates on rateable property in the municipality.

Such a rates policy will take effect on the effective date of the first valuation roll prepared by the municipality in terms of the present Act, and such policy must accompany the municipality's budget for the financial year concerned when that budget is tabled in the council in terms of the requirements of the Municipal Finance Management Act.

A rates policy must:

- treat persons liable for rates equitably;
- determine the criteria to be applied by the municipality if it:
 - levies different rates for different categories of property;
 - exempts a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate on their properties;
 - grants to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate on or a reduction in the rate payable in respect of their properties; or

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- increases rates;

- determine or provide criteria for the determination of categories of properties for the purposes of levying different rates, and categories of owners of properties, or

Categories of properties, for the purpose of granting exemptions, rebates and reductions;

- determine how the municipality's powers in terms of Section 9 must be exercised in relation to properties used for multiple purposes;

- identify and provide reasons for –
 - (i) Exemptions
 - (ii) Rebates and

 - (iii) Reductions

- take into account the effect of rates on the poor and include appropriate measures to alleviate the rates burden on them;

- take into account the effect of rates on organizations conducting specified public benefit activities and registered in terms of the Income Tax Act for tax reductions because of those activities, in the case of property owned and used by such organizations for those activities;

- take into account the effect of rates on public service infrastructure;

- allow the municipality to promote local, social and economic development; and

- identify, on a basis as may be prescribed, all rateable properties in a municipality that are not rated in terms of Section 7.

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

- the extent of services provided by the municipality in respect of such properties;
- the contribution of agriculture to the local economy
- the extent of which agriculture assists in meeting the service delivery and development obligations of the municipality; and
- the contribution of agriculture to the social and economic welfare of farm workers.

Any exemptions, rebates or reductions granted and provided for in the rates policy adopted by a municipality must comply and be implemented in accordance with a national framework that may be prescribed after consultation with organized local government.

No municipality may grant relief in respect of the payment of rates to:

- a category of owners of properties, or to the owners of a category of properties, other than by way of an exemption, rebate or reduction as provided for in its rates policy and granted in terms of Section 15 of the present Act; or
- the owners of properties on an individual basis.

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(SECTION 4) COMMUNITY PARTICIPATION

Before a municipality adopts its rates policy, the municipality must follow the process of community participation envisaged in Chapter 4 of the Municipal Systems Act; and comply with the following requirements, as set out below.

The municipal manager of the municipality must:

- Conspicuously display the draft rates policy for a period of at least 30 days at the Municipality's head and satellite offices and libraries, and, if the municipality has an official website or a website available to it, on that website as well; and

- advertise in the media a notice stating that a draft rates policy has been prepared for submission to the council, and that such policy is available at the various municipal offices for public inspection, and (where applicable) is also available on the relevant website; and inviting the local community to submit comments and representations to the municipality within a period specified in the notice, but which period shall not be less than 30 days.

The council must take all comments and representations made to it into account when it considers the draft rates policy.

(SECTION 5) ANNUAL REVIEW OF RATES POLICY

The council must annually review, and – if needed – amend its rates policy. Any amendments to the rates policy must accompany the municipality's annual budget when it is tabled in the council in terms of the Municipal Finance Management Act.

When the council decides to amend the rates policy, community participation must be allowed for as part of the municipality's annual budget process.

(SECTION 6) BY-LAWS TO GIVE EFFECT TO RATES POLICY

- (1) A municipality must adopt by-laws in terms of section 13 of the Municipal Systems Act to give effect to the implementation of its rates policy.
- (2) By-laws in terms of subsection (1) of MPRA may differentiate between-
 - (a) different categories of properties; and
 - (b) different categories of owners of properties liable for the payment of rates

(SECTION 7) RATES TO BE LEVIED ON ALL RATEABLE PROPERTY

When levying rates a municipality must levy such rates on all rateable property in its area, (or, in the case of a district municipality, on all rateable property in the district management area):

- properties of which the municipality itself is the owner;

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- public service infrastructure owned by a municipal entity;
- rights registered against immovable property in the name of a person;
- properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure attributable to past racially discriminatory laws or practices.

The requirement to levy rates on all rateable properties does not prevent a municipality from granting exemptions from, rebates on, or reductions in rates levied.

(SECTION 8) DIFFERENTIAL RATES

A municipality may in terms of the criteria set out in its rates policy levy different rates for different categories of rateable property, and these categories may be determined according to the:

- Use of the property;
- Permitted use of the property; or
- Geographical area in which the property is situated.

