



RATES POLICY

2021/2022

Council Resolution:

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1. LEGISLATIVE CONTEXT

- 1.1 This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.
- 1.2 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may impose rates on property.
- 1.3 In terms of the Local Government: Municipal Property Rates Act, 2004 (No. 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 of the Property Rates Act; and
 - iii. the rates policy.
- 1.4 In terms of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000), the municipality has the right to finance the affairs of the municipality by charging fees for services and imposing rates on property and to the extent authorised by national legislation, other taxes, levies and duties.
- 1.5 In terms of Section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy as may be required in terms of any applicable national legislation

2. DEFINITIONS

- 2.1 **“Act”** means the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004).
- 2.2 **“Agent”** in relation to the owner of a property, means a person appointed by the owner of the property:
- a. to receive rental or other payments in respect of the property on behalf of the owner; or
 - b. to make payments in respect of the property on behalf of the owner.
- 2.3 **“Agricultural Property”** in relation to the use of a property, excludes the use of a property for the purpose of ecotourism or for the trading in or hunting of game. Agricultural property excludes formally protected areas, rural communal land and any other specified category of property. Agricultural property may fall within a proclaimed township. The bona fide dominant use is that of farming. Small holdings where limited farming is taking place and where the property’s dominant and most likely use is that of a residence or lifestyle property are not included under this category. It should further be noted that the Act stipulates that properties used for eco-tourism or for trading in hunting of game are not to be categorised as agriculture. They are therefore categorised in terms of Section 8(2)(d)(i) of the Municipal Property Rates Act 6 of 2004.
- 2.4 **“Agricultural Smallholdings”** are properties located outside a formal township, and the dominant use is that of small scale, yet intensive, commercial farming operation. Smallholdings where limited farming is taking place and where the property’s dominant use is that of residence or lifestyle property, are not in this category. In general rule, the properties are up to 30 hectares in extent, but not necessarily limited to this extent. They are therefore categorised in terms of Section 8(2)(f)(i) of the Municipal Property Rates Act 6 of 2004
- 2.5 **“Annually”** means once every financial year.
- 2.6 **“Category”** in relation to property, means a category of properties determined in terms of Section 8 and Section 9 of the Act; and in relation to owners of properties,

means a category of owners determined in terms of section 15(2).

- 2.7 **“Child headed Household”** means a household recognised as such in terms of section 137 of the Children’s Amendment Act, 41 of 2007.
- 2.8 **“Business & Commercial ”** means properties located within a formal township and they are improved with buildings suitable for conducting business such as retail shops and offices. Vacant land can also fall within this category if its most likely future use is for commercial purposes. They are therefore categorised in terms of Section 8(2)(c) of the Municipal Property Rates Act 6 of 2004.
- 2.9 **“Communal Land Properties”** are defined in Section 1 of the Communal Land Rights Act, 2004. They are therefore categorised in terms of Section 8(2)(1) of the Municipal Property Rates Act 6 of 2004
- 2.10 **“Communal Property Association Properties”** These properties are acquired through the provisions of Land and Assistance Act; 1193 or the Restitution of Land Rights Act, 1194 or which are subject to the Communal Property Associations Act, 1996. They are therefore categorised in terms of Section 8(2)(n) of the Municipal Property Rates Act 6 of 2004.
- 2.11 **“Constitution,”** a body of fundamental principles or established precedents according to which our State is governed.
- 2.12 **“Disabled”** means a person who qualifies to receive relief in terms of the Social Services Act, (Act 59 of 1992) or has been certified as disabled by a medical practitioner and qualifies in terms of the income threshold as defined in the Council’s Customer Care Policy.
- 2.13 **“Dominant Use”**, the use of a property is predominant in a specific use in terms of its measured building area. The dominant regulated permitted use. The use of a property is determined by the Municipal Valuer. The dominant use is the most likely use for which the property will be sold or marketed. For example, a small holding which does not qualify as a bone fide farm but which has a large residence and which is sold or used on a primary residence will most likely be sold/marketed as a lifestyle property for residential purposes. The dominant use is therefore a residential small holding.
- 2.14 **“Equitable Treatment of Ratepayers”**: the impartially fair and just treatment of all ratepayers.

