

MALUTI-A-PHOFUNG LOCAL MUNICIPALITY

RATES POLICY

1. OBJECTIVE

- 1.1 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:
- 1.1.1 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;
 - 1.1.2 there is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfill its developmental responsibilities;
 - 1.1.3 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 discriminatory legislation and practices; and
 - 1.1.4 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.
- 1.2 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.

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ADDITIONAL SECTIONS

POLICY PRINCIPLES

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.

As allowed for in the Property Rates Act, Act 6 of 2004, the municipality has chosen to differentiate between various categories of property and categories of owners of property as contemplated in 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.

In accordance with Property Rates 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 market value of all rateable property and will be used to fund community and subsidized services after taking into account profits generated on trading (water, electricity) and economic (refuse removal, sewerage disposal) services and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.

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CATEGOTIES OF PROPERTIES

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:-

- a) Residential properties;
- b) Industrial properties;
- c) Business properties;
- d) Agricultural properties;
- e) Small Holdings;
- f) State owned properties;
- g) Municipal properties;
- h) Public service infrastructure referred to in the Act;
- i) Properties owned by Public Benefit Organizations;
- j) Churches;
- k) Educational;
- l) Privately Owned Towns;
- m) Vacant Stands.

In determining the category of a property, the municipality shall take into consideration the dominant use of the property, regardless the formal zoning of the property.

Properties used for multiple purposes shall be categorized and rated as provided for in section 9 of the Property Rates Act and in terms of this policy.

DIFFERENTIAL RATING

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

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

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- (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.

REGISTER OF PROPERTIES

The municipality shall 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.

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.

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 of the Municipal Property Rates Act.

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. The municipality will update Part A of the register during the supplementary valuation process.

Part B of the register will be updated on an annual basis as part of the implementation of the municipality's annual budget.

2. IMPOSITION OF RATES

2.1 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.

2.2 The council pledges itself to limit each annual increase as far as practicable to the increase in the consumer price index over the period proceeding the financial

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year to which the increase relates, except when the approved integrated development plan of the municipality provides for a greater increase.

- 2.3 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
- 2.4 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.

3. EXEMPTIONS, REBATES AND REDUCTIONS ON RATES

- 3.1 In imposing the rate in the rand for each annual operating budget component, the council shall grant the following exemptions, rebates and reductions to the categories of properties and categories of owners indicated below, but the council reserves the right to amend these exemptions, rebates and reductions if the circumstances of a particular annual budget so dictate.
- 3.2 In determining whether a property forms part of a particular category indicated below, the municipality shall have regard to the actual use to which the relevant property is put. In the case of vacant land not specifically included in any of the categories indicated below, the permitted use of the property shall determine into which category it falls.

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3.2.1	Residential properties or properties of any category used for multiple purposes where the residential component represents on average 90% or more of the property's actual use	40%
3.2.2	Industrial properties	NONE
3.2.3	Business and commercial properties	NONE
3.2.4	Farm properties: residential component	40%
3.2.5	Farm properties: business and commercial component	NONE
3.2.6	Farm properties: agricultural component	50%
3.2.7	Farm properties: used for no purpose	NONE
3.2.8	Smallholdings: residential component	40%
3.2.9	Smallholdings: business and commercial component	NONE
3.2.10	Smallholdings: industrial component	NONE
3.2.11	Smallholdings: agricultural component	50%
3.2.12	State-owned properties: residential	40%
3.2.13	State-owned properties: public service infrastructure	30%
3.2.14	State-owned properties: other	NONE
3.2.15	Municipal properties: residential	40%
3.2.16	Municipal properties: public service infrastructure	30%
3.2.17	Municipal properties: other	NONE
3.2.18	Formal and informal settlements: all properties with a rateable value of up to R30 000	60%
3.2.19	Formal and informal settlements: all properties with a rateable value of R30 000 or more	50%
3.2.20	Communal land	50%
3.2.21	State trust land	50%
3.2.22	Protected areas	100%
3.2.23	Properties on which national monuments are situated, and where no business or commercial activities are conducted in respect of such monuments	100%
3.2.24	Properties on which national monuments are situated, but where business or commercial activities are conducted in respect of such monuments	40%

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3.2.25	Properties owned by public benefit organisations and used to further the objectives of such organisations	100%
3.2.26	Properties belonging to a land reform beneficiary or his or her heirs for the first 10 years after the registration of the title in the office of the Registrar of Deeds	100%
3.2.27	Property registered in the name of and used primarily as a place of worship by a religious community, including an official residence	100%

NOTE: In addition to the foregoing, 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) of the Property Rates Act.