USAGE CATEGORIES OF RATEABLE PROPERTY THAT MAY BE DETERMINED INCLUDE THE FOLLOWING

1	Agricultural properties	FAR
2	Agricultural properties not used for any purposes	AGN
3	Business and Commercial properties	BUS
4	Communal land	COM
5	Industrial properties	IND
6	Mining properties	MIN
7	Multiple use properties	MUP
8	Municipal properties	MUN
9	Place of worship and/or vicarage	WOR
10	Privately owned towns serviced by the owner	POT
11	Protected areas	PRO
12	Public monuments & memorial properties	MON
13	Public service infrastructure	PSI
14	Public benefit organization properties	PBO
15	Residential properties	RES
16	State trust land	STL
17	State-owned properties	GOV
18	Vacant Business & Commercial properties	VAC
19	Vacant Industrial properties	VAC

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20	Vacant Residential properties	VAC
21	Unregistered properties	URP

(SECTION 9) PROPERTIES USED FOR MULTIPLE PURPOSES

A property used for multiple purposes must, for rates purposes, be assigned to a category determined by the municipality for properties used for:

- a purpose corresponding with the permitted use of the property, if the permitted use of the property is regulated;
- a purpose corresponding with the dominant use of the property; or
- multiple purposes, as specified in Section 8 above.

A rate levied on a property assigned to a category of properties used for multiple purposes must be determined by:

- 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
- applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments.

(SECTION 10) LEVYING OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES

- (1) A rate on a property which is subject to a sectional title scheme must be levied on the individual sectional title units in the scheme, and not on the property on a whole.
- (2) Subsection (1) of the MPRA must be read subject to section 92 of the MPRA.

(SECTION 11) AMOUNT DUE FOR RATES - PROPERTY MUST BE STATED AS AN AMOUNT IN THE RAND

- (1) A rate levied by a municipality on:
 - (a) The market value on the property;
 - (b) in the case of public service infrastructure, on the market value of the public service infrastructure less 30% of that value as contemplated in section 17(1)(a), or such lower percentage as the Minister may determine in terms of section 17(4); or
 - (c) in the case of property to which Section 17(1)(h) applies, on the market value of the property less the amount stated in that section or on such other amount as the Minister may determine in terms of section 17(3).
- (2) A rate levied by a municipality on residential properties with a market value below a prescribed valuation level may, instead of a rate determined in terms of subsection (1) of the MPRA, be a uniform fixed amount per property.

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(SECTION 12) PERIODS FOR WHICH RATES MAY BE LEVIED

- (1) In levying rates, a municipality must levy the rate for a financial year. A rate lapses at the end of the financial year for which it was levied.
- (2) The levying of rates forms part of the municipality's annual budget process, and the municipality must therefore annually, at the time of its budget process, review the amount in the Rand of its current rates in line with the annual budget for the next financial year.
- (3) A rate levied for a financial year may not be increased during a financial year as provided for in section 28(6) of the Municipal Finance Management Act.

(SECTION 13) COMMENCEMENT OF RATES

- (1) A rate becomes payable
 - (a) as from the start of the particular financial year,
 - (b) or if the municipality's annual budget is not approved by the start of the financial year, as from such later date when the municipality's annual budget, including the resolution levying the rates, is approved by the provincial executive in terms of the provisions of the Municipal Finance Management Act.
- (2) Subsection (1) of the MPRA does not affect the application of section 17(2)(b) and (c) and (5) (b) and (e), 55 and 78(4).

(SECTION 14) PROMULGATION OF RESOLUTIONS LEVYING RATES

A rate is levied by a municipality by a resolution passed by the council with a supporting vote of a majority of its members.

- (2)
 - (a) The resolution levying the rates must be annually promulgated 30 days from the date after the resolution by publishing the resolution in the Provincial Gazette.
 - (b) The resolution must-
 - (i) contain the date on which the resolution levying rates was passed;
 - (ii) differentiate between categories of properties; and
 - (iii) reflect the cent amount in the Rand rate for each category of property.
- (3) Whenever a municipality adopts a resolution in terms of section 1 of the MPRA for the levying of assessment rates.
 - (a) conspicuously display the resolution for a period of at least 30 days
 - (i) at the municipality's head and satellite offices and libraries, and

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- (ii) if the municipality has an official website or a website is available to it, as envisaged in section 218 of the Municipal Systems Act, on that website and
- (b) advertise in the media a notice stating that
 - (i) the resolution levying a rate on property has been passed by the council, and
 - (ii) the resolution is available at the municipality's head and satellite offices and libraries for public inspection during office hours and if the Municipality has an official website or a website available to it that the resolution is also available on that website.