- 2.15 **“Exemption”**: in relation to the payment of a rate, means an exemption granted by a municipality in terms of section 15 of the Act.
- 2.16 **“Financial Year”** means the period starting from 1 July in a year to 30 June the next year.
- 2.17 **“Income Tax Act”** means the Income Tax Act (Act 58 of 1962).
- 2.18 **“Indigent Owner”** means an owner of property who has permanent occupation of the property and qualifies for indigent relief in terms of the municipality’s Customer Care Policy. Such an owner may not own more than one property within the municipal jurisdiction and the household must consume less than an amount of electricity and water per month as defined in the municipality’s Customer Care Policy.
- 2.19 **“Industrial Properties”** are properties located within a formal township and they are improved with buildings suitable for manufacturing, warehousing, workshops, etc. Vacant land can also fall within this category if its most likely use is for industrial purposes. They are therefore categorised in terms of Section 8(2)(b) of the Municipal Property Rates Act 6 of 2004.
- 2.20 **“Informal residential Properties”** are residential properties improved with informal structures such as wattle and daub shacks or other redimentary shelters. These properties are generally not provided with municipal services. They are located on a separate residential subdivision. They can be located either on formal township properties or farm properties
- 2.21 **“Market Value”**: In relation to a property, means the value of the property determined in accordance with section 46 of the Act.
- 2.24 **“Municipality”** means the municipal council for the municipal area of The Okhahlamba.
- 2.25 **“Municipal Owned Property”** means those properties owned by Okhahlamba Local Municipality.
- 2.26 **“Municipal Leases”**: Property owned by the Municipality and leased to another party. The Municipality reserves the right to recover municipal rates against all properties registered in the name of the Municipality over which a portion or all of its property is leased either through an existing lease agreement where rates are exclusive or

through the provisions of the Municipal Property Rates Act. Rates payable will be based on the rates category and market value as contained in the Valuation Roll.

- 2.27 **“Municipal Structures Act”** means the Local Government: Municipal Structures Act (Act 117 of 1998).
- 2.28 **“Municipal Systems Act”** means the Local Government: Municipal Systems Act (Act 32 of 2000).
- 2.29 **“Municipal Valuation”** means a valuation of a rateable property within the municipal area by the Municipal Valuer in terms of the Act.
- 2.30 **“Occupier”**: In relation to a property, means a person who occupies the property, whether or not that person has a right to occupy the property.
- 2.31 **“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.
 - 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 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 registered in the name of the municipality and is leased by it; or

vii. A buyer, in the case of a property that was sold by a municipality.

2.33 **“Pensioner”**: A person:

- a. Must be at least 60 years of age or older;
- b. who is the sole owner of the property, or owner jointly with his/her spouse;
- c. who does not own another property within the municipal area.

2.34 **“Permitted Use”**: 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;
- d. any alleviation of any such restrictions.

2.35 **“Person”** also includes an organ of state.

2.36 **“Places of Public Worship”**: Property which is 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 an office bearer of that community who officiates at services of that place of worship.

2.37 **“Policy”** means the Property Rates Policy adopted by Council in terms of section 3(1) of the Act.

2.38 **“ Privately Developed Estates ”** means properties divided through sub division or township establishment into developments with full title stands and / or sectional units in accordance with the Town Planning Scheme and where all services inclusive of water, electricity, sewerage and refuse removal and roads development are installed and maintained at the full cost of the developer and maintained by the residents of such estate and the municipality does not provide any services. They are therefore categorised in terms of Section 8(2)(j) of the Municipal Property Rates Act 6 of 2004

2.39 **“Prescribe”** means prescribe by regulation in terms of section 83 of the Act.

