

MASILONYANA LOCAL MUNICIPALITY

PROPERTY RATES POLICY



2022/2023

FINAL DRAFT

(FOR IMPLEMENTATION ON 1 JULY 2022)

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MASILONYANA LOCAL MUNICIPALITY

PROPERTY RATES POLICY

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 local 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 the regulations promulgated in terms thereof; 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 Council of a municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.
- 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.
- 1.6 This policy must be read together with, and is subject to the stipulations of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) and the regulations promulgated in terms thereof.

2. DEFINITIONS

2. “Definitions, words and expressions” used in the Act are applicable to this policy document wherever it is used;
- 2.1 “Act” means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);

- 2.2 **“Agricultural purpose”** in relation to the use of the property, includes the use of the property for the purpose of eco-tourism and for the trading in or hunting of game;
- 2.3 **“Child-headed household”** means a household where the main caregiver of the said household is younger than 18 years of age. Child-headed household means a household headed by a child as defined in terms of section 28(3) of the Constitution.
- 2.4 **“Municipality”** means the Masilonyana Local Municipality
- 2.5 **“Privately owned towns serviced by the owner”** means single properties, situated in an area not ordinarily being serviced by the municipality, divided through sub division or township establishment into (ten or more) full title stands and/ or sectional units and where all rates related services inclusive of installation and maintenance of streets, roads, sidewalks, lighting, storm water drainage facilities, parks and recreational facilities are installed at the full cost of the developer and maintained and rendered by the residents of such estate.
- 2.6 **“Private owned property”** means property not owned or vested in the state or an organ of state.
- 2.7 **“Public service purpose property”** means property owned by the state other than public service infrastructure.
- 2.8 **“Technical and other colleges”** means a public college and a private college as contemplated in the further education and training college act 16 of 2006.
- 2.9 **“Threshold”** means the amount, determined from time to time by the Council during its annual budget process referred to in section 12(2) of the act, to be deducted from the market value of residential properties, resulting in rates to be determined on the balance of the market value of such properties only.

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 roll.
- 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 as contemplated in clause 7 and 8 of this policy. 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.

- 3.3 There would be no phasing in of rates based on the new valuation roll, except as prescribed by legislation and in accordance with clause 16 of this policy.
- 3.4 In accordance with section 3(3) of the Act, 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, rebates and cross subsidy from the equitable share allocation.
 - (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;
 - ii. Supports local, social and economic development; and
 - iii. Secures the economic sustainability of every category of ratepayer.
 - (d) Cost efficiency
Rates will be based on the value of all rateable property and will be used to fund community and subsidised services after taking into account profits generated on trading (water, electricity) and economic (refuse removal, sewerage removal) services and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.

4. SCOPE OF THE POLICY

- 4.1 This policy document guides the annual setting (or revision) of property rates tariffs. It does not necessarily make specific property rates tariff proposals. Details pertaining to the applications of the various property rates tariffs are annually 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. PRINCIPLES APPLICABLE TO FINANCING OF SERVICES

- 6.1 The municipal manager or his/her nominee must, subject to the guidelines provided by the National Treasury and the Executive Committee of the municipality, make provision for the following classification of services:-
- (a) Trading services

- i. Water
 - ii. Electricity
- (b) Economic services
 - i. Refuse removal.
 - ii. Sewerage disposal.
- (c) Community and subsidised services

These include all those services ordinarily being rendered by the municipality excluding those mentioned in 6.1 (a) and (b).

6.2 Trading and economic services as referred to in clauses (a) and (b) must be ring fenced and financed from service charges while community and subsidised services referred to in clause (c) will be financed from surpluses on trading and economic services, regulatory fees, rates and rates related income.