(SECTION 15) EXEMPTIONS, REDUCTIONS AND REBATES

A municipality may in terms of the criteria which it has set out in its rates policy:

- (a) Exempt a specific category of owners of properties, or the owners of a specific category of properties, from payment of the rate levied on their property; or
 - (b) Grant to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.
- (2) When granting in terms of subsection (1) of the MPRA exemptions, rebates or reductions in respect of owners of categories of properties, a municipality may determine such categories in accordance with Section 8(2) and subsection (2A). And when granting exemptions, rebates or reductions in respect of categories of owners of properties, such categories may include:

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- (a) Indigent owners;
 - (b) owners dependent on pensions or social grants for their livelihood;
 - (c) owners temporarily without income;
 - (d) owners or property situated within an area affected by –
 - (i) a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
 - (ii) any other serious adverse social or economic conditions;
 - (e) owners of residential properties with a market value lower than R15 000.
 - (f) owners of agricultural properties who are bona fide farmers.
- (2A) in addition to the categories of rateable property determined in terms of section 8(2), a municipality may subject to any ration determined in terms of section 19, for the purposes of granting exemptions, rebates and reductions, determine such categories based on:

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- (a) properties used for public service purposes:
 - (b) properties to which a land tenure right applies and on which no industrial commercial, business, mining or commercial agricultural activities are conducted; and
 - (c) properties to which the provisions of the National Heritage Resources Act, 1999 (Act No 25, of 1999) apply, or an institution that has been declared to be subject to the Cultural Institutions Act, 1998 Act No. 119 of 1998).
- (3) The municipal manager must annually table in the council of the municipality a:
- (a) list of all exemptions, reductions and rebates granted by the municipality
 - (b) statement reflecting the income for the municipality forgone during the terms of such exemption, rebates and reductions:
- (4) Projections regarding revenue to be forgone for a financial year in relation to subsection (3)(b) must be reflected in the municipality's annual budget for that year as-
- (a) income on the revenue side; and
 - (b) expenditure on the expenditure side

(SECTION 16) CONSTITUTIONALLY IMPERMISSIBLE RATES (ABRIDGED)

- (1) In terms of the Constitution a municipality may not exercise its power to levy rates on property in a manner that materially and unreasonably prejudices
- (a) national economic
 - (b) economic activities across its boundaries,
 - (c) or the national mobility of goods, services, capital and labour.
- (2) (a) If a rate on a specific category of properties, or a rate on a specific category of properties above a specific amount in the rand, is materially and unreasonably prejudicing any of the matters listed in subsection (1) of the MPRA, the Minister, with the concurrence of the Minister of Finance, must, by notice in the Gazette, give notice to the relevant municipality or municipalities that the rate must be limited to an amount in the Rand specified in the notice.
- (b) A municipality affected by a notice referred to in line (a) above must give effect to the notice and if necessary adjust its budget for the next financial year accordingly.
- (3) (a) Any sector of the economy, after consulting the relevant municipality and organized local government, may through its organized structure, request the minister to evaluate evidence to the effect that a rate on any specific category of properties, or a rate any specific category of properties above a specific amount in the rand, is materially and unreasonably prejudicing any of the matters listed in subsection (1) of the MPRA.

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- (aA) A request contemplated in line (a) above must be submitted to the minister within 24 months of the date of imposition of the applicable rate.
- (b) If the Minister is convinced by the evidence referred to in paragraph (a) that a rate on any specific category of properties, or a rate on any specific category of properties, or a rate on any specific category of properties above a specific amount in the Rand, is materially and unreasonably prejudicing any of the matters listed in subsection (1), the Minister must act in terms of subsection (2).
- (4) A notice issued in terms of subsection (2) must give the reasons why a rate on the relevant category of properties, or a rate on the relevant category of properties above the amount specified in the notice, is materially and unreasonably prejudicing a matter listed in subsection (1).
- (5) The Minister, after consultation with the Minister of Finance, may by notice in the Gazette issue guidelines to assist municipalities in the exercise of their power to levy rates consistent with subsection (1).

