

ELIAS MOTSOLEDI LOCAL MUNICIPALITY



PROPERTY RATES POLICY

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RATES POLICY

1. DEFINITIONS

In the Property Rates Act and this Policy, unless the context indicates otherwise:

- 1.1. “agent”, in relation to the owner of a property, means a person appointed by the owner of the property:
 - to receive rental or other payments in respect of the property on behalf of the owner; or
 - to make payments in respect of the property on behalf of the owner
- 1.2. “agricultural purpose”, in relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game;
- 1.3. “agricultural use”, means land used or a building designed or used for the purposes of arable land, grazing ground, pig farming, horticulture, poultry farming, dairy farming, breeding and keeping of livestock, bookkeeping, forestry, mushroom & vegetable farming, floriculture, orchards and any other activities normally regarded as incidental to farming activities or associated therewith, but does not include a nursery;
- 1.4. “annually”, means once every financial year;
- 1.5. “appeal board”, means a valuation appeal board established in terms of Section 556;
- 1.6. “assistant municipal valuer”, means a person designated as an assistant municipal valuer in terms of Section 35(1) or (2);
- 1.7. “building”, shall also include a structure of any nature or description whatsoever;
- 1.8. “category” –
 - In relation to property, means a category of properties determined in terms of Section 8; and
 - In relation to owners of properties, means a category of owners determined in terms of Section 15(2);
- 1.9. “commercial use”, means land used or a building designed or used for such purposes as distribution centres, wholesale trade, storage, computer centres, warehouses, cartage – and transport services and laboratories and may also include offices such are usually ancillary to or reasonably necessary in connection with the main use.
- 1.10. “data-collector”, means a person designated as a data-collector in terms of Section 36;

- 1.11. “date of valuation”, means the date determined by a municipality in terms of Section 31(1);
- 1.12. “dwelling-house office”, means the use of land or a building (normally the existing dwelling unit) partially or entirely for “office” or “office use”: Provided that the development on the erf maintains a residential character (house and garden) and that it may also be used for residing purposes by a person/persons directly involved with the function of the dwelling-house office;
- 1.13. “dwelling-house shop”, means the use of land or a building (normally the existing single dwelling-unit) for the selling of arts & crafts, art orientated or similar products, partially or entirely manufactured on the erf: Provided that the development on the erf maintains a residential character (house and garden) and that it may also be used for residing purposes by a person/persons directly involved with the function of the dwelling-house shop;
- 1.14. “dwelling-unit”, means a self-contained suite of rooms mutually connected and containing not more than one kitchen designed or used as a residence for a single family, but excludes any form of temporary structure: Provided that where reference is made to a single dwelling unit in this Scheme it shall mean an ordinary dwelling house.
- 1.15. “effective date” –
- In relation to a valuation roll, means the date on which the valuation roll takes effect in terms of Section 32(1); or
 - In relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect in terms of Section 78(2)(b);
- 1.16. “exclusion”, in relation to a municipality’s rating power, means a restriction of that power as provided for in Section 17;
- 1.17. “exemption”, in relation to the payment of a rate, means an exemption granted by a municipality in terms of Section 15;
- 1.18. “erection of a building”, also includes the structural alteration of, or the making of any addition to a building;
- 1.19. “existing building”, means a building erected in accordance with building plans approved by the local authority or a building considered by the local authority to be lawful and the building operations of which:
- Were completed on or before the date of promulgation or
 - In the opinion of the local authority, were commenced within a reasonable time before date of promulgation, but were only completed thereafter, or
 - Were completed in accordance with the conditions imposed by the local authority when granting its permission.
- 1.20. “family”, means:

- A single person who maintains an independent household, or
 - Two or more persons who are related in one of the following ways and who maintain a joint household:
 - By blood or marriage
 - By adoption
 - who is a dependant of a family head, the latter being taxpayer as defined in the Income Tax Act, 1962 (Act 58 of 1962), as amended;
- 1.21. “financial year”, means the period starting from 1 July in a year to 30 June the next year;
- 1.22. “filling station”, means land used or a building designed or used for the purposes of fueling, washing, polishing and lubrication of motor vehicles, including incidental and routine maintenance but excluding a public garage, panel beating, spray painting and any major repairs;
- 1.23. “hotel”, means a building licensed for the sale of liquor and used for the formal and regular provision of accommodation and meals, as well as coexistent services, facilities and activities;
- 1.24. “Income Tax Act”, means the Income Tax Act, 1962 (Act No. 58 of 1962);
- 1.25. “industrial use”, means the use of land or a building designed or used as a factory within the meaning of the Factories, Machinery and Building Works Act, 1941 (Act 22 of 1941) and any amendments thereof and includes any office or other building on the same site, the use of which is incidental to, or reasonably necessary in connection with the use of such factory but shall not include noxious industrial uses, a single dwelling unit, dwelling units and public garages;
- 1.26. “institution”, means use of land or a building designed or used as a public or charitable institution, hospital, nursing home, sanatorium, clinic and associated offices and consulting rooms, whether public or private, but does not include land or buildings designed or used exclusively or principally for any of the following purposes, namely:
- i) A hospital, sanatorium or clinic for the treatment of infectious or contagious diseases.
 - ii) An institution or home for mentally defectives.
 - iii) A mental hospital.
 - iv) Any building or premises associated with the boarding of animals.
 - v) Any institution consisting mainly of offices.
- 1.27. “land reform beneficiary”, in relation to a property, means a person who -
- i) Acquired the property through:
 - the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993);
 - or

- the Restitution of Lands Right Act, 1994 (Act No. 22 of 1994;
 - ii) holds the property subject to the Communal Property Associations Act, 1996 (Act No. 28 of 1996); or
 - iii) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to Section 25(6) and (7) of the Constitution be enacted after this Act has taken effect.
- 1.28. “land tenure right”, means an old order right as defined in Section 1 of the Communal Land Rights Act, 2004;
- 1.29. “light industrial use”, means the use of land or a building designed or used as an industry in which the power machinery installed is driven by electricity, no single motor being rated at more than 3Kw with a total maximum of 24kW for all motors: Provided that a total demand of 40 kVa on the site shall not be exceeded and the maximum number of persons actively engaged on the site being restrict to twenty: Any office or other activity, ancillary thereto, but excluding a “noxious industrial use” “single dwelling unit” “dwelling units” and “public garage, is included;
- 1.30. “local community”, in relation to a municipality –
- i) means that body of persons comprising -
 - the residents of the municipality;
 - the ratepayers of the municipality;
 - any civic organizations and non-governmental, private sector or labour organizations or bodies which are involved in local affairs within the municipality; and
 - visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality; and
 - ii) includes, more specifically, the poor and other disadvantaged sections of such body of persons -
- 1.31. “local municipality” means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in Section 155(1) of the Constitution as a category B municipality;
- 1.32. “market value”, in relation to a property, means the value of the property determined in accordance with Section 46;
- 1.33. “Minister”, means the cabinet member responsible for local government;
- 1.34. “motor grave yard”, means land used or a building designed or used for the purposes of dumping and abandoning disused motor vehicles, and parts thereof, other than for purposes of re-sale or further use;

- 1.35. “motor sale mart”, means land used with or without ancillary buildings for the display and sale of roadworthy vehicles, but does not include any form of a workshop;
- 1.36. “multiple purposes”, in relation to a property, means the use of a property for more than one purpose;
- 1.37. “municipal council” or “council”, means a municipal council referred to in Section 18 of the Municipal Structures Act;
- 1.38. “Municipal Finance Management Act”, means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003),
- 1.39. “municipality”, -
- i) as a corporate entity, means a municipality described in Section 2 of the Municipal Systems Act; and
 - ii) as a geographical area, means a municipal area demarcated in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998) –
- 1.40. “Municipal Manager”, means a person appointed in terms of Section 82 of the Municipal Structures Act;
- 1.41. “municipal purposes”, means such purposes as the local authority may be authorized to carry out in terms of the Local Government Ordinance, 1939 (Ordinance 17 of 1939), as amended, or any other legislation;
- 1.42. “Municipal Structures Act”, means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
- 1.43. “Municipal Systems Act”, means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);
- 1.44. “municipal valuer” or “valuer of a municipality”, means a person designated as a municipal valuer in terms of Section 33(1);
- 1.45. “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 -
- i) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
 - ii) a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified -
- 1.46. “occupier”, in relation to a property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property;