2.40 **“Property”** means:

- a. immovable property registered in the name of a person, including, in the case of a sectional title unit registered in the name of a person/legal entity;
- b. a right registered against immovable property in the name of a person/legal entity, excluding a mortgage bond registered against the property;
- c. a land tenure right registered in the name of a person/legal entity or granted to a person/legal entity in terms of legislation; or

- d. public service infrastructure.
- 2.41 **“Protected Areas Act”** means the National Environmental Management: Protected Areas Act, 2003.
- 2.42 **“Protected Area Properties”** are within an area that is or has been listed in the register referred to in Section 10 of the Protected Areas Act (National Environmental Management: Protected Areas Act), such as nature reserves. They are therefore categorised in terms of Section 8(2)(p) of the Municipal Property Rates Act 6 of 2004
- 2.43 **“Public Benefit Organization”** means an organisation conducting specified public benefit activities as defined in the Act and registered in terms of the Income Tax Act for tax reductions because of those activities.
- 2.44 **“Public Service Infrastructure”** means publicly controlled infrastructure such as roads, water, reservoirs, water treatment plants, power stations, pipelines, railways lines communication systems etc. PSI properties are divided into “Linear PSI” and “Individual PSI” properties. These are fictitious properties created along the length of the services, and with standard widths according to typical specifications for each type of service. Where they overlap a longitude PSI subdivision created for a linear servitude, the surface / override the longitudinal PSI Servitude. Individual PSI properties comprise ‘regular” subdivisions for sub-stations, pump stations, utility buildings, etc. They are therefore categorised in terms of Section 8(2)(i) of the Municipal Property Rates Act 6 of 2004
- 2.45 “Public Service Purposes” means property owned by an organ of state used exclusively for public services such as, hospitals, clinics, schools, pre-schools, early childhood development centres, further training colleges and education, national and provincial libraries and archives, police stations, correctional facilities and courts of law but excludes properties defined as Public Service Infrastructure.
- 2.46 **“Rate”** means a municipal rate on property envisaged in section 229(1)(a) of the Constitution.
- 2.47 **“Rateable Property”** means a property on which a municipality may in terms of section 2 of the Act levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the Act.
- 2.48 **“Rebate”**: In relation to a rate payable on a property, means a discount granted in terms of section 15 of the Act on the amount of the rate payable.

- 2.49 **“Reduction”**: In relation to a rate payable on a property, means the lowering in terms of section 15 of the amount for which the property was valued and the rating of that property at the lower amount.
- 2.50 **“Register”** means to record in a register in terms of:
- a. the Deeds Registries Act, (Act 47 of 1937); or
 - b. the Mining Titles Registration Act, (Act 16 of 1967); and
- includes any other formal act in terms of any other legislation to record:
- a. a right to use land for or in connection with mining purposes; or
 - b. a land tenure right.
- 2.51 **“Residential Property”** means a property included in a valuation roll in terms of section 48(2)(b) as residential. Residential property may include property for which the dominant use is residential based upon the measured building area and uses include residential, sectional title, non-sectional title apartments, hostels, barracks, old age homes and retirement villages. Their primary use is for residential purposes. They are therefore categorised in terms of Section 8(2)(a) of the Municipal Property Rates Act 6 of 2004
- 2.52 **“Residential Smallholdings”** are properties located outside of a formal township, and the dominant use is that of residence or lifestyle property. Smallholdings where limited farming is taking place, and where the property’s most likely dominant use is that of a residence or lifestyle property are include under this category. As a general rule the properties are up to 30 hectares in extent, but are not necessarily limited to this extent. They are therefore categorised in terms of Section 8(2)(f)(ii) of the Municipal Property Rates Act 6 of 2004.
- 2.53 **“Rural Business and Commercial Properties”** are properties located outside of a formal township and improved with buildings suitable for conducting business such as retail shops and offices, etc. Vacant land can also fall within this category if its most likely future use is for commercial purposes. These properties, due to their location, are generally not provided with municipal services.
- 2.54 **“Rural Communal Property”**: Agricultural or township land where there is a single cadastral holding developed predominately for residential purposes and/or traditional rural homesteads (Imizi) and which may also have a variety of non-residential top

structures which collectively constitute the minority in terms of measured building area, and which may be rated separately in terms of the Act. This category of property may include State Trust Land, property belonging to the Ingonyama Trust Board, property belonging to land reform beneficiaries where the dominant use is residential rather than commercial agricultural use.

