



MUSINA LOCAL MUNICIPALITY

DRAFT PROPERTY RATES POLICY

For implementation as from 1 July 2022

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PREAMBLE

WHEREAS section 229 of the Constitution of the Republic of South Africa, 1996 [Act No.108 of 1996] empowers municipalities to levy property rates, subject to national legislation;

In terms of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) a municipality in accordance with-

- a. Section 2(1), may levy a rate on property in its area; and
- b. Section 2(3), must exercise its power to levy a rate on property subject to-
 - i Section 229 and any other applicable provisions of the Constitution;
 - ii the provisions of the Property Rates Act and any regulations promulgated in terms thereof; and
 - iii the rates policy.

AND WHEREAS section 3(2) of the Local Government: MPRA prescribes what matters are to be addressed in the property rates policy;

AND WHEREAS any exemptions, rebates or reductions provided for in the property rates policy must in terms of section 3(5) comply and be implemented in accordance with a prescribed national framework;

In terms of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, inter alia, rates on property.

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.

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 any regulations promulgated in terms thereof from time to time.

NOW THEREFORE the Council of the Local Municipality of Musina intends to adopt the following Property Rates Policy to take effect on 1 July 2016 subject to possible amendments arising from the consultative process with local property owners and interested parties.

OBJECTIVES OF THE POLICY

The objectives of this policy are to ensure that-

- a. All ratepayers within a specific category are treated equally and reasonably;
- b. Rates are levied in accordance with the market value of the property;
- c. The rate will be based on the value of all rateable property and the amount required by Council to expenditure of rates related services reflected in the operational budget, taking into account any surpluses generated from Council services and the amounts required to finance exemptions, reductions and rebates that the municipality may approve from time to time;
- d. To optimally safeguard the income base of the municipality by only approving exemptions, reductions and rebates that are reasonable and affordable.

This Policy document guides the annual setting of property rates. It does not make specific property rates proposal. In imposing a rate in the Rand, the municipality may grant exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this Policy document and legislation.

PART 1: GENERAL

1. Definitions:

1. For the purpose of this Policy any word or expression to which a meaning has been assigned in the Act shall bear that same meaning in this Policy, unless the context indicates otherwise.

Words used in the masculine gender include the feminine, the singular includes the plural and *vice versa*.

- (i) “**Act**” means the Local Government: Municipal Property Rates Act, [Act No. 6 of 2004] [LGMPRA];
- (ii) “**Business**”, in relation to property, means the use of property for the activity of buying, selling or trading in commodities or services on a stand and includes any office or other accommodation on the same stand, the use of which is incidental to such activity, but does not include the business of agriculture, farming, or any other business consisting of the cultivation of soils, the gathering in of crops, the rearing of livestock or the propagation and harvesting of fish or other aquatic organisms.
- (iii) “**Council**” means the elected and appointed Councillors of the Local Municipality of Musina.
- (iv) “**Exclusion**” means a restriction of the power to levy a rate as provided in sections 16 and 17 of the Act.
- (v) “**Exemption**” means that a category of owners or a category of property be exempted from the payment of a rate levied on a property.
- (vi) “**Government**” or “**State**”, in relation to property, means owned and exclusively used by an organ of state, but does not refer to any non-urban land owned by an organ of state and used for residential or agricultural purposes or not in use.
- (vii) “**Illegal use**” means the use of a property in a manner that is inconsistent with or in contravention of the permitted use of the property.
- (viii) “**Indigent person**” means a person referred to in the Indigent Support Policy of the Musina Local Municipality whose household income does not exceed the minimum household income predetermined by the Council.
- (ix) “**Industrial**”, in relation to property, means the use of a property for the trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts on such a large scale that capital and

labour are significantly involved, including any office or other accommodation on the stand, the use of which is incidental to the use of the factory or plant.