7. CATEGORIES OF PROPERTY

7.1 Different rates may be levied in respect of the following categories of rateable properties and such rates will be determined on an annual basis during the compilation of the annual budget:-

- 7.1.1 Residential properties;(Includes Town Houses ,Flats, Single Units and Multi Units)
- 7.1.2 Industrial properties;
- 7.1.3 Business properties; (Retail shops, Commercial office block)
- 7.1.4 Agricultural properties;
- 7.1.5 Small Holdings;
- 7.1.6 Public Service Purpose (Government)
- 7.1.7 Municipal properties used for essential services;
- 7.1.8 Municipal properties leased to private individuals for private use.
- 7.1.9 Public service infrastructure referred to in the Act;
- 7.1.10 Properties owned by Public Benefit Organisations;
- 7.1.11 Public worship
- 7.1.12 Educational;
- 7.1.13 Residential Vacant Stands.
- 7.1.14 Commercial Vacant Stands

- 7.1.15 Crèche
- 7.1.16 Guest House
- 7.1.17 Mining
- 7.1.18 Multi Purpose
- 7.1.19 Private Road
- 7.1.20 Private Open Space
- 7.1.21 Casino
- 7.1.22 Motor Racing Track
- 7.1.23 Grains and Oilseeds Silo Storage
- 7.1.24 National roads
- 7.1.25 Industrial
- 7.1.26 Hotel
- 7.1.27 Nature reserve
- 7.1.28 Land reform beneficiary
- 7.1.29 Tele-Communication Tower

(a) residential properties;

(b) business and commercial properties;

(c) educational Institutions;

(d) eco-tourism and game farm

(e) industrial properties;

(f) mining properties;

(g) municipal properties (not used by the Municipality);

(h) State-owned properties;

(i) agricultural properties;

(j) non-permitted use;

(k) vacant land;

(l) Public Benefit Organisation; and

(m) Township Development7.2 In determining the category of a property referred to in 7.1 the municipality shall take into consideration the dominant use of the property, regardless the formal zoning of the property.

7.3 Properties used for multiple purposes shall be categorised and rated as provided for in section 9 of the Act and as more fully described in clause 9 of this policy.

8. CATEGORIES OF OWNERS

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

- (a) Those owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality;
- (b) Those owners who do not qualify as indigents in terms of the adopted indigent policy of the municipality but whose total monthly income is less than the amount annually determined by the municipality in its budget;
- (c) Owners of 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. serious adverse social or economic conditions.
- (d) Owners of residential properties with a market value below the amount as determined annually by the municipality in its budget;
- (e) Owners of agricultural properties as referred to in clause 13.1 (d); and
- (f) Child headed families where any child of the owner or child who is a blood relative of the owner of the property, is responsible for the care of siblings or parents of the household.

9. PROPERTIES USED FOR MULTIPLE PURPOSES

9.1 Rates on properties used for multiple purposes will be levied in accordance with the “dominant use of the property”.

9.2 Taverns, Bed and breakfast, Mechanical workshop practices will still need to operate from municipal authorised or zoned properties if not, they will be rated in accordance with “dominant use of the property, in addition, the 35% of the market value will be imposed as a non compliance penalty.

10. DIFFERENTIAL RATING

10.1 Criteria for differential rating on different categories of properties will be according to:-

- (a) The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.

Agricultural Properties

The meaning of the phrase “agricultural property” in terms of interpreting this property category for the purpose of determining the ratios in addition, in terms of the Act is defined as follows: “property that is used primarily for agricultural purposes but excludes any portion thereof that is used commercially for hospitality of guests, and excludes the use of property for purpose of ecotourism or for the trading in or hunting of game.”

Therefore, any farm property that is used for anything other than agricultural activity, such as for industrial activity, residential purposes, business and commercial activity, trading in or hunting of game or eco-tourism among others is not covered by the ratio for agricultural property. The properties outside the meaning of “agricultural property” defined as outlined above and in the Regulation should be treated according to the municipality’s rates policy as far as it applies to those categories of property (e.g. residential, business, commercial, industrial etc.)

The rate applicable on agricultural property as contained in the definition of farm property, and as prescribed by the Municipal Property Rates Regulations which took effect from 1 July 2009:

- (b) The promotion of local, social and economic development of the municipality.