- 2.55 **"Rural Industrial Properties"** are outside of a formal township and they are improved with buildings suitable for manufacturing, warehousing, workshops, etc. Vacant land can also fall within this category if its most likely use is for industrial purposes. These properties, due to their location, are generally not provided with municipal services
- 2.56 **"Rural Residential Properties"** are properties located outside of a formal township, improved with dwellings and primarily used for residential purposes. Vacant land can also fall within this category if its most likely future use is residential purposes. These properties due to their location are generally not provided with municipal services
- 2.57 **"Sectional Titles Act"** the Sectional Titles Act (Act 95 of 1986).
- 2.58 **"Sectional Title"- Business and Commercial Properties** are improved properties located within a registered Sectional Title Scheme. They are improved with buildings suitable for conducting business such as retail shops and offices and can also include hospitality type resort units
- 2.59 **"Sectional Title – Industrial Properties"** are improved properties located within a registered Sectional Title Scheme. They are improved buildings suitable for manufacturing, warehousing, workshops, etc
- 2.60 **" Sectional Title Residential"** are improved properties located within a registered Title Scheme. Their primary use is to provide residential accommodation.
- 2.61 **"Sectional Title Scheme"** a scheme defined in section 1 of the Sectional Titles Act.
- 2.62 **"Sectional Title Unit"** a unit defined in section 1 of the Sectional Titles Act.
- 2.63 **"Specialised Non-market Properties"** including national monuments, schools (both state and private, crèches), cemeteries/crematorium, prisons, law courts, libraries, military bases, police stations, sports clubs including stadiums, public open spaces

including parks, vacant land to be used for these purposes. Other non-market properties may be assigned to this category by the Municipal Valuer in consultation with the municipality.

- 2.64 **"State Owned Properties"** or **"Public Service Purpose"** are properties registered in the name of the state and are used for a variety of purposes, including but not limited to, schools, hospitals, police stations, vacant land, etc. They are therefore categorised in terms of Section 8(2)(f)(ii) of the Municipal Property Rates Act 6 of 2004.
- 2.65 **"State Trust Land"** are properties owned by the state in trust for persons communally inhabiting the land in terms of a traditional system of land tenure, over which land tenure rights were registered or granted or which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994(Act No.22 of 1994). They are therefore categorised in terms of Section 8(2)(m) of the Municipal Property Rates Act 6 of 2004.
- 2.66 **'Socio-economic development'** is defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". **Sustainable** development encompasses a balance between three pillars, namely economy, environment and society. The requirements of each must be considered and integrated into all activities to achieve sustainability.
- 2.67 **"Squatters/Dwellers"** means the workers previously employed by agricultural owners currently residing on the agricultural property and has not yet been addressed or the particular cases not yet finalized in terms of the Extension of Security of Tenure Act 62 of 1997.
- 2.68 **"Tourism and Hospitality – Rural"** These properties are located outside of a formal township. They serve the tourism and hospitality sector e.g. hotels, resorts, B&B establishments, lodges, restaurants, etc. The dominant use of the property is for hospitality purposes
- 2.69 **"Tourism and Hospitality – Urban"** These properties are located within a township and serve the tourism and hospitality sector, e.g. hotels, B&B establishments, lodges, restaurants, etc. The dominant use of the property is for hospitality purposes