(SECTION 17) OTHER IMPERMISSIBLE RATES (ABRIDGED)

A municipality may not levy a rate on:

- (a) Subject to paragraph (1) (a) of the MPRA on the first 30% of the market value of public service infrastructure;
- (b) On any part of the seashore as defined in the National Environmental Management: Integrated Coastal Management Act, 2008 (Act No 24 of 2008).
- (c) on any part of the territorial waters of the Republic as determined in terms of the Maritime Zones Act, 1994 (Act No. 15 of 1994);
- (d) on any islands of which the state is the owner, including the Prince Edward Islands referred to the Prince Edward Islands Act, 1948 (Act No. 43 of 1948);
- (e) on those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management Protected Areas Act, 2008 (Act No 57 of 2003), or of a national botanical garden within the meaning of the National Environmental Management, Biodiversity Act, 2004 (Act No. 10 of 2004), which are not developed or used for commercial, business, agricultural or residential purposes;
- (f) on mining rights or a mining permit within the meaning of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002), excluding any building other immovable structures and infrastructure above the surface of the mining property required for purposes of mining;
- (g) on a property belonging to a land reform beneficiary or his or her heirs, dependants or spouse: Provided that this exclusion lapses –
 - (i) 10 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;

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- (h) on the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll of a 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; or
- (i) on a property registered in the name of and used **primarily as a place of public worship** by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.
- (IA) The exclusion from rates of a property referred to in subsection (1)(b) of the MPRA lapses:
 - (a) if the property is alienated or let; or
 - (b) if the exclusion from rates of a property lapses in terms of paragraph (a), if the new owner or lessee becomes liable to the municipality concerned for the rates that, had it not been for subsection (1)(b) would have been payable on the property, notwithstanding the provisions of section 78, with effect from the date of alienation or lease;
- (2)
 - (a) The exclusion from rates of a property referred to in subsection (1)(e) of the MPRA lapses if the declaration of that property as a special nature reserve, national park, nature reserve or national botanical garden, or as part of such a reserve, park or botanical garden, is withdrawn in terms of the applicable Act mentioned in that subsection.
 - (b)
 - (i) If the property in respect of which the declaration is withdrawn is privately owned, the owner, upon withdrawal of the declaration, becomes liable to the municipality concerned for any rates that, had it not been for subsection (1)(e) of the MPRA, would have been payable on the property, notwithstanding the provisions of section 78, during the period commencing from the effective date of the current valuation roll of the municipality.
 - (ii) Provided that if the property was declared as a protected area after the effective date of the current valuation roll, rates are payable only from the date of declaration of the property.
 - (c) The amount for which an owner becomes liable in terms of paragraph (b) must be regarded as rates in arrears, and the applicable interest on that amount is payable to the municipality.
 - (d) Paragraphs (b) and (c) apply only if the declaration of the property was withdrawn because of-
 - (i) a decision by the private owner for any reason to withdraw from the agreement concluded between the private owner and the state in terms of the Protected Act, and in terms of which the private owner initially consented to the property being declared as a protected area; or
 - (ii) a decision by the state to withdraw from such agreement because of a breach of the agreement by the private owner.

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- (3) The Minister, acting with the concurrence of the Minister of Finance, may from time to time by notice in the Gazette, increase the monetary threshold referred to in subsection (1)(h) to reflect inflation.
- (4) The Minister may, by notice in the Gazette, lower the percentage referred to in subsection (1)(a) of the MPRA, but only after consultation with-
- (a) relevant Cabinet members responsible for the various aspects of public service infrastructure;
 - (b) organized local government; and
 - (c) relevant public service infrastructure entities
- (5) (a) The exclusion from rates of a property referred to in subsection (1)(i) lapses if the property-
- (i) is disposed of by the **religious community** owning it; or
 - (ii) is no longer used primarily as a place of public worship by a religious community or, in the case of an official residence contemplated in that subsection, is no longer used as such an official residence.
- (b) if the exclusion from rates of a property used as such an official residence lapses, the religious community owning the property becomes liable to the municipality concerned for any rates that, had it not been for subsection (1)(i), would have been payable on the property, notwithstanding section 78, during the period of one year preceding the date on which the exclusion lapsed.
- (c) The amount for which the religious community becomes liable in terms of paragraph (b) must be regarded as rated in arrears, and the applicable interest on that amount is payable to the municipality.