10.2 Differential rating among the various property categories will be done by way of:-

- (a) setting different cent amount in the rand for each property category; and
- (b) by way of reductions and rebates as provided for in this policy document.

11. EXEMPTIONS AND IMPERMISSIBLE RATES

11.1 The following categories of property are exempted from rates:-

- (a) Municipal properties

All Municipal properties rendering basic services under municipal management are exempted from paying rates as it will increase the rates burden or service charges to property owner, consumers and communities. However, where municipal properties are leased to private individuals, the lessee will be responsible for the payment of determined assessment rates.

- (b) Residential properties and Undeveloped Vacant land

All residential properties with a market value of less than the amount as annually determined by the municipality are exempted on vacant land should not be exempted from paying taxes unless it belongs to the municipality . **For the 2022/23 financial year the maximum reduction is determined as R30 000.** The impermissible rates of R15 000 contemplated in terms of section

17(1) (h) of the Act is included in the amount referred to above as annually determined by the municipality. The remaining R15 000 is an important part of the council's indigent policy and is aimed primarily at alleviating poverty.

LEVYING RATES ON SECTIONAL TITLE SCHEMES

A rate on property which is subject to a sectional title scheme will be levied in accordance with sections 10 and 92 of the Act, 2004, on the individual sectional title units in the scheme and not on the property as a whole.

Municipality shall not levy a rate:-

- a) on the first 30% (thirty percent), of the market value of public service infrastructure;
- b) on protected Areas including those parts of special nature reserve, national park or nature reserve within the meaning of the National Environmental Management Protected Areas Act 2002 (Act No 57 of 2002) or of national botanical garden within the meaning of National Environment Management: Biodiversity Act 2004, which are not developed or used for commercial, business, agricultural and residential; The exclusion from rates of such properties lapses if the declaration of that properties as a special nature reserve, National park or nature reserve or botanical garden or as part such reserve;
- c) on mineral rights or mining permit;
- d) on property belong to a land reform beneficiary or his or her heirs, dependants or spouse provided that this exclusion lapses:-
 - (i) 10 (ten) years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds or
 - (ii) Upon alienation of the property by the land reform beneficiary or his or her heirs, dependants or spouse

11.2 Exemptions in 11.1 will automatically apply and no application is therefore required.

11.3 Impermissible Rates: In terms of section 17(1) of the Act the municipality may, inter alia, not levy a rate:-

- (a) On those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No. 57 of 2003) or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, or residential agricultural purposes.
- (b) On mineral rights within the meaning of paragraph (b) of the definition of "property" in section 1 of the Act.

- (c) On a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds.
- (d) 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

11.4 Public Benefit Organisations (PBO's)

Taking into account the effects of rates on PBOs performing a specific public benefit activity and registered in terms of the Income Tax Act for tax reduction because of those activities, the following Public Benefit Organizations may apply for the exemption of property rates:-

- (a) Welfare and humanitarian
For example PBOs providing disaster relief.
- (b) Health Care
For example PBO's providing counselling and treatment of persons afflicted with HIV and AIDS including the care of their families and dependents in this regard.
- (c) Education and development
For example PBO's providing early childhood development services for pre-school children.
- (d) Sporting bodies
Property used by an organization for sporting purposes on a non-professional basis:
- (e) Cultural institutions
Property used for purposes declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.
- (f) Museums, libraries, art galleries and botanical gardens
Property registered in the name of private persons, open to the public and not operated for gain.
- (g) Animal welfare
Property owned or used by organizations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis such as SPCA.
- (h) Cemeteries and crematoriums
Property used for cemeteries and crematoriums.
- (i) Welfare institutions
Properties used exclusively as an orphanage, non-profit retirement villages, old age homes or benevolent/charitable institutions, 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.
- (j) Charitable institutions
Property owned or used by institutions or organizations whose aim is to perform charitable work on a not-for-gain basis.