All other terms are used within the context of the definitions contained in the *Local Government: Municipal Property Rates Amendment Act 29 of 2014*

3. POLICY PRINCIPLES

- 3.1 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 rolls. This policy should also be read with the Tariffs Policy of Okhahlamba Municipality for the same year. As per the ammended Act to be implemented 1 July 2015 a specific valuation roll will be valid for 5 years. Any supplementary valuation roll following the GV in cycle at the time will be valid from the first day of the Actual GV. The latest GV implemented by Okhahlamba Municipality is dated 1 July 2016. Implemented 1 July 2017.
- 3.2 As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis, other than by way of an exemption, rebate or reduction provided for in this policy.
- 3.3 There would be no phasing in of rates based on the new valuation roll, except as prescribed by legislation.
- 3.4 The rates policy for the municipality is based on the following principles:
- (a) Equity: The municipality will treat all ratepayers with similar properties the same.
 - (b) Affordability: The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions or rebates.
 - (c) Sustainability: Rating of property will be implemented in a way that:
 - i. it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality; and
 - ii. supports local social economic development

- (d) Cost efficiency : Rates will be based on the value of all ratable property and the amount required by the municipality to balance the operating budget after taking into account profits generated on services and the amounts required to finance free basic services; exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.

4. SCOPE OF THE POLICY

- 4.1 This policy document guides the annual setting (or revision) of property rates. It does not make specific property rates proposals. Details pertaining to the application of the various property rates are published in the Provincial Gazette and the municipality's schedule of tariffs, which must be read in conjunction with this policy.

5. APPLICATION OF THE POLICY

- 5.1 In imposing the rate in the rand for each annual operating budget component, the municipality shall grant exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this policy document.

6. CATEGORIES OF PROPERTY

- 6.1 Criteria for determining categories of properties for the purpose of levying different rates and for the purpose of granting exemptions will be according to the actual use of the property. The allocation of the property category is the discretion of the Municipal Valuer.

- 6.2 Categories of property within the municipal jurisdiction include:

- a) Agricultural;
- b) Agricultural Smallholdings;
- c) Business & Commercial;
- d) Communal Land Properties;
- e) Communal Property Association Properties;
- f) Industrial Properties;
- g) Municipal Owned Property;
- h) Places of Public Worship;
- i) Privately Developed Estate;
- j) Public Benefit Organization;
- k) Public Service Infrastructure;
- l) Residential Property;
- m) Residential Small Holdings;

- n) Rural Business and Commercial Properties ;
- o) Rural Communal Property;
- p) Sectional Title Business and Commercial;
- q) Sectional Title Residential;
- r) Public Service Purpose;
- s) Tourism and Hospitality – Rural
- t) Tourism and Hospitality - Urban

7. CRITERIA FOR RATING MULTIPLE USE PROPERTIES

The following criteria will be used by the municipality in dealing with properties for multiple use

7.1 By apportioning the market value of a property to the different purposes for which the property is used for,

7.2 Applying the relevant cent amount in the Rand to the corresponding apportioned market value.

8 . CATEGORIES OF OWNERS

8.1 Criteria for determining categories of owners of properties, for the purpose of granting relief from rates will be according to the following categories of owners:

- i. Indigent owners;
- ii. Owners dependent on pensions or social grants for their livelihoods;
- iii. Disabled owners;
- iv. Child headed households;
- v. Properties owned by Public Benefit Organisations;
- vi. Owners of agricultural property who are bona fide farmers;
- vii. Properties situated outside of the Proclaimed Boundaries of the Townships;
- viii. Residential properties with a market value below a prescribed valuation threshold, this will include the first R15,000 impermissible exclusion as well as a further reduction as may be determined by Council from time to time;
- ix. Owners of property situated within an area affected by a disaster or any other serious adverse social or economic condition;

9. DIFFERENTIAL RATING

9.1 For the purpose of levying different rates on different categories of property, the Council must:

- a. determine different categories of property; or
- b. provide criterial for determining different categories of property.