(SECTION 18) EXEMPTION OF MUNICIPALITIES FROM PROVISIONS OF SECTION 17

- (1) A municipality may apply in writing to the Minister to be exempted from paragraph (a), (e), (g) or (h) of section 17 if it can demonstrate that an exclusion in terms of relevant paragraph is compromising or impeding its ability or right to exercise its powers or to perform its functions within the meaning of section 151(4) of the Constitution.
- (2) Any exemption granted by the Minister in terms of subsection (1) –
- (a) must be in writing; and
 - (b) is subject to such limitations and conditions as the Minister may determine.

(SECTION 19) IMPERMISSIBLE DIFFERENTIATION

A municipality may not levy:

- (a) different rates on residential properties (except as provided for in sections 11(2), 21, 89 and 89A: provided that this paragraph does not apply to residential property which is vacant; and

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(b) by the substitution for subsection 2 of the following sub-sections.

(2) The ratio referred in subsection (1)(b) of the MPRA maybe subject to prescribed norms and standards, and may only be prescribed with the concurrence of the Minister of Finance.

(SECTION 20) LIMITS ON ANNUAL INCREASES OF RATES

- (1) The Minister may, with the concurrence of the Minister of Finance and by notice in the Gazette, set an upper limit on the percentage by which.
 - (a) rates on property categories or a rate on a specific category of properties may be increased, or.
 - (b) the total revenue derived from rates on all property categories or a rate on a specific category of properties may be increased.

- (2) Different limits may be set in terms of subsection (1) of the MPRA for –
 - (a) different kind of municipalities which may, for the purposes of this section, be defined in the notice either in relation to categories, types or budgetary size of municipalities or in any other way; or
 - (b) different categories of properties, subject to section 19.
- (2A) The Minister may, with the concurrence of the Minister of Finance, and by the notice referred to in subsection (1) of the MPRA, delay the implementation of a limit, for a period determined in that notice and in respect of the different kinds of municipalities defined in terms of subsection (2)(a) of the MPRA.
- (3) The Minister may, on written application by a municipality, and on good cause shown, exempt a municipality from a limit set in terms of subsection (1) of the MPRA.
- (4) This section must be read with section 43 of the Municipal Finance Management Act.

(SECTION 21) COMPULSORY PHASING IN OF CERTAIN RATES

A rate levied on newly rateable property must be phased in over a period of three financial years. Similarly, a rate levied on property owned by a land reform beneficiary must, after the exclusion period has lapsed, be phased in over a period of three financial years.

The phasing in discount on a property must:

- in the first year, be at least 75% of the rate for that year otherwise applicable to that property;
- in the second year, be at least 50% of the rate for that year otherwise applicable to that property, and;
- in the third year, be at least 25% of the rate for that year otherwise applicable to that property.

No rate may be levied during the first year on newly rateable property owned and used by organizations conducting specified public benefit activities. Thereafter the phasing in

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discount shall apply as for other newly rateable property owned and used by organizations conducting specified public benefit activities. Thereafter the phasing in discount shall apply as for other newly rateable property except that the 75% discount shall apply to the second year, the 50% to the third year, and the 25% to the fourth year..

A rate levied on newly rateable property may not be higher than the rate levied on similar property or categories of property in the municipality.

(SECTION 22) SPECIAL RATING AREAS

- (1) A municipality may by a resolution of its council –
 - (a) determine an area within that municipality as a special rating area,
 - (b) levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area,
 - (c) and differentiate between categories of properties when levying such additional rate.
Referred to in paragraph (b).
- (2) Before determining a special rating area, the municipality must:
 - (a) consult the local community, including on the following matters:
 - (i) the proposed boundaries of the area; and
 - (ii) the proposed improvement or upgrading of the area; and
 - (b) obtain the consent of the majority of the members of the local community in the proposed special rating area who will be liable for paying the additional rate.
- (3) When a municipality determines a special rating area, the municipality –
 - (a) must determine the boundaries of the area;
 - (b) must indicate how the area is to be improved or upgraded by funds derived from the additional rate;
 - (c) must establish separate accounting and other record-keeping systems regarding –
 - (i) the revenue generated by the additional rate; and
 - (ii) the improvement and upgrading of the area; and
 - (d) may establish a committee composed of persons representing the community in the area to act as a consultative and advisory forum for the municipality on the improvement and upgrading of the area, provided representivity, including gender representivity, is taken into account when such a committee is established. Such a committee must be a subcommittee of the ward committee or committees in the area, if the municipality has a ward committee or committees in the area.
- (4) This section may not be used to reinforce existing inequities in the development of the municipality, and any determination of a special rating area must be consistent with the objectives of the municipality's integrated development plan.
- (5) This section must be read with section 85 of the Municipal Systems Act if this section is applied to provide funding for an internal municipal service district established in terms of that section of the Municipal Systems Act.