- 11.5 All possible benefiting organisations in clause 11.4 must apply annually for exemptions. All applications must be addressed in writing to the municipality by 30 April for the financial year in respect of which the rate is levied. If the exemption applied for is granted the exemption will apply for the full financial year.
- 11.6 Public benefit organisations must attach a SARS 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) to all applications.
- 11.7 The municipality retains the right to refuse the exemption if the details supplied in the application form are incomplete, incorrect or false.
- 11.8 The extent of the exemptions implemented in terms of 11.1 to 11.4 must annually be determined by the municipality and included in the annual budget.

12. REDUCTIONS

- 12.1 Reductions as contemplated in section 15 of the Act will be considered on an *ad-hoc* basis in the event of the following:-
- 12.1.1 Partial or total destruction of a property.
- 12.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).
- 12.2 The following conditions shall be applicable in respect of 12.1:-
- 12.2.1 The owner referred to in 12.1.1 must apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the municipality that his property has been totally or partially destroyed. He/ she will also have to indicate to what extent the property can still be used and the impact on the value of the property.
- 12.2.2 Property owners will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).
- 12.2.3 A maximum reduction to be determined on an annual basis shall be allowed in respect of both 12.1.1 and 12.1.2. For the 2022/2023 financial year the maximum reduction is determined as 80%.
- 12.2.4 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the municipality gives further extension on application.
- 12.2.5 If rates were paid in advance prior to granting of a reduction the municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.

13. REBATES

13.1. Categories of property

- (a) Business, commercial and industrial properties
- i. The municipality may grant rebates to rateable enterprises that promote local, social and economic development in its area of jurisdiction. The following criteria will apply:-
 - a. job creation in the municipal area;
 - b. social upliftment of the local community; and
 - c. creation of infrastructure for the benefit of the community.
 - ii. A maximum rebate as annually determined by the municipality will be granted on approval, subject to:-
 - a. a business plan issued by the directors, land owner, legal person of the company indicating how the local, social and economic development objectives of the municipality are going to be met;
 - b. a continuation plan issued by the directors and certified by auditors of the company stating that the objectives have been met in the first year after establishment and how the company plan to continue to meet the objectives; and
 - c. an assessment by the municipal manager or his/her nominee indicating that the company qualifies.
 - iii. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year.
- (b) Privately owned towns serviced by the owner
- The municipality grants an additional rebate, to be determined on an annual basis, which applies to privately owned towns serviced by the owner qualifying as defined in clause 2.14 of this policy. All applications must be addressed in writing to the municipality by 30 April for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year. For the 2022/23 financial year the rebate is determined as 20%.
- (c) Agricultural properties
- i. When considering the criteria to be applied in respect of any exemptions, rebates and reductions on any properties used for agricultural purposes the municipality must take into account:-
 - a. the extent of rates related services rendered by the municipality in respect of such properties.
 - b. the contribution of agriculture to the local economy.
 - c. the extent to which agriculture assists in meeting the service delivery and developmental objectives of the municipality; and
 - d. the contribution of agriculture to the social and economic welfare of farm workers.

- ii. In terms of section 84 of the Act the Minister for Provincial and Local Government, and in occurrence of the Minister of Finance as required through section 19 of the Act, may determine that a rate levied by the Council on a category of non residential property may not exceed the ratio to the rate on residential property. In the absence of any such promulgation the municipality will apply the standard ratio for agricultural properties as 1:0.25 (75% rebate on the tariff for residential properties).

- iii. An additional rebate of maximum 10% in total will be granted by the municipality in respect of the following:-
 - a. 2,5% for the provision of accommodation in a permanent structure to farm workers and their dependents.
 - b. 2,5% if such residential properties are provided with potable water.
 - c. 2,5% if the farmer for the farm workers electrifies such residential properties.
 - d. 2,5% for the provision of land for a cemetery for own farm workers and educational and recreational purposes to own farm workers as well as people from surrounding farms.