- 3.3 Municipal properties shall include properties owned by municipal entities. Properties used for multiple purposes, other than those referred to under residential properties above, shall be rated on the value assigned to each component, and shall receive the rebate applicable to such component. Where one component on average represents 90% or more of the property's actual use, such property shall be rated as though it were used for that use only.
- 3.4 The following categories of owners of residential properties shall additionally receive the following rebates on the rates due in respect of such properties after deducting the rebate applicable to residential properties:
- | | | |
|-------|--|---|
| 3.4.1 | Property owners who are both the permanent occupants and the sole owners of the property concerned and who are registered indigents in | 100% of the rates based on the rateable value up to R30 000 and 75% of the rates based on the |
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| terms of the municipality's indigency management policy | rateable value above R30 000 |
| 3.4.2 Property owners who are over 60 years of age, who are both the permanent occupants and the sole owners of the property concerned, and whose aggregate household income is proved to the satisfaction of the municipal manager not to exceed R2 500 per month, or such other amount as the council may from time to time determine | 100% of the rates based on the rateable value up to R30 000, 50% of the rates based on the rateable value above R30 000 but below R100 000, and 40% of the rates based on the rateable value above R100 000 |
| 3.4.3 Owners of properties being developed for approved commercial or industrial usage | 80% of the rates based on the rateable value until the development is completed, 60% of the rates based on the rateable value for the municipality's financial year or part thereof immediately following the completion of the development, and 40% of the rates based on the rateable value for each of the two ensuing years |
| 3.5 The council grants the above rebates in recognition of the following factors: | |
| 3.5.1 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 | |

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certain other properties to recover such rates as part of the expenses associated with the goods or services which they produce.

- 3.5.2 The need to accommodate indigents and less affluent pensioners.
 - 3.5.3 The services provided to the community by public service organisations.
 - 3.5.4 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.
 - 3.5.5 The need to preserve the cultural heritage of the local community.
 - 3.5.6 The need to encourage the expansion of public service infrastructure.
 - 3.5.7 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.
 - 3.5.8 The requirements of the Property Rates Act no. 6 of 2004.
- 3.6 The municipal manager shall ensure that the revenues forgone in respect of the foregoing rebates are appropriately disclosed in each annual operating budget component and in the annual financial statements and annual report, and that such rebates are also clearly indicated on the rates accounts submitted to each property owner.

4. FREQUENCIES OF PAYMENTS

OLD PARAGRAPH

- 4.1 Payments for rates shall be made monthly on or before the date specified in each monthly rate account, which date shall be the 25th day of the month concerned or if the 25th is not a business day, the business day immediately following the 25th.

NEW PARAGRAPH

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Payments for rates shall be made monthly on or before the date specified in each monthly property rate account.

5. CORRECTIONS OF ERRORS AND OMISSIONS

5.1 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. 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.

6. FREQUENCIES OF VALUATIONS

OLD PARAGRAPH

6.1 The municipality shall prepare a new valuation roll every 3 (three) years and supplementary valuation rolls every 6 (six) months.

NEW PARAGRAPH

The municipality shall prepare a new valuation roll at least every 4 (four) years and supplementary valuation rolls every 6 (six) months.

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THIS SECTION TO BE REMOVED

7. LEGAL REQUIREMENTS

- 7.1 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.

PARAPHRASE OF KEY REQUIREMENTS OF

LOCAL GOVERNMENT:

MUNICIPAL PROPERTY

RATES ACT NO. 6 OF 2004

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7.2 CAUTIONARY NOTE

This paraphrase is not meant to cover the complete contents of the Property Rates Act, but is focused rather on those requirements which are immediately relevant to a municipality's rates policy. Thus the section dealing with transitional arrangements has been omitted, and so have most of the provisions dealing with the valuation process.

7.3 SECTION 2: POWER TO LEVY RATES

7.3.1 A metropolitan or local municipality may levy a rate on property in its municipal area.

7.3.2 A municipality must exercise its power to levy a rate on property subject to Section 229 and any other applicable provisions of the Constitution, the provisions of the present Act, and the rates policy it must adopt in terms of this Act.

7.4 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:

7.4.1 treat persons liable for rates equitably;

7.4.2 determine the criteria to be applied by the municipality if it:

a) levies different rates for different categories of property;

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- b) 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;
- c) 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
- d) Increases rates;

- 7.4.3 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;
- 7.4.4 determine how the municipality's powers in terms of Section 9 must be exercised in relation to properties used for multiple purposes;
- 7.4.5 identify and quantify in terms of cost to the municipality and any benefit to the local community, exemptions, rebates and reductions; exclusions; and rates on properties that must be phased in in terms of Section 21;
- 7.4.6 take into account the effect of rates on the poor and include appropriate measures to alleviate the rates burden on them;
- 7.4.7 take into account the effect of rates on organisations 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 organisations for those activities;
- 7.4.8 take into account the effect of rates on public service infrastructure;
- 7.4.9 allow the municipality to promote local, social and economic development; and
- 7.4.10 identify, on a basis as may be prescribed, all rateable properties in a municipality that are not rated in terms of Section 7.