- (x) "**Improvement**" means any building or structure on or under a property, but excludes –
 - (a) a structure constructed solely for the purpose of rendering the property suitable for the erection of any immovable structure thereon; and
 - (b) any building, structure or equipment or machinery referred to in section 46(3) of the Act.
- (xi) "**Land**" means land that is not situated in a proclaimed township, but is used for residential or agricultural purposes or is not in use;
- (xii) "**Urban land**" means land that is situated within a proclaimed township
- (xiii) "**vacant land**" means –
 - (a) land on which no immovable improvements have been erected; or
 - (b) land where the value added by immovable improvements is less than 10% of the value of the land with no immovable improvements on it.
- (xii) "**Local community**" or "**community**" - in relation to the municipality means:
 - (a) that body of people comprising of
 - (i) the residents of the municipality;
 - (ii) the rate payers of the community;
 - (iii) any civic organization and non-governmental, private sector or Labour organization or bodies involved in local matters within the area of the municipality,
 - (iv) traditional community,
 - (v) visitors and people from without the area of the municipality who are present in the area of the municipality and making use of services and facilities provided by the municipality,
 - (b) organisations representing the poor and the previously disadvantaged persons.
- (xiii) "**Market value**" in relation to a property, means the value of the property determined in accordance with section 46 of the Act.
- (xiv) "**MEC for Local Government**" means the member of the Executive Council of the Province who is responsible for local government in that Province.
- (xv) "**Multiple purposes**", in relation to property, means the use of a property for more than one purpose and the property thus not being assigned to a single category of properties and, where one use represents on average 90% or more of the property's value, the property is rated as though it were used for that use only.
- (xvi) "**Municipality**"

- (a) when referred to as an entity means a municipality as described in section 2 of the Systems Act, and
 - (b) when referred to as a geographic area means the municipal area determined in terms of the Local Government :Municipal Demarcation Act,[Act 27 of 1998] as the municipality of MUSINA.
- (xvii) **“Municipal Manager”** the person appointed as Accounting Officer in terms of section 55 of the Local Government: Municipal Systems Act 2000 (Act No. 32 of 2000, as amended).
- (xviii) **“Newly rateable property”** means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding –
- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
 - (b) a property identified by the Minister by notice in the Gazette where the phasing in of a rate is not justified.
- (xix) **“Occupier”** means any person who occupies any property or part thereof, whether or not that person has the right to occupy the property.
- (xx) **“Owner”** –
- (a) in relation to a property referred to in paragraph (a) of the definition of ‘property’, means a person in whose name ownership of the property is registered;
 - (b) in relation to a right referred to in paragraph (b) of the definition of ‘property’, means a person in whose name the right is registered;
 - (c) in relation to a land tenure right referred to in paragraph (c) of the definition of ‘property’, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
 - (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of ‘property’ means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of ‘publicly controlled’,

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

- (i) A trustee, in the case of a property in a trust excluding State trust land;
- (ii) An executor or administrator, in the case of a property in a deceased estate;

- (iii) A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- (iv) A judicial manager, in the case of a property in the estate of a person under judicial management;
- (v) A curator, in the case of a property in the estate of a person under curatorship;
- (vi) A person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
- (vii) A lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
- (viii) A buyer in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer.

(xxi) **“Policy”** means the Property Rates Policy adopted by the Council of Musina.

(xxii) **“Property”** – means

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

(xxiii) **“Public service infrastructure”** means publicly controlled infrastructure of the following kinds:

- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
- (b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- (e) railway lines forming part of a national railway system;

- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) any other publicly controlled infrastructure as may be prescribed; or
- (i) a right registered against immovable property in connection with infrastructure mentioned in paragraphs (a) to (h).

(xxiv) “**Rateable property**” includes any rights registered against the property, with the exception of a mortgage bond. Generally, all land within the municipal area is rateable unless it is specifically exempted in terms of section 15 or 17 of the Act.

(xxv) “**Rebate**” means a discount on the amount of the rate payable, granted in terms of Section 15 of the Act

(xxvi) “**Residential property**” means improved property that:-

- (a) is used predominantly (90% or more) for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes.
- (b) Is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes.
- (c) Is owned by a share-block company and used solely for residential purposes.
- (d) Is a residence used for residential purposes situated on property used for or related to educational purposes.
- (e) Retirement schemes and life right schemes used predominantly (80% or more) for residential purposes.

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

(xxvii) “**Reduction**” means the lowering of the valued amount of the property and the rating of the property at the lowered amount in terms of section 15 of the Act.

(xxviii) “**Systems Act**” means the Local Government: Municipal Systems Act, (Act No. 32 of 2000) as amended.