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(SECTION 23) REGISTER OF PROPERTIES (SECTION 23)

- (1) The municipality must draw up and maintain a register in respect of all properties situated within that municipality, dividing such register into a part A and a part B.
- (2) Part A of the register consists of the current valuation roll of the municipality, including any supplementary valuation rolls prepared from time to time.
- (3) Part B of the register specifies which properties on the valuation roll or any supplementary valuation rolls are subject to:
 - (a) an exemption from rates in terms of Section 15 of the present Act;
 - (b) a rebate on or a reduction in the rate in terms of Section 15;
 - (c) a phasing in of the rate in terms of Section 21; and
 - (d) an exclusion referred to in Section 17.
- (4) The register must be open for inspection by the public during office hours, and if the municipality has an official website or a website available to it, the register must also be displayed on that website.
- (5) The municipality must at regular intervals, but at least annually, update part B of the register. Part A of the register must be updated in accordance with the provisions of this Act relating to the updating and supplementing of valuation rolls.

(SECTION 24) PROPERTY RATES PAYABLE BY OWNERS)

- (1) **A rate levied by a municipality on property must be paid by the owner of the property subject to Chapter 9 of the Municipal Systems Act. (Refer to the definition of “Owner” and “Property” with regard to unregistered properties).**
- (2) Joint owners of a property are jointly and severally liable for the amount due for rates on that property.
 - (c) In the case of agricultural property owned by more than one owner in undivided shares, the municipality must consider whether in the particular circumstances it would be more appropriate for the municipality to hold any one of the joint owners liable for all rates levied in respect of the agricultural property, or to hold any joint owner only liable for that portion of the rates levied on the property that represent that joint owner’s undivided share in the agricultural property.

(SECTION 25) PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES (SECTION 25)

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- (1) The rate levied by a municipality on a sectional title unit is payable by the owner of the unit or the holder of a right contemplated in section 25 or 27 of the Sectional Titles Act.
- (2) The municipality may not recover the rate on such sectional title unit, or on a right contemplated in section 25 or 27, of the Sectional Titles Act. Registered against the Sectional Title unit, or any part of such rate, from the body corporate controlling the sectional title scheme, except when the body corporate itself is the owner of any specific sectional title unit or the holder of such right.
- (3) A Body Corporate controlling a sectional title scheme may not apportion and collect rates from the owners of the section title units in the scheme.
- (4) This section must be read subject to section 92 of the MPRA.

(SECTION 26) METHOD AND TIME OF PAYMENT

- (1) A municipality must recover the amount levied:
 - (a) on a monthly basis, or less often as may be prescribed in terms of the Municipal Finance Management Act, or annually, as may be agreed to with the owner of the property.
 - (b) annually, as may be agreed to with the owner of the property.
- (2)
 - (a) If the levied amount is payable in a single annual amount, it must be paid on or before a date determined by the municipality.
 - (b) If the levied amount is payable in installments, it must be paid on or before a date in each period determined by the municipality.
- (3) Payment of a levied amount maybe differ but only in special circumstances.

(SECTION 27) ACCOUNTS TO BE FURNISHED

A municipality must furnish each person liable for the payment of a rate with a written account specifying:

- (a) the amount due for rates payable;
- (b) the date on or before which the amount is payable;
- (c) how the amount was calculated;
- (d) the market value of the property;
- (e) if the property is subject to any compulsory phasing in discount in terms of Section 21, the amount of the discount, and
- (f) if the property is subject to any additional rate in terms of Section 22, the amount due for additional rates.

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- (1A) A person liable for the levied amount must furnish the Municipality with an address where correspondence can be directed to failing which the property address must be used when sending correspondence.
- (2) The person liable for payment of the rates remains liable for such payment whether or not such person has received a written account from the municipality in terms of section 1. If the person concerned has not received a written account, that person must make the necessary enquiries from the municipality.