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7.5 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:

7.5.1 the extent of services provided by the municipality in respect of such properties;

7.5.2 the contribution of agriculture to the local economy;

7.5.3 the extent of which agriculture assists in meeting the service delivery and development obligations of the municipality; and

7.5.4 the contribution of agriculture to the social and economic welfare of farm workers.

7.6 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 organised local government.

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

7.7.1 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.

8. SECTION 4: COMMUNITY PARTICIPATION

8.1 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.

8.2 The municipal manager of the municipality must:

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8.2.1 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.

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

9. SECTION 5: ANNUAL REVIEW OF RATES POLICY

9.1 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.

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

10. SECTION 6: BY-LAWS TO GIVE EFFECT TO RATES POLICY

10.1 A municipality must adopt by-laws to give effect to the implementation of its 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.

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11. SECTION 7: RATES TO BE LEVIED ON ALL RATEABLE PROPERTY

11.1 When levying rates a municipality must levy such rates on all rateable property in its area, but it is nevertheless not obliged to levy rates on:

- properties of which the municipality itself is the owner;
- 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.

11.2 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.

12. SECTION 8: DIFFERENTIAL RATES

12.1 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:

- 12.1.1 use of the property;
- 12.1.2 permitted use of the property; or
- 12.1.3 geographical area in which the property is situated.

12.2 Categories of rateable property that may be determined include the following:

- 12.2.1 residential properties
- 12.2.2 industrial properties
- 12.2.3 business and commercial properties
- 12.2.4 farm properties used for:

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- a. agricultural purposes
- b. other business and commercial purposes
- c. residential purposes
- d. purposes other than those specified above

12.2.5 farm properties not used for any purpose

12.2.6 smallholdings used for:

- a. agricultural purposes
- b. residential purposes
- c. industrial purposes
- d. business and commercial purposes
- e. purposes other than those specified above

12.2.7 state owned properties

12.2.8 municipal properties

12.2.9 public service infrastructure

12.2.10 privately owned towns serviced by the owner

12.2.11 formal and informal settlements

12.2.12 communal land

12.2.13 state trust land

12.2.14 properties acquired through the provision of Land Assistance Act 1993 or the Restitution of Land Rights Act 1994 or which is subject to the Communal Property Associations Act 1996

12.2.15 protected areas

12.2.16 properties on which national monuments are proclaimed

12.2.17 properties owned by public benefit organisations and used for any specific public benefit activities

12.2.18 properties used for multiple purposes.

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13. SECTION 9: PROPERTIES USED FOR MULTIPLE PURPOSES

13.1 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.

13.2 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.

14. SECTION 10: LEVYING OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES

14.1 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.

15. SECTION 11: AMOUNT DUE FOR RATES

15.1 A rate levied by a municipality on property must be stated as an amount in the rand:

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- 15.1.1 on the market value on the property;
 - 15.1.2 in the case of public service infrastructure, on the market value of the public service infrastructure less 30% of that value;
 - 15.1.3 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 (note the section concerned deals with the requirement that the first R15 000 of the market value of certain properties is not rateable).
16. SECTION 12: PERIODS FOR WHICH RATES MAY BE LEVIED
- 16.1 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.
 - 16.2 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.
17. SECTION 13: COMMENCEMENT OF RATES
- 17.1 A rate becomes payable as from the start of the particular financial year, 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.

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18. SECTION 14: PROMULGATION OF RESOLUTIONS LEVYING RATES

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

18.2 The resolution levying the rates must be promulgated by publishing the resolution in the provincial gazette.

18.3 Whenever a municipality passes a resolution to levy rates, the municipal manager must, without delay, conspicuously display the resolution 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 is available to it, on that website as well; and advertise in the media a notice stating that the resolution levying the property rates has been passed by the council, and that the resolution is available at the municipality's head and satellite offices as so forth.

19. SECTION 15: EXEMPTIONS, REDUCTIONS AND REBATES

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

19.1.2 grant to a specific category of owners, 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.