(xxix) **”Traditional community “** means a traditional community recognized as such in terms of the Traditional Leadership and Governance Framework Act, [Act No 41 of 2003];

2. Date on which this Policy takes effect

In terms of section 3(2) of the Act, this Policy shall take effect on 1 July 2016 or the date when the valuation roll prepared by the Municipality for the 2012/2016 financial year takes effect (whichever may be the later date) or supplementary valuation for 2016/17.

3. Rating of property

The Council complies to section 2(3) of the Act, namely that the power of the municipality to levy a rate on property is subject to:-

- (a) section 229 and other applicable provisions of the Constitution;
- (b) the provisions of the Act; and
- (c) this Policy.

4. Guiding Principles for the rating of property

4.1. The Council, having exclusive power to levy a rate on property, will apply this power;-

- (a) optimally and expansively within the area of jurisdiction of Musina, and
- (b) with due regard to the total income pool of all sources of income of the municipality.

4.2 The rating of property will be done impartially, fairly, equitably and without bias, and these principles also apply with regard to-

- (a) the laid down criteria for exemptions, reductions and rebates contemplated in section 15 of the Act.
- (b) the exemption and exclusion from rates of certain properties contemplated in section 17 of the Act.

4.3 The rating of property will be implemented in a way that:-

- (a) the income raised is used developmentally;
- (b) it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the Council;
- (c) it supports local, social and economic development; and
- (d) it secures the economic sustainability of every category of ratepayer.

- 4.4 When determining the rates on properties the following aspects will be taken into account, namely -
- (a) the correcting of the imbalances of the past ;
 - (b) the effect of rates on the poor, including appropriate measures in order to alleviate the rates burden on them; and
 - (c) the effect on reaching the objectives set out in paragraph 4.3 of this Policy;
 - (d) cost efficiency. Rates will be based on the value of rateable property and will be used to fund community and subsidise services after taking into account surpluses 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.

PART 2: PROPERTIES

5. Different Categories of Rateable Property

- 5.1 In terms of section 8(1) and subject to section 19 of the Act, setting out impermissible differentiation and the criteria set out in paragraphs 7 to 12 of this Policy, different rates for different categories of rateable property may be levied.
- 5.2 The categories of rateable property referred to in par. 5.1 may in terms of section 8(1) of the Act include categories determined according to the –
- (a) use of the property;
 - (b) permitted use of the property; or
 - (c) geographical area in which the property is situated.
- 5.3 The following categories of rateable property are hereby determined in terms of section 8(2) of the Act:
- 5.3.1 Use and permitted use of the under mentioned property
- (a) residential properties;
 - (b) industrial and commercial properties;
 - (c) business properties;
 - (d) farm properties used for—
 - (i) agricultural purposes;
 - (ii) game farming, hunting and eco-tourism;
 - (iii) other business and commercial purposes;

- (iv) residential purposes; or
- (v) purposes other than those specified in subparagraphs (i) to (iv);
- (e) farm properties not used for any purpose;
- (f) smallholdings used for—
 - (i) agricultural purposes;
 - (ii) residential purposes;
 - (iii) industrial purposes;
 - (iv) business and commercial purposes; or
 - (v) purposes other than those specified in subparagraphs (i) to (iv);
- (g) State-owned properties;
- (h) municipal properties;
- (i) public service infrastructure;
- (j) privately owned towns serviced by the owner;
- (k) formal and informal settlements;
- (l) communal land as defined in section 1 of the Communal Land Rights Act, 2004;
- (m) State trust land;
- (n) properties—
 - (i) acquired through the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993), or the Restitution of Land Rights Act, 1994 (Act No.22 of 1994); or
 - (ii) which is subject to the Communal Property Associations Act, 1996 (Act No. 28 of 1996);
- (o) Nature Reserves, national parks and other protected areas as referred to in Section 17(1)(e) of the Act;
- (p) properties on which national monuments are proclaimed;
- (q) properties owned by public benefit organisations and used for any specific public benefit activities listed in Part 1 of the Ninth Schedule to the Income Tax Act;
- (r) properties used for multiple purposes, subject to section 9 of the Act; or
- (s) such other categories as the Council may from time to time identify.

5.3.2. Geographical Area in which the property is situated is designated in the following categories and indicated on the map of the municipal area attached to the Policy as Annexure 1:

- (a) Urban.
- (b) Peri – Urban.
- (c) Rural.