9.2 The different categories of property determined by the Council in terms of section

4(1)(a); or the criteria for determining different categories of property provided by the Council in terms of section 4(1)(b) must be specified in the rates policy adopted by the Council in terms of section 2(1).

9.3 The different categories of property determined by the Council in terms of section 4(1)(a) may include, but are not limited, to those set out below:

- a) Agricultural;
- b) Agricultural Smallholdings;
- c) Business, Commercial;
- d) Communal Land Properties;
- e) Communal Property Association Properties;
- f) Industrial Properties;
- g) Informal Residential Properties;
- h) Municipal Owned Property;
- i) Places of Public Worship;
- j) Privately Developed Estate;
- k) Protected Area Properties;
- l) Public Benefit Organization;
- m) Public Service Infrastructure;
- n) Public Service Purposes;
- o) Residential Property;
- p) Residential Small Holdings;
- q) Rural Business and Commercial Properties ;
- r) Rural Communal Property;
- s) Sectional Title Business and Commercial;
- t) Sectional Title Industrial;
- u) Sectional Title Residential;
- v) Tourism and Hospitality – Rural
- w) Tourism and Hospitality - Urban

9.4 It is recorded that in terms of section 19 of the Act, a Council may not levy;

- a. different rates on residential properties, except as provided for in sections 21 and 89 of the Act.
- b. a rate on non-residential properties that exceeds a prescribed ratio to the rate on residential properties determined in terms of section 11(1)(a) of the Act.
- c. rates which unreasonably discriminate between categories of non-residential properties; or
- d. additional rates except in Special Rating Areas as provided for in section 22 of the Act.

9.5 Differential rating among the above determined categories of properties will be done by way of setting different cent amounts in the rand for each property category within

the municipal budgetary processes. Multi purpose properties will be rated on the regulated dominant use of the said property

- 9.6 The criteria for weighting the categories determined above, for the purpose of determining rate ranges for each category, must take account of the following:
- a. The Municipality's perceived affordability factor for the different categories of property;
 - b. The strategic importance of a category of property with reference to the aims and objectives of the Council and the Government of the Republic as a whole (such as social, economic and developmental issues).

10. EXEMPTIONS

10.1 The following categories of property are exempted from rates:

- (a) Municipal properties: Municipal properties are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers.
- (b) Cemeteries and crematoriums: Registered in the names of private persons and operated not for gain.
- (c) Public Service Infrastructure: As per the amendment to the act all properties categorised under PSI will now be exempt from property rates

(d) Communal land: Communal land properties are exempted from paying rates on properties belonging to Land Reform beneficiaries provided that this exclusion lapses 10m years from the date on which such beneficiary's title deed was registered in the office of the Registrar of Deeds.

- (d) Public Benefit Organisations : Public Benefit Organisations may apply for the exemption of property rates subject to completing an application on a prescribed form and producing a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962).
 - i. Health care institutions: Properties used exclusively as a hospital, clinic and mental hospital, including workshops used by the inmates, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.
 - ii. Welfare institutions: Properties used exclusively as an orphanage, non-profit retirement villages, old age home or benevolent institution, including workshops used by the inmates, laundry or cafeteria facilities, provided that any profits from the use of the property are

- used entirely for the benefit of the institution and/or to charitable purposes within the municipality.
- iii. Educational institutions: Property belonging to educational institutions declared or registered by law.
 - iv. Independent schools: Property used by registered independent schools for educational purposes only.
 - v. Charitable institutions: Property belonging to not-for-gain institutions or organisations that perform charitable work.
 - vi. Sporting bodies: Property used by an organisation whose sole purpose is to use the property for sporting purposes on a non-professional basis.
 - vii. Cultural institutions: Properties declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.
 - viii. Museums, libraries, art galleries and botanical gardens: Registered in the name of private persons, open to the public and not operated for gain.
 - ix. Residential Properties: Residential properties with a value of R85000 OR LESS on the official valuation roll will be exempt from rates with no conditions. This rebate will also be extended to all properties falling within any residential category