- vi. The granting of additional rebates is subject to the following:-
 - a. The farm owner must be taxed by SARS as a farmer and proof to this extent in the form of the last tax assessment must be submitted. If no such tax assessment can be submitted, proof is required that income from farming activities exceeds 40% of the household income.
 - b. All applications must be addressed in writing to the municipality by 30 April indicating how service delivery and development obligations of the municipality and contribution to the social and economic welfare of farm workers were met. This application will be required as a once off requirement. Any new applications for the 2022/2023 financial year and onwards must be addressed in writing to the municipality by 30 April for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year and such application again regarded as a once off requirement.
 - c. Council reserves the right to send officials or its agents to premises/households receiving relief on annual basis for the purpose of conducting an on-site audit of the details supplied. The onus also rests on recipients to immediately notify Council of any changes in their original application.
 - d. The municipality reserves the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
 - e. No other rebates will be granted to properties that qualify for the agricultural rebate. For the avoidance of doubt, properties that qualify for the agricultural rebate will not be entitled to the residential rate exemption as set out in clause 11.1(b) of this policy.
 - f. The Municipal By Laws to be activated and any illegal structures to be removed within seven days since they are not categorized but are consumers of water and electricity.

13.2 Categories of owners

Indigent owners and child headed families will receive a 100% rebate from rates:-

(a) Indigent owners

Owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality. On qualifying in terms of the indigent policy this 100% rebate will automatically apply and no further application is thus required.

(b) Child headed families

i. Families headed by children will receive a 100% rebate for paying rates, according to monthly household income. To qualify for this rebate the head of the family must:-

- a. occupy the property as his/her normal residence;
- b. not be older than 18 years of age;
- c. still be a scholar or jobless; and
- d. be in receipt of a total monthly income from all sources not exceeding an amount to be determined annually by the Municipality. For the 2022/2023 financial year this amount is determined as R4 000 per month.

ii. The family head must apply on a prescribed application form for registration as a child headed household and must be assisted by the municipality with completion of the application form. On qualifying, this rebate will automatically apply and no further application is therefore required.

(c) Retired and Disabled Persons Rate Rebate

i. Retired and Disabled Persons, not registered as indigents, qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must:-

- a. occupy the property as his/her normal residence;
- b. be at least 60 years of age or in receipt of a disability pension from the Department of Welfare and Population Development;
- c. be in receipt of a total monthly income from all sources as annually determined by the municipality (including income of spouses of owner);
- d. not be the owner of more than one property; and
- e. provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.

ii. Property owners must apply on a prescribed application form for a rebate as determined by the municipality. Applications must be accompanied by-

- a. a certified copy of the identity document or any other proof of the owners age which is acceptable to the municipality;
 - b. sufficient proof of income of the owner and his/her spouse;
 - c. an affidavit from the owner;
 - d. if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
 - e. if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
- iii. All applications must be addressed in writing to the municipality by 30 April for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year. For the 2022/2023 financial year the total monthly income and corresponding rebate is determined as follows:-
- a. R0 to R4 000 per month- 100%.
 - b. R4 001 to R6 000 per month-50%
 - c. R6 001 to R9 000 per month - 20%.
- iv. The municipality reserves the right to refuse the exemption if the details supplied in the application form are incomplete, incorrect or false.
- 13.3 Properties with a market value below a prescribed valuation level of a value to be determined annually by the Municipality may, instead of a rate being determined on the market value, be rated on a uniform fixed amount per property.
- 13.4 The extent of the rebates granted in terms of 13.1 and 13.2 must annually be determined by the municipality and included in the annual budget.

14. PAYMENT OF RATES

- 14.1 The rates levied on the properties shall be payable:-
- a. On a monthly basis; or
 - b. Annually, before 30 June each year.
- 14.2 The municipality shall determine the due dates for payments in monthly instalments and the single annual payment and this date shall appear on the accounts forwarded to the owner/ tenant/ occupants/ agent.
- 14.3 Rates payable on an annual basis, excluding annual rates levied on state owned properties, will be subject to a discount of 5% if paid in full on or before 30 June of each year.