6. Properties Excluded from Rates: Impermissible Rates and Exemptions

6.1 Properties excluded

The Council does not intend to levy rates on the following properties, excluded in terms of section 17 (1) of the Act, as impermissible rates:

- (a) on those parts of a special nature reserve, national park or nature reserve within the meaning of the Protected Areas Act, 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, agricultural or residential 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 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; or
- (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 such community who officiates at services at that place of worship.

6.2 Impermissible Rates

The Council accepts the principles stipulated in section 17 of the Act not to levy rates –

- (a) on the first 30% of the market value of public service infrastructure; and
- (b) on the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll of the municipality to a category to be determined by the Council as either:
 - (i) residential properties; or
 - (ii) properties used for multiple purposes, provided one or more

components of the property are used for residential purposes and residential use is the dominant use of the property as provided for in Section 9 of the Act..

6.3 Exemptions

6.3.1 The Council do not intend to apply to the Minister, in terms of section 18 (1) of the Act, to be exempted from paragraphs (a), (e), (g) or (h) of section 17(1).

6.4 Identification of all rateable property not rated in terms of Sect 7(2)(a)

The Council intend not to levy a rate, as contemplated in section 3(3)(j) read with section 7(2)(a) of the Act, on the following properties:

- (a) municipal property,
- (b) infrastructure of a municipal entity acting under the control of the Council,
- (c) a right in property subject to certain circumstances, and
- (d) where it is almost impossible to determine the market value.

To be resolved by Council

PART 3: CRITERIA TO BE APPLIED FOR DIFFERENT RATES FOR DIFFERENT CATEGORIES OF PROPERTIES.

7. Criteria.

The Council will apply criteria for differential rates for different categories of properties if and when:

- (a) the quality and standard of the infrastructural services, provided by the municipality, to the different categories of properties, differs substantially and the municipality does not intend to upgrade such to the extent of equitability during the term of the valuation roll;
- (b) the municipality does not provide any infrastructural services to a category of properties or intend or will be in a position to provide such in the near future;
- (c) specific economic and social contributions as a result of the business performed.

Council will consider, during the Annual Budget Meeting of every financial year, all information about the above and the implications thereof.

PART 4: CRITERIA TO BE APPLIED FOR THE DIFFERENT CATEGORIES OF PROPERTIES FOR THE PURPOSE OF LEVYING DIFFERENT RATES

8. Criteria.

The under mentioned criteria will be applied by Council to determine differential rates for the different categories of properties and the owners of properties:

- (a) distinguish among the different categories of rateable properties as defined in section 8 of the Act, and
- (b) distinguish among the different categories of owners, defined in section 15(2) of the Act, taking their needs and circumstances into account, but to treat persons liable for rates equitably.

PART 5: CRITERIA FOR IMPLEMENTATION OF:

[A] EXEMPTIONS

[B] REBATES AND,

[C] REDUCTIONS

9. Categories of owners of property

The Act, in terms of section 15(2) allows municipalities to determine the categories of owners of property in terms of section 15(1), when granting exemptions, rebates or reductions to categories of owners of property.

The Council therefore abides to the following: -

- (a) indigent owners;
- (b) owners dependent on pensions or social grants for their livelihood;
- (c) owners temporarily without income;
- (d) 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];
 - (ii) any other serious adverse social or economic conditions;
- (e) owners of residential properties with a market value lower than an amount determined by the municipality;
- (f) owners of agricultural properties who are *bona fide* farmers.
- (g) owners of farm properties used for game farming, hunting and tourism;
- (h) owners of property, where such property is used exclusively for community purposes such as community taxi ranks and hawkers stalls, and no profit or income is derived from the activities by the owners. *

- (i) public benefit organisations.

A. EXEMPTIONS

Definition: This mechanism implies that the category of owners of property or the category of property is exempted from the promulgated rates levied on rateable property [non-payment].

Principles:

- This mechanism for alleviation is appropriate for the medium to longer-term arrangement or even for the unforeseen future.
- The exemption will be applicable for the duration of the valuation roll, namely four years, and the Council foresees no need to revise this arrangement during this period.
- The Council will forfeit this income and it will not have an unfavorable influence on the financial position of the Council.
- Properties which do not have a market value in the true sense of the definition as trading between willing sellers and buyers does not take place.
- If a Legal person or an organisation qualifies for exemption, provided by the SARS, in terms of Section 10 of the Income Tax Act and proof to the effect is available, the Council may consider an application.