SECTION 28) RECOVERY OF RATES IN ARREARS FROM TENANTS AND OCCUPIERS

- (1) If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined for payment by the municipality, the municipality may recover the amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier.
- (2) The municipality may recover an amount only after it has served a written notice on such tenant or occupier.
- (3) The amount that the municipality may recover from the tenant or occupier is limited to the amount of the rent or other money due or payable, but not yet paid, by such tenant or occupier to the owner of the property.
- (4) The tenant or occupier of a property must, on request by a Municipality, furnish the Municipality with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the municipality.

(SECTION 29) RECOVERY OF RATES FROM AGENTS

- (1) A municipality may, recover the amount due for rates on a property in whole or in part from the agent of the owner, if this is more convenient for the municipality and has given notice of such action to the agent.
- (2) The amount that the municipality may recover from the agent is limited to the amount of any rent or other money received by the agent.
- (4) The agent must, on request by a municipality, furnish the municipality with a written statement specifying all payments for rent on the property and any other money received by the agent on behalf of the owner during a period determined by the municipality.

(SECTION 30) GENERAL VALUATION AND PREPARATION OF VALUATION ROLLS

- (1) A municipality intending to levy a rate on property must in accordance with this Act cause –

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- (a) a general valuation to be made of all properties in the municipality, determined in terms of sub-section (2); and
 - (b) a valuation roll to be prepared of all properties determined in terms of sub-section (3).
- (2) All rateable properties in a municipal area must be valued during such general valuation, including all properties partially excluded from rates in terms of Section 17(1)(a) of the MPRA and provided that –
Properties referred to in Section 7(2)(a) of the MPRA must be valued only to the extent that the municipality intends to levy a rate on those properties.
- (3) All properties valued in terms of subsection (2) must be included in the valuation roll: Provided that properties referred to in sections 7(2)(a)(i)(ii) and section 17(1)(e)(g)(i)(j) of the MPRA must be included in the valuation roll whether they have been valued or not.

(SECTION 31) DATE OF VALUATION

- (1) For the purposes of a general valuation a municipality must determine a date that may be not more than 12 months before the start of the financial year in which the valuation roll is to be first implemented.
- (2) The general valuation must reflect the market values of properties determined in accordance with –
- (a) market conditions which apply as at the date of the valuation; and
 - (b) any other applicable provisions of this Act.

(SECTION 32) COMMENCEMENT AND PERIOD OF VALIDITY OF VALUATION ROLLS (ABRIDGED)

- (1) A valuation roll –
- (a) takes effect from the start of the financial year following completion of the public inspection period required by section 49; and
 - (b) remains valid for that financial year or for one or more subsequent financial years, as the municipality may decide, but in total not for more than five financial years.
- (2) The MEC for Local Government, in a province may extent the period for a valuation roll remains valid to seven financial years but only –
- (3) The valuation roll of the municipality remains valid for one year after the date on which the roll has lapsed in the provincial executive intervenes in the municipality in terms of section 139 of the constitution either before or after that date, provided that the intervention was caused by the municipality's failure-
- (a) To determine a date of valuation for its general valuation in terms of section 31 of the MPRA, or
 - (b) to designate a person as its municipal valuer in terms of section 33 of the MPRA.

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(SECTION 33) DESIGNATION OF MUNICIPAL VALUERS

- (1) A municipality must, before the date of valuation, designate a person as municipal valuer. A municipality may designate either one of its officials or a person in private practice as its municipal valuer.
- (2) If a municipality decides to secure the services of a person in private practice as its municipal valuer, it must-
 - (a) follow an open, competitive and transparent process in accordance with Chapter 11 of the Municipal Finance Management Act; and
 - (b) designate the successful bidder as its municipal valuer by way of a written contract setting out the terms and conditions of the designation.
- (3) A municipality must issue to the person designated as its municipal valuer an identity card in the prescribed format containing a photograph of that person.
- (4) A municipality may withdraw the designation of a person as its municipal valuer but only on the grounds of-
 - (a) misconduct, incapacity or incompetence;
 - (b) non-compliance with a provision of this Act;
 - (c) under-performance; or
 - (d) breach of contract, in the case of a person referred to in subsection (2) of the MPRA.