- 14.4 Interest on arrears rates, whether payable on or before 30 June or in equal monthly instalments, shall be calculated in accordance with the provisions of the credit control, debt collection and indigent policies of the municipality.
- 14.5 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.
- 14.6 Arrears on rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act and the Municipality's credit control and debt collection by-law. No interest shall be payable if it is a municipal error and there will be a short-term settlement for reimbursement to the role players.
- 14.7 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 date on which rates were first levied in terms of the current valuation roll.
- 14.8 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

PAYMENT OF RATES OF PROPERTY IN A SECTIONAL SCHEME

- a) A 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, 1986
- b) A municipality may not recover the rate on a sectional unit, or on a right contemplated in section 25 or 27 of the Sectional Titles Act, 1986 registered against the sectional title unit or any part of such rate, from the body corporate controlling a sectional title scheme, except when the body corporate is the owner of any specific sectional unit or the holder of such right
- c) A body corporate controlling a sectional title scheme may not apportion and collect rates from the owners of the sectional title units in the scheme

14.9 Rates in arrear and recovery thereof

- 14.9.1 Rates levied by a council shall be a debt due to such council, and such council may, in addition to the powers it may exercise in terms of subsection (2) and (3), sue for and recover such rates by action in any court of competent jurisdiction.

14.9.2 If the rates payable to a council in respect of rateable property have been in arrears for a period of not less than 3 years and the owner of the rateable property cannot be traced, The Municipality may cause a notice:

- a. Giving a description of such rateable property
- b. Disclosing the name of the owner as registered in the deeds registry and the number and date of the deed relating thereto.
- c. Stating that such rates are unpaid and giving particulars thereto.
- d. Demanding payment thereof, and
- e. Stating that in default of payment thereof together with interest thereon, within three months after the date of the last publication of such notice, the council will take possession of and sell such property.

The notice to be published once in the gazette and once a week for the three consecutive weeks in the local newspapers.

14.9.3 If after the expiration of the 3 months after the last publication of the notice referred to in paragraph such arrears rates and the interest thereon have not been paid, the council may take possession of such rateable property and sell it by public auction provided:

- a. the auction shall be advertised by notice published once in the gazette and once a week for the consecutive weeks in the local newspapers
- b. if the property is mortgaged, the council shall, at least 7 days before the first publication of the notice advertising the auction, give every mortgagee a written notice of its intention to sell the property and
- c. if, before the auction is commenced, the owner pays the rates and interest thereon together with the expenses incurred by the council in connection with the rateable property in terms of this sub-section, the property concern shall not be sold and the owner may retain possession thereof.

14.10 Municipal owned Residential Properties that are occupied by the Municipal Employees or any other legal person; the incumbent will be liable for payments for rates based on the market value of the property as per the Valuation Roll.

14.11 IMMOVABLE PROPERTY NOT TO BE TRANSFERED UNLESS RATES etc THEREON PAID.

No clearance certificates will be issued for the transfer of Immovable property if the outstanding rates for the last two (2) years have not been paid in full

15. ACCOUNTS TO BE FURNISHED

- 15.1 The municipality will furnish each person liable for the payment of rates with a written account, which will specify:-
- (i) the amount due for rates payable,
 - (ii) the date on or before which the amount is payable,
 - (iii) how the amount was calculated,
 - (iv) the market value of the property, and
 - (v) rebates, exemptions, reductions or phasing-in, if applicable.
- 15.2 A person liable for payment of rates remains liable for such payment, whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he/she must make the necessary enquiries with the municipality.
- 15.3 In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

16. PHASING IN OF RATES

- 16.1 The rates to be levied on newly rateable property shall be phased in as explicitly provided for in section 21 of the Act.
- 16.2 The phasing-in discount on the properties referred to in section 21 shall be as follows:-
- First year : 75% of the relevant rate;
 - Second year : 50% of the relevant rate; and
 - Third year : 25% of the relevant rate.
- 16.3 No rates shall be levied on newly rateable properties that are owned and used by organisations conducting activities that are beneficial to the public and that are registered in terms of the Income Tax Act for those activities, during the first year. The phasing-in discount on these properties shall be as indicated below:-
- First year : 100% of the relevant rate;
 - Second year : 75% of the relevant rate;
 - Third year : 50% of the relevant rate; and
 - Fourth year : 25% of the relevant rate.