10. Criteria in regard to categories of Property in terms of section 8 of the Act.

Properties which may be exempted, in some cases subject to approval of application and compliance with the under mentioned:

1. Properties owned by the municipality excluding those rented to individuals or organisation or clubs irrespective of the use of the property where the lessee is deemed to be the owner as set out in the definition thereof in Part 1.
2. any rateable property registered in the name of a welfare organization registered in terms of the National Welfare Act, 1978 (Act 100 of 1978);
3. any non - profitable hospital, clinic or institution for mentally or terminally ill persons;
4. museums, art galleries, libraries or botanical gardens, open to the public, registered in the name of a private person;
5. a national monument;
6. child headed families where any child under the age of 18 years of the owner or other such child who is a blood relative of the owner of the property, is responsible for the care of siblings or parents of the household.

7. residential properties with a market value less than the amount annually determined by the Municipality in its budget;
8. property belonging to private owners but used exclusively for community purposes such as community taxi ranks and hawkers stalls, and no profit or income is derived from the activities by the owners. *

11. DIFFERENTIAL RATING

11.1 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.
- (b) The promotion of local, social and economic development of the municipality.

11.2 Differential rating among the various property categories will be done by way of setting a different cent amount in the rand for each property category; and

11.3 by way of reductions and rebates as provided for in this policy document.

12. Exemption of owners of specific categories of rateable properties from payment of rates

12.1 The owners of the following categories of rateable properties situated within the municipality are exempted from the payment of rates within the meaning of section 15 (1)(a) of the Act :

(a) Municipal properties:

Municipal properties are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers. However, where municipal properties are leased, the lessee will be responsible for the payment of determined assessment rates.

(b) Residential properties below value:

All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. For the 2016/2017 financial year the threshold value is determined as R40 000. The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality.

The remaining R25 000 is an important part of the Council's indigent policy and is aimed primarily at alleviating poverty.

12.2 Exemptions in 12.1 will automatically apply and no application is thus required.

12.3 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 exemption because of those activities, the following Public Benefit Organizations may apply for the exemption of property rates:-

i Health care institutions :

Properties used exclusively as a hospital, clinic and mental hospital, including workshops used by the inmates, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.

ii Welfare institutions:

Properties used exclusively as an orphanage, non-profit retirement villages, old age 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.

iii Charitable institutions:

Property belonging to not-for-gain institutions or organisations that perform charitable work.

iv Cultural institutions:

Properties declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.

v Museums, libraries, art galleries and botanical gardens:

Registered in the name of private persons, open to the public and not operated for gain.

vi Youth development organisations:

Property owned and/or used by organisations for the provision of youth leadership or development programmes.

vii Animal welfare:

Property owned or used by institutions/organisations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.

12.4 All possible benefiting organisations in clause 12.3 must apply annually for exemptions. All applications must be addressed in writing to the municipality by 30 September 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.

- 12.5 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.
- 12.6 The municipality retains the right to refuse the exemption if the details supplied in the application form were deemed to be incomplete, incorrect or false.
- 12.7 The extent of the exemptions implemented in terms of 12.1 to 12.3 must annually be determined by the municipality and included in the annual budget.

B REBATES

Definition: This mechanism implies that a percentage discount is afforded to owners of a property on the amount payable for property rates. [The value or the tariff is not amended].

Principles

- The Council will annually, when compiling the budget, consider a rebate, if certain circumstances prevail, on the amount of property rates applicable to the categories of properties and the categories of owners of properties.
- To reward initiatives if the business or activities contributes to the general wellbeing of the community, individually or globally.
- If the affordability of the owners merits relief.
- It will be utilised to differentiate among properties or owners in the same or different categories.
- The time span for the duration of the percentage [%] discount will be of a variable nature and be reviewed annually.
- This mechanism will be applied to the category of the rateable property or the category of owners.
- Rebates may be phased out over the remaining period of the duration of the valuation roll.

13. Granting of Rebates on Rates in respect of certain categories of properties

The council grants rebates on the rates payable to the owners of the following categories of properties within the meaning of section 15(1) (b) of the Act

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 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 30 September 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 September 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 2012/2013 financial year the rebate is determined as 10%.