(SECTION 46) GENERAL BASIS OF VALUATION

- (1) Subject to any other applicable provisions of this Act, the market value of a property is the amount the property would have realized if sold on the date of valuation in the open market by a willing seller to a willing buyer.
- (2) In determining the market value of a property, the following must be considered for purposes of valuing the property:
 - (a) The value of any licence, permission or other privilege granted in terms of legislation in relation to the property, but not a mining right or mining permit granted in terms of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002).
 - (b) The value of any immovable improvement on the property that was erected or is being used for a purpose which is inconsistent with or in contravention of the permitted use of the property, as if the improvement was erected or is being used for a lawful purpose; and
 - (c) The value of the use of the property for a purpose which is inconsistent with or in contravention of the permitted use of the property, as if the property is being used for a lawful purpose.
- (3) In determining the market value of a property the following must be disregarded for purposes of valuing the property:

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- (a) Any building or other immovable structure under the surface of the property which is the subject matter of any mining authorization or mining right defined in the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002).
 - (i) a lift;
 - (ii) an escalator;
 - (iii) an air-conditioning plant;
 - (iv) fire extinguishing apparatus;
 - (v) a water pump installation for a swimming pool or for irrigation or domestic purposes;
- (b) any equipment or machinery which, in relation to the property concerned, is immovable property, excluding –
- (c) any unregistered lease in respect of the property.
- (4) in determining the market value of a property used for agricultural purposes, the value of any annual crops or growing timber on the property that have not yet been harvested as at the date of valuation must be disregarded for purposes of valuing the property.

(SECTION 47) VALUATION OF PROPERTY IN SECTIONAL TITLE SCHEMES

When valuing a property which is subject to a sectional title scheme, the valuer must determine the market value of each sectional title unit in the scheme in accordance with section 46.

(SECTION 48) GENERAL

Contents of valuation

- (1) A valuation roll must list all properties in the municipality determined in terms of section 30(3) of the MPRA.
- (2) The valuation roll must reflect the following particulars in respect of each property as at the date of valuation to the extent that such information is reasonably determinable:
 - (a) The registered or other description of the property;
 - (b) the category determined in terms of section 8 in which the property falls;
 - (c) the physical address of the property;
 - (d) the extent of the property;
 - (e) the market value of the property, if the property was valued;
 - (f) the name of the owner; and
 - (g) any other prescribed particulars.

Categories:

1	Agricultural properties	FAR
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2	Agricultural properties not used for any purposes	AGN
3	Business and Commercial properties	BUS
4	Communal land	COM
5	Industrial properties	IND
6	Mining properties	MIN
7	Multiple use properties	MUP
8	Municipal properties	MUN
9	Place of worship and/or vicarage	WOR
10	Privately owned towns serviced by the owner	POT
11	Protected areas	PRO
12	Public monuments & memorial properties	MON
13	Public service infrastructure	PSI
14	Public benefit organization properties	PBO
15	Residential properties	RES
16	State trust land	STL
17	State-owned properties	GOV
18	Vacant Business & Commercial properties	VAC
19	Vacant Industrial properties	VAC
20	Vacant Residential properties	VAC
21	Unregistered properties	URP

(PART 6): EXEMPTIONS, REBATES AND REDUCTIONS ON RATES

EXEMPTIONS

- The first R15 000 of the market value of all residential properties (RES) 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 6.1.1)

Indigent Owners:

- Indigents will be subsidized in accordance with the indigent policy adopted by Council and will not form part of a rebate in terms of the MPRA.
- *Any owner of erven that is not a registered as an indigent must pay the full property rated after impermissible rates and a 15% discount was awarded. The full value if taxable less R 15 000*
- *Indigent properties will pay tax after the value of R 70 000 that is rebated to a maximum of R 70 000 for the financial year 2020/21*

See amendments to the tariff for 2020/2021:

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- **% Reduction on the tariff of all residential properties. (Section 15)**
- Properties identified in terms of paragraph 6.1.2 to 6.1.8 of this policy.
- Indigents will be subsidized in accordance with the indigent policy adopted by Council and will not form part of a rebate in terms of the MPRA.

REBATES AND REDUCTIONS

PENSIONERS AND MEDICAL UNFIT APPLICANT (DISABLED)

- Owners who qualify in terms of the criteria determined in this policy will be granted an additional rebate based on the tariff applicable on residential properties.
- The maximum income and rebate on each category of income for the 2015/2016 financial year are determined as follow:

Monthly household income		% Rebate
R0 to R4 500		100%
R4 501 to R5 000		80%
R5 001 to R6 000		60%
R6 001 to R7 000		40%
R7 001 to R8 000		20%