17. SPECIAL RATING AREAS

- 17.1 The municipality will, whenever deemed necessary, by means of a formal Council resolution determine special rating areas in consultation with the relevant communities as provided for in section 22 of the Act.

- 17.2 The following matters shall be attended to in consultation with the committee referred to in clause 1 whenever special rating is being considered:-
- 17.2.1 Proposed boundaries of the special rating area;
 - 17.2.2 Statistical data of the area concerned giving a comprehensive picture of the number of erf with its zoning, services being rendered and detail of services such as capacity, number of vacant erf and services that are not rendered;
 - 17.2.3 Proposed improvements clearly indicating the estimated costs of each individual improvement;
 - 17.2.4 Proposed financing of the improvements or projects;
 - 17.2.5 Priority of projects if more than one;
 - 17.2.6 Social economic factors of the relevant community;
 - 17.2.7 Different categories of property;
 - 17.2.8 The amount of the proposed special rating;
 - 17.2.9 Details regarding the implementation of the special rating;
 - 17.2.10 The additional income that will be generated by means of this special rating.
- 17.3 A committee consisting of 6 members of the community residing within the area affected will be established to advise and consult the municipality in regard to the proposed special rating referred to above. This committee will be elected by the inhabitants of the area concerned who are 18 years of age or older. No person under the age of 18 may be elected to serve on the committee. The election of the committee will happen under the guidance of the Municipal Manager. The committee will serve in an advisory capacity only and will have no decisive powers.
- This must be a competent legal person with a wide general knowledge of the subject and not limited to persons in one area or this committee but to openly and transparently advice and consult the municipality when the need arise.
- 17.4 The required consent of the relevant community shall be obtained in writing or by means of a formal voting process under the chairmanship of the Municipal Manager. A majority shall be regarded as 50% plus one of the households affected. Each relevant household within the special rating area, i.e. every receiver of a monthly municipal account, will have 1 vote only.
- 17.5 In determining the special additional rates the municipality shall differentiate between different categories as referred to in clause 7 of this policy.

- 17.6 The additional rates levied shall be utilised for the purpose of improving or upgrading of the specific area only and not for any other purposes whatsoever.
- 17.7 The municipality shall establish separate accounting and other record-keeping systems for the identified area and the households concerned shall be kept informed of progress with projects and financial implications on an annual basis.

18. FREQUENCY OF VALUATION

- 18.1 The municipality shall prepare a new valuation roll at least every 5 (five) years.
- 18.2 In accordance with the Act the municipality, under exceptional circumstances, may decide to extend the validity of the valuation roll to 7 (seven) years by applying for approval to the MEC Cooperative Governance and Human Settlement
- 18.3 Supplementary valuations will be done on a continual basis but at least once on an annual basis for the validity period of the valuation roll.

INSPECTIONS OF AND OBJECTIONS TO THE VALUATION ROLL

- a) Once the Council has given notice that the valuation roll is open for public inspection, any person may, within the period as stated in the notice:
- (i) Inspect the roll during office hours
 - (ii) On payment of a reasonable fee, request the municipality during office hours to make extract from the roll
 - (iii) Lodge an objection with the Municipal Manager against any matter reflected in, or omitted from the roll.
- b) An objection must be in relation to a specific individual property and not against the valuation roll as such.
- c) A municipal manager will, within 14 days after the end of the period stated in the notice, submit all objections to municipal valuer, who must promptly decide and dispose of the objections
- d) The lodging of an objection does not defer liability for payment of rates beyond the date determined for payment.
- e) If a property owner misses the initial objection deadline, all queries relating to property will be handled in terms of MPRA Chapter 8 (Supplementary Valuation Roll); section 77-79 and the relevant amendments will be made to ensure the General Valuation Roll is updated.