(c) Agricultural properties and farm properties used for game farming, hunting and eco-tourism

- i. When considering the criteria to be applied in respect of any exemptions, rebates and reductions on any farm properties used for agricultural purposes or game farming and eco-tourism, 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 the farming sector to the local economy.
 - c. the extent to which the farming sector assists in meeting the service delivery and developmental objectives of the municipality; and
 - d. the contribution of the farming sector 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 concurrence with 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 a ratio to the rate on residential property. In the absence of any such promulgation the municipality will apply the standard ratio of 1:0.25 (75% rebate on the tariff for residential properties) in respect of farms used for agricultural purposes and/or game farming, hunting and eco-tourism
- 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 full-time farm workers and their dependents or families.
 - b. 2,5% if such residential facilities are provided with potable water.
 - c. 2,5% if the farmer for the farm workers electrifies such residential facilities.
 - d. 2,5% for the provision of land for burial to own farm workers and educational and recreational purposes to own farm workers as well as people from surrounding farms.
- iv. The granting of additional rebates is subject to the following: –
 - a. All applications must be addressed in writing to the Municipality 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.
 - b. Any new applications must be addressed in writing to the Municipality by 30 September of the financial year in respect of which the application is made. If the rebate applied for is granted the rebate will apply for the full financial year and such application will again be regarded as a once-off requirement. Applications received

after 30 September for the financial year in respect of which the application is made will only be applied for the remainder of that financial year if approved.

c. Council reserves the right to send officials or its agents on an annual basis to premises/households receiving relief for the purposes 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 applications.

d. The Municipality retains the right to refuse applications for rebates if the details supplied in the application form were incomplete, incorrect or false.

v. No other rebates will be granted to properties that qualify for the farming rebate except for possibly the additional rebates in terms of this clause.

14. Criteria in regard to Owners of property in terms of section 15 of the Act.

1. Owners of property who cannot meet their obligations to the Council due to severe economical circumstances, beyond their control [Retrenchment closing down of a business].

2. An individual or a legal person/organisation “private charitable home” providing accommodation and care to people in receipt of an income from social pensions or an amount equivalent to that.

3. An individual or a legal person/organisation providing accommodation – “private charitable home” - and care to orphans/homeless/traumatised children [under the age of 18] including self-help projects.

4. An individual or a legal person/organisation providing accommodation and care of disabled individuals, terminally ill persons, physical or mentally ill persons, such as Hospices.

5. Legal person/organisation associated or affiliated to National Welfare organisations providing accommodation and care for animals such as the SPCA or similar organisations.

15. Granting of rebates to 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. If 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 2016/2017 financial year this amount is determined as R3 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. If qualifying, this rebate will automatically apply and no further application is thus 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 September 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. Applications filed after the said date shall if approved only qualify for rebate for the remainder of that financial year. For the 2012/2013 financial year the total monthly income and corresponding rebate is determined as follows:-
- a. R0 to R3 000 per month - 100%.
 - b. R3 001 to R5 000 per month - 50%.
 - c. R5 001 to R7 000 per month - 20%.
- iv. The municipality retains the right to refuse any exemption, reduction or rebate if the details supplied in the application form were incomplete, incorrect or false.

C. REDUCTIONS

16. Definition: This mechanism allows the lowering of the market value of the property and the consequently rating of that property at the lower valuation.

Principles:

- It implies that the market value of the property has changed drastically since the fixing thereof on the valuation date.
- This mechanism will be implemented if the use of, or activities on the property is temporally or permanently changed.
- If it will be unreasonable to continue collecting the current applicable amount in respect of rates on the affected property.
- This mechanism will be of temporary nature, unless it is impossible to reconstitute the value and the activities to the original status of affairs. If the property is successfully reconstituted in whole or in part a new valuation will be made and included in the following supplementary valuation roll in terms of Section 78.
- Reduction will be applied to any category of property as properties will be treated individually.

16.1 Reductions as contemplated in section 15 of the Act will be considered on an ad-hoc basis in the event of the following:-

16.1.1 Partial or total destruction of a property.

16.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).

16.2 The following conditions shall be applicable in respect of 16.1:-

16.2.1 The owner of a property referred to in 16.1.1 shall 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.

16.2.2 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).

16.2.3 A maximum reduction to be determined on an annual basis shall be allowed in respect of both 16.1.1 and 16.1.2. For the 2016/2017 financial year the maximum reduction is determined as 80%.

16.2.4 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the municipality gives further extension on application.

16.2.5 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.