10.2 Exemptions will be subject to the following conditions:

- (a) Application must be made on the prescribed form provided by the Municipality and must include a constitution of the organization and be addressed annually in writing to the municipality;
- (b) a SARS tax exemption certificate must be attached to all applications;
- (c) the municipal manager or his/her nominee must approve all applications;
- (d) applications must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought (except in the year of implementation of this policy where the approved applications will be implemented retrospectively from 1 July of that year); and
- (e) the municipality retains the right to refuse exemptions if the details supplied in the application form were incomplete, incorrect or false.

11. REDUCTIONS

11.1 A reduction in the municipal valuation as contemplated in section 15(1)(b) of the Act will be granted where the value of a property is affected by:-

- (a) a disaster within the meaning of the Disaster Management Act, 2002 (Act

No. 57 of 2002); or

- (b) any other serious adverse social or economic conditions
- 11.2 The reduction will be in relation to the certificate issued for this purpose by the municipal valuer.
- 11.3 All categories of owners can apply for a reduction in the rates payable as described above.

12. REBATES

The following categories of property and categories of owners have been identified for rates relief on application to the Municipality:

12.1. Categories of property:

- (a) Privately developed estates: The municipality grants a rebate of 20% to properties categorized as Privately Developed Estate Rebate
- (b) Agricultural property AND Small Holding Agriculture: It is noted that the rebates for the agricultural sector will be considered as the Regulatory prescribed ratios. This will be reviewed by council from time to time. An agricultural rebate of 20% will be allowed for the current financial year.
- (c) It be specifically noted that agricultural owners that had been adversely affected by disaster or loss of income not necessarily as set out in the Disaster Management Act, 2002 (Act No. 57 of 2002) but as agreed to by the Department of Agriculture and the Municipal Council may receive an additional rebate of 30%.
- (d) Business, Commercial and Industrial: Such properties supporting Local Economic development will be considered for a 20% rebated on property rates
- (e) Residential Smallholdings: Properties classified as Residential small holdings will be considered for a rebate of 20%
- (f) Tourism and Hospitality Rural: Tourism and Hospitality Rural will be considered for rebate of 20% and additional rebate of 5% on employing local residents of Okhahlamba Local Municipality as a majority of their staff on minimum wage or according to tourism sector norms. An additional extra 5% will be granted to tourism businesses due to the effect that COVID 19 has had

on the tourism establishments.

(g) Tourism and Hospitality Urban: Tourism and Hospitality Rural will be considered for rebate of 20% and additional rebate of 5% on employing local residents of Okhahlamba Local Municipality as a majority of their staff on minimum wage or according to tourism sector norms. An additional extra 5% will be granted to tourism businesses due to the effect that COVID 19 has had on the tourism establishments.

(h) Sectional Title Residential: Properties categorized as Sectional Title Residential will be considered for a rebate of 20%

(i) Indigent Owners: On completion and approval of an Indigent Application form as per the requirement in the Indigent Policy of Okhahlamba Local Municipality a rebate of 100% will be allowed for a property registered in the name of the registered Indigent owner with a combined household income of not more than R3 780 or R45 360.00

(j) Pensioners: On completion and approval of a Pensioners Rebate Application form as per the Consumer Care and Credit Control Policy a rebate will be allowed for a property under the following conditions:

- 1) The Prescribed Application form must be completed with all attachments
- 2) The applicant should not own more than one property and the property towards which the rebate will be considered should be registered in the name of the applicant and also fall within a residential category or privately developed estates.
- 3) The applicant must be 60 years of age as at 1 July for the specific financial year
- 4) The combined household income should not exceed R16 000 per month or R192 000 per annum.
- 5) Applicants will receive a 50% reduction off their annual rates.
- 6) The application will only be valid for a specific financial year.
- 7) No rebate will be allowed for any property reflecting arrear balances older than 90 days.