19. COMMUNITY PARTICIPATION

- 19.1 Before the municipality adopts the rates policy, the municipal manager will follow the process of community participation envisaged in chapter 4 of the Municipal Systems Act and comply with the following requirements:-
- 19.1.1 Conspicuously display the draft rates policy for a period of at least 30days (municipality to include period decided on) at the municipality's head and satellite offices, libraries and on the website.
- 19.1.2 Advertise in the media a notice stating that the draft rates policy has been prepared for submission to council and that such policy is available at the various municipal offices and on the municipal official website, such notice be on local and provincial newspapers for the general public and stakeholders.
- 19.1.3 Property owners and interest persons may obtain a copy of the draft policy from the municipal offices during office hours at a fee as determined by Council as part of its annual tariffs. Property owners and interest persons are invited to submit written comments or representations to the municipality within the specified period in the notice.
- 19.1.4 Council will consider all comments and/or representations received when considering the finalisation of the rates policy.

20. REGISTER OF PROPERTIES

- 20.1 The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.
- 20.2 Part A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations done from time to time.
- 20.3 Part B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to:
- i. Exemption from rates in terms of section 15 of the Property Rates Act,
 - ii. Rebate or reduction in terms of section 15,
 - iii. Phasing-in of rates in terms of section 21, and
 - iv. Exclusions as referred to in section 17.
- 20.4 The register will be open for inspection by the public at the municipal main offices during office hours or on the website of the municipality.
- 20.5 The municipality will update Part A of the register during the supplementary valuation process.
- 20.6 Part B of the register will be updated on an annual basis as part of the implementation of the municipality's annual budget.

21. BY-LAWS TO GIVE EFFECT TO THE RATES POLICY

21.1 The municipality will adopt By-laws to give effect to the implementation of the Rates Policy and such By-laws may differentiate between different categories of properties and different categories of owners of properties liable for the payment of rates.

22. REGULAR REVIEW PROCESSES

22.1 The rates policy must be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives as contained in the Integrated Development Plan and recent legislation.

23. DISCLAIMER

Subject to section 102 of the Local Government: Municipal Systems Act, 2000 a rate may be challenged on the basis of non-compliance with the rates policy and must be paid in accordance with the required payment provisions.

Where a ratepayer believes that the Municipality has failed to properly apply the provisions of the Rates Policy, he/she/it submit a dispute in terms of sections 102 and 95(f) of the said Municipal Systems Act, 2000 in the manner and format determined by the Chief Financial Officer.

MISCELLANEOUS-

1. It is the responsibility of the owner to make sure that they peruse the valuation roll.
2. The valuation roll will be continuously amended through the supplementary valuation
3. Beneficiary of property as per human settlement will be regarded as owner of the properties and liable for payment of rate
4. A person in possession of a long-term lease will be regarded as owner of the property and liable for payment of rate
5. The indigent registration process will be followed to register the owner of the property as indigent to be considered for special rebates.
6. Organisations registered as Public Benefit Organisations need to submit their PBO tax exemption certificates as received from SOUTH AFRICAN REVENUE SERVICES annually.

24. ENFORCEMENT/IMPLEMENTATION AND ENQUIRIES

24.1 For any comments regarding the Property Rates Policy, please contact the following persons:

- Dikeledi Ngwenya 057 4035140 dikeledi@masilonyana.co.za
- Palesa Daniels 057 4035140 palesa@masilonyana.co.za
- Palesa Monaheng 057 4035140 lisamonaheng@masilonyana.co.za
- Benjamin Molisenyana 057 4035140 shasha@masilonyana.co.za

24.2 This policy has been reviewed and approved by the Municipality in terms of resolutiondated and takes effect on the effective date of the valuation roll on 1 July 2022