- 1.47. “office”, means a building or part of a building used or designed to be used for administrative and/or clerical purposes;
- 1.48. “office use”, means the use of land or a building designed or used as professional suites, offices or for similar business purposes but does not include a shop, service industry, a place of amusement, or any use mentioned, whether by the way of inclusion or exclusion, in the definition of “institution”, “public garage”, “filling station”, “drive-in restaurant”, “industrial use”, “light industrial use”, “commercial use” or “noxious industrial use”;
- 1.49. “organ of state”, means an organ of state as defined in Section 239 of the Constitution;
- 1.50. “owner” –
- i) 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;
 - ii) in relation to a right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered;
- 1.51. “parking garage”, means land used or a building designed or used exclusively for the parking of motor vehicles not being trade for sale;
- 1.52. “person”, includes an organ of state;
- 1.53. “place of amusement”, means land used or a building designed or used as a public hall, theatre, cinema, music hall, concert hall, billiard saloon, sports arena, skating rink, dance hall or the like with a view to financial gain;
- 1.54. “place of instruction”, means land used or a building designed or used as a school, college, technical institute, academic lecture hall, or other centre of education or instruction and includes a monastery, convent, public library, art gallery, museum & gymnasium, but does not include a building designed for use wholly or principally as a reformatory or industrial school;
- 1.55. “place of public worship”, means land used or a building designed or used as a church, chapel, oratory, meeting house, synagogue, mosque or other place of public devotion, and includes a building such as a Sunday school, rectory and an institute or social hall on the same site as, and associated with, any of the foregoing buildings but shall not include a funeral chapel;
- 1.56. “prescribe”, means prescribe by regulation in terms of section 83;
- 1.57. “private club”, means land used or a building designed or used as a private meeting place for an association of persons meeting with a common objective;

- 1.58. “private open space”, means an open space to which the general public has no right of access and which is used as a private sport and play ground or as an ornamental garden;
- 1.59. “property”, means –
- i) 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;
 - ii) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
 - iii) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
 - iv) public service infrastructure –
- 1.60. “property register”, means a register of properties referred to in section 23;
- 1.61. “protected area”, means an area that is or has to be listed in the register referred to in section 10 of the Protected Areas Act;
- 1.62. “Protected Areas Act”, means the National Environmental Management: Protected Areas Act, 2003;
- 1.63. “publicly controlled”, means owned by or otherwise under the control of an organ of state, including –
- i) a public entity listed in the Public Finance Management Act, 1999 (Act No. 1 of 1999);
 - ii) a municipality; or
 - iii) a municipal entity as defined in the Municipal Systems Act;
- 1.64. “public garage”, means land used or a building designed or used for the purposes of storage, repair, parking, fuelling and sale of motor vehicles and motor accessories and includes on the same site the conduct of a retail trade ordinarily incidental to or reasonably necessary in connection with a public garage but excluding panel beating, spray painting and a parking garage;
- 1.65. “public open space”, means an open space to which the general public has access and includes, *inter alia*, a park, garden, play park, recreational park or square;
- 1.66. “public service infrastructure”, means publicly controlled infrastructure of the following kinds:
- i) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;

- ii) 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;
- iii) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- iv) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- v) railway lines forming part of a national railway system;
- vi) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- vii) runways or aprons at national or provincial airports;
- viii) breakwaters, sea walls, channels, basins, quay walls, etties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage, or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;
- ix) any other publicly controlled infrastructure as may be prescribed.

1.67. “rate”, means a municipal rate on property envisaged in section 229(1)(a) of the Constitution;

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

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

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

1.71. “register” -

- i) the Deeds Registries Act, 1937 (Act No. 47 of 1937); or
- ii) the Mining Titles Registration Act, 1967 (Act No. 16 of 1967); and

1.72. “includes any other formal act in terms of any other legislation to record -

- i) a right to use land for or in connection with mining purposes; or
- ii) a land tenure right -

- 1.73. “residential property”, means a property included in a valuation roll in terms of section 48 (2) (b) as residential;
- 1.74. “Sectional Titles Act”, means the Sectional Titles Act, 1986 (Act No. 95 of 1986);
- 1.75. “sectional title scheme” means a scheme defined in section 1 of the Sectional Titles Act;
- 1.76. “sectional title unit”, means a unit defined in section 1 of the Sectional Titles Act;
- 1.77. “shop”, including a café means land used or a building designed or used for the purposes of carrying on retail trade and the necessary accompanying storage and packaging and also includes a use on the same site which is ordinarily incidental to the conduct of the retail business thereon: Provided that the floor space of such ancillary activities shall not exceed 10% of the gross floor space and provided further that such activities shall not give rise to any disturbance or nuisance. A noxious industrial use, drive-in restaurant, scrap yard, commercial use, filling station, parking garage, place of amusement or public garage, *inter alia*, shall not be considered ancillary activities to a “shop” for the purposes of this Scheme;
- 1.78. “special use”, means land used or a building designed or used for any use other than one of the uses specifically defined in this Scheme and/