19.2 In granting exemptions, reductions and rebates in respect of owners or categories of properties, a municipality may determine such categories in accordance with Section 8 of the present Act,

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and when granting exemptions, reductions or rebates in respect of categories of owners of properties, such categories may include:

- 19.2.1 indigent owners;
- 19.2.2 owners dependent on pensions or social grants for their livelihood;
- 19.2.3 owners temporarily without income;
- 19.2.4 owners of property situated within an area affected by a disaster or any other serious adverse social or economic conditions;
- 19.2.5 owners of residential properties with a market value lower than an amount determined by the municipality; and owners of agricultural properties who are bona fide farmers.

19.3 The municipal manager must annually table in the council:

19.3.1 a list of all exemptions, reductions and rebates granted by the municipality during the previous financial year; and a statement reflecting the income which the municipality has forgone during the previous financial year by way of such exemption, reductions and rebates, exclusions referred to in the Act, and the phasing in discount granted in terms of Section 21.

19.3.4 All exemptions, reductions and rebates projected for a financial year must be reflected in the municipality's annual budget for that year as income on the revenue side and expenditure on the expenditure side.

20. SECTION 16 : CONSTITUTIONALLY IMPERMISSIBLE RATES (ABRIGED)

20.1 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 national economic policies, economic activities across its boundaries, or the national mobility of goods, services, capital and labour.

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20.2 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 referred to above, the Minister of Provincial and Local Government may, by notice in the gazette, give notice to the relevant municipality that the rate must be limited to an amount in the rand specified in the notice.

21. SECTION 17: OTHER IMPERMISSIBLE RATES (ABRIDGED)

21.1 A municipality may not levy a rate on:

- 21.1.1 the first 30% of the market value of public service infrastructure;
- 21.1.2 any part of the seashore;
- 21.1.3 any part of the territorial waters of the Republic;
- 21.1.4 any islands of which the state is the owner;
- 21.1.5 those parts of a special nature reserve, national park or nature reserve or national botanical garden which are not developed or used for commercial, business, agricultural or residential purposes;
- 21.1.6 mineral rights;
- 21.1.7 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;
- 21.1.8 the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll to a category determined by the municipality for residential purposes or for properties used for multiple purposes, provided one or more components of the property are used for residential purposes;

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- 21.1.9 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 and who officiates at services at that place of workshop.

(The remainder of this Section deals with situations where the various exemptions lapse).

22. SECTION 18: EXEMPTION OF MUNICIPALITIES FROM PROVISIONS OF SECTION 17

- 22.1 A municipality may apply in writing to the Minister for Provincial and Local Government to be exempted from applying the exemptions granted in respect of the first 30% of the market value of public infrastructure, the exemptions on nature reserves, national parks and national botanical gardens, the exemption on property belonging to land beneficiaries, and the exemption applying to the first R15 000 of the market value of residential and mixed use property, if the municipality can demonstrate that such exclusions are compromising or impeding its ability or right to exercise its powers or perform its functions within the meaning of the Constitution.

23. SECTION 19: IMPERMISSIBLE DIFFERENTIATION

- 23.1 A municipality may not levy:
- 23.1.1 different rates on residential properties (except where transitional arrangements apply or where some of the properties are newly rateable);

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- 23.1.2 a rate on non-residential properties that exceeds a prescribed ratio to the rate on residential properties;
- 23.1.3 rates which unreasonably discriminate between categories of non-residential properties; and
- 23.1.4 additional rates, except as provided for in Section 22.

24. SECTION 20: LIMITS ON ANNUAL INCREASES OF RATES

- 24.1 The Minister of Provincial Local Government may, with the concurrence of the Minister of Finance and by notice in the gazette, set an upper limit on the percentage by which rates on properties or a rate on a specific category of properties may be increased. Different limits may be set for different kinds of municipalities or different categories of properties.
- 24.2 The Minister may, on written application by a municipality, and on good cause shown, exempt such municipality from a limit set in terms of the foregoing.

25. SECTION 21: COMPULSORY PHASING IN OF CERTAIN RATES

- 25.1 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.
- 25.2 A rate levied on a newly rateable property owned and used by organisations conducting specified public benefit activities must be phased in over a period of four financial years.

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- 25.3 The phasing in discount on a property must:
- 25.3.1 in the first year, be at least 75% of the rate for that year otherwise applicable to that property;
 - 25.3.2 in the second year, be at least 50% of the rate for that year otherwise applicable to that property, and;
 - 25.3.3 in the third year, be at least 25% of the rate for that year otherwise applicable to that property.
- 25.4 No rate may be levied during the first year on newly rateable property owned and used by organisations 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.
- 25.5 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.
26. SECTION 22: SPECIAL RATING AREAS (ABRIDGED)
- 26.1 A municipality may by a resolution of its council determine an area within that municipality as a special rating area, levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area, and differentiate between categories of properties when levying such additional rate.
- 26.2 For determining such a special rating area, the municipality must undertake a prescribed process of consultation with the local community, and 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.