17. LOCAL, SOCIAL AND ECONOMIC DEVELOPMENT

17.1 The Council may grant rebates and reductions to organisations that have an obligation to pay rates, but promote local, social and economic development within the area of jurisdiction of the municipality.

The under mentioned criteria are the relevant indicators in this regard:

- (a) the creation of jobs in the municipal area;
- (b) social uplifting of the local community;
- (c) development of infrastructure for enjoyment of the community.

17.2 Rebates will be limited to a maximum of 25% of the rates payable and will be phased out over a period of three years from date of commencement.

18. Payments of rates

18.1 Payments will be dealt with in accordance with the provisions of the municipality's Credit Control, Debt Collection and Indigent policies.

18.2 Interest shall be paid to Council on rates which have not been paid within 30 days from the date on which such rates become due at a rate equal to the rate stipulated in terms of the Prescribed Rate of Interest Act for the period during which such rates remain unpaid after the expiry of the said period of 30 days. Compounded interest will be levied.

18.3 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.

18.4 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.

18.5 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.

19. Criteria to be applied if rates are to be increased

The Council will apply the following criteria if rates are to be increased, as contemplated in section 3(3)(b)(iv) of the Act :

- (a) rates increases will be considered when those increases are required to finance the working costs of community or subsidised services;
- (b) rates increases will be considered when the increased rates will finance extraordinary expenditure not provided for during the previous budget period but approved by the Council during a budget review process.

PART 6: MISCELLANEOUS

20. Clearance Certificate

20.1 On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all rates, service and sundry charges and any estimated amounts for the duration of the certificate in connection with the property are paid, by withholding a clearance certificate.

20.2 When debt has been written off as irrecoverable it will not be recovered again when a clearance certificate on a property is issued.

20.3 The municipality will issue such clearance certificate on receipt of an application on the prescribed form received from the conveyer.

20.4 All payments will be allocated to the subject property.

20.5 No interest shall be paid in respect of these payments.

20.6 Where any residential or non-residential debtor has entered into an arrangement with the municipality in respect of the arrears on a property, the prescribed certificate as referred to in section 118 of the Systems Act, will not be issued until such time as the full outstanding amount have been received.

20.7 The rates clearance certificate validation period is 60 days and the amount due for payment is calculated as follows:

(a) applications received between the 1st and the 14th of the month will include three (3) months advance collections plus all current outstanding debt on the property.

(b) Applications received between the 15th and the end of the month will include four (4) months advance collections plus all current outstanding debt on the property.

21. Special Rating Areas

The Council reserves the right to implement section 22 of the Act when and if circumstances dictate such action:

22. Property used for multiple purposes

22. 1. For rates purpose Council will assign the category for properties used for multiple purposes, as contemplated in section 9 of the Act, in terms of the following criteria:

- (a) a purpose corresponding to the permitted use of the property, if the permitted use of the property is regulated;
- (b) a purpose corresponding with the dominant use of the property; or
- (c) multiple purposes in terms of sect 8(2)(r) of the Act.

22.2. As contemplated in section 3(3)(d) of the Act, it is hereby determined that the municipality's powers in terms of section 9(1) be exercised in relation to the actual use of the properties on date of valuation for the duration of the valuation roll.

23. Loss of income due to exemptions, rebates, reductions, exclusions and properties to be phased in.

The figures in regard to the above will be quantified in terms of estimated cost to the municipality and the benefit to the local community, as contemplated in section 3(3)(e) of the Act.

Council will consider these during the Annual Budget Meeting and attach the report as Annexure 2 of this Policy.

24. Commencement and Period of Validity of Valuation Rolls

In terms of section 32 the valuation roll takes effect-

- (a) on the date of commencement of the financial year following completion of the public inspection period required by section 49; and
- b) remains valid for the next four financial years subject to the following:
 - (i) The Municipality shall prepare a new valuation roll at least every four (4) years.
 - (ii) In accordance with the Act the municipality, under exceptional circumstances, may request the MEC for Local Government and Housing in the Province to extend the validity of the valuation roll to five (5) years.
 - (iii) Supplementary valuations may be done in respect of any property on a continual basis but at least on an annual basis.

25. Implementation process and review process of the Policy

This Policy will come into effect on 1 July 2016 and will be reviewed at least annually by way of a Council Resolution.

26. Short title

This Policy is the Property Rates of the **Musina Local Municipality**.