12.2 Categories of owners:

- a. The different categories of owners of property determined by the Council in terms of section 5(1)(a) include the following categories:
 - i. Indigent owners;
 - ii. Owners dependent on pensions or social grants for their livelihoods;

- iii. Disabled owners;
 - iv. Child headed households;
 - v. Properties owned by Public Benefit Organisations;
 - vi. Owners of agricultural property;
 - vii. Properties situated outside of the Proclaimed Boundaries of the Townships;
 - viii. Residential properties with a market value below a prescribed valuation threshold, this will include the first R15 000 impermissible exclusion as well as a further reduction as may be determined by Council from time to time;
 - ix. Owners of property situated within an area affected by a disaster or any other serious adverse social or economic condition;
- c. The criteria for determining different categories of owners of property provided by the Council in terms of section 5(1)(b) may include the criteria detailed in the Municipality's Rates Policy and must be reviewed by the Council from time to time.
- d. Property owners must apply on a prescribed application form for a rebate as determined by the municipality.
- e. Applications for rebate or exemptions must be accompanied by-
- i. a certified copy of the identity document or any other proof of the owners age which is acceptable to the municipality;
 - ii. proof of income of the owner and his/her spouse where an income threshold is the criteria for relief;
 - iii. an affidavit from the owner confirming that criteria as set out above.
 - iv. if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
 - v. if the owner has retired at a younger age than 60 for medical reasons (proof thereof must be submitted).
- f.. These applications for rates relief must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought (except in the year of implementation of this policy where the approved applications will be implemented retrospectively from 1 July of that year).
- g. The municipality retains the right to refuse rebates if the details supplied in the application form mentioned above were incomplete, incorrect or false.

13. RATES INCREASES

- (a) The municipality will consider increasing rates annually during the budget process in

line with national guidelines issued by National Treasury.

- (b) Consideration will include the limits to the annual increase in rates as prescribed by the National Minister, section 20(1)
- (c) All increases in property rates will be communicated to the local community in terms of the municipality's policy on community participation through the budgetary process.

14. NOTIFICATION OF RATES

- (a) The municipality will give notice of all rates approved at the annual budget meeting at least 30 days prior to the date that the rates become effective. Accounts delivered after the 30 days notice will be based on the new rates.
- (b) A notice stating the purpose of the municipality's resolution and the date on which the new rates become operational will be advertised by the municipality.

15. PAYMENT OF RATES

- 15.1 Ratepayers who wish to pay rates annually in advance with one installment on or before the 30th of August of each year must apply to the Municipality in writing before 30th July for the year preceding payment. A discount of 5% will be allowed for rates paid in advance provided that the full amount is settled by no later than 30th of August each year.
- 15.2 Interest on arrear rates, whether payable on or before the 15th of August or in equal monthly installments, shall be calculated in accordance with the provisions of the credit control, debt collection and indigent policy of the municipality. The final date for payment of rates is 30 days from date of the account statement. Interest penalties will accrue from this date.
- 15.3 If a property owner who is responsible for the payment of property rates in terms of this policy, fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control, Debt Collection and indigent policy of the Municipality.
- 15.4 Arrears rates may be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act.
- 15.5 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or 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 effective date of general valuation roll or

supplementary roll, whichever is relevant.

16. REGULAR REVIEW PROCESSES

16.1 The rates policy will be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives and with legislation.

17. SHORT TITLE

17.1 This policy is the Property Rates Policy of the Okhahlamba Municipality.

17.2 This policy should also be read in line with the Tariff Policy and the Consumer Care, Credit Control and Debt Collection Policy of Okhahlamba Municipality

18. ENFORCEMENT/IMPLEMENTATION

18.1 This policy will be approved by the Municipality in terms of resolution dated May 2021 and comes into effect from 1st July 2021

Council Resolution: C