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26.3 The levying of an additional rate 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 IDP.

27. SECTION 23: REGISTER OF PROPERTIES

27.1 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.

27.2 Part A of the register consists of the current valuation roll of the municipality, including any supplementary valuation rolls prepared from time to time.

27.3 Part B of the register specifies which properties on the valuation roll or any supplementary valuation rolls are subject to:

27.3.1 an exemption from rates in terms of Section 15 of the present Act;

27.3.2 a rebate on or a reduction in the rate in terms of Section 15;

27.3.3 a phasing in of the rate in terms of Section 21; and

27.3.4 an exclusion referred to in Section 17.

27.4 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.

27.5 The municipality must at regular intervals, but at least annually, update part B of the register.

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28. SECTION 24: PROPERTY RATES PAYABLE BY OWNERS

28.1 A rate levied by a municipality on property must be paid by the owner of the property.

28.2 Joint owners of a property are jointly and severally liable for the amount due for rates on that property.

28.3 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.

29. SECTION 25: PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES

29.1 The rate levied by a municipality on a sectional title unit is payable by the owner of the unit.

29.2 The municipality may not recover the rate on such 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.

30. SECTION 26: METHOD AND TIME OF PAYMENT

30.1 A municipality must recover a rate 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.

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- 30.2 If the rate is payable in a single annual amount, it must be paid on or before a date determined by the municipality. If the rate is payable in installments, it must be paid on or before a date in each period determined by the municipality.

31. SECTION 27: ACCOUNTS TO BE FURNISHED

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

- 31.1.1 the amount due for rates payable;
- 31.1.2 the date on or before which the amount is payable;
- 31.1.3 how the amount was calculated;
- 31.1.4 the market value of the property;
- 31.1.5 if the property is subject to any compulsory phasing in discount in terms of Section 21, the amount of the discount, and
if the property is subject to any additional rate in terms of Section 22, the amount due for additional rates.

- 31.2 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. If the person concerned has not received a written account, that person must make the necessary enquiries from the municipality.

32. SECTION 28: RECOVERY OF RATES IN ARREARS FROM TENANTS AND OCCUPIERS

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

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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. The municipality may recover an amount only after it has served a written notice on such tenant or occupier.

- 32.2 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.

33. SECTION 29: RECOVERY OF RATES FROM AGENTS

- 33.1 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, but only after the municipality has served a written notice on the agent in this regard.

- 33.2 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 on behalf of the owner, less any commission due to the agent.

34. SECTION 30: GENERAL VALUATION AND PREPARATION OF VALUATION ROLLS

- 34.1 A municipality intending to levy a rate on property must cause a general valuation to be made of all properties in the municipality, and must prepare a valuation roll of all properties in terms of such valuation.
- 34.2 All rateable properties in a municipal area must be valued during such general valuation, including all properties fully or partially excluded from rates in terms of Section 17 of the present Act. However, if the municipality does not intend to

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levy rates on its own property, on public service infrastructure owned by a municipal entity, on rights in properties, and on properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racial discrimination, the municipality is not obliged to value such properties as part of the valuation process.

34.3 A municipality may also apply to the Minister for exemption from the obligation to value properties excluded from rates in terms of Section 17 if the municipality can demonstrate that the valuation of such properties is too onerous for it, given its financial and administrative capacity.

34.4 Properties which have not been valued, because of any of the foregoing considerations, must nevertheless be included in the valuation roll.

35. SECTION 31: DATE OF VALUATION

35.1 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.

35.2 The general valuation must reflect the market values of properties in accordance with market conditions which apply as at the date of the valuation, and in accordance with any other applicable provisions of the present Act.

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

36.1 A valuation roll takes effect from the start of the financial year following completion of the public inspection period required by the present Act, and remains valid for that financial year or for one or more subsequent financial

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years, as the municipality may decide, but in total not for more than four financial years.

- 36.2 Section 32(2) provides for the extension of the period of validity of the valuation roll by the MEC for Local Government, but only up to a period of five financial years, and only in specified circumstances.

37. SECTION 46: GENERAL BASIS OF VALUATION (ABRIDGED)

- 37.1 The market value of a property is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.

38. SECTION 47: VALUATION OF PROPERTY IN SECTIONAL TITLE SCHEMES

- 38.1 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.

39. SECTION 77: GENERAL

- 39.1 A municipality must regularly, but at least once a year, update its valuation roll by causing a supplementary valuation roll to be prepared, or the valuation roll itself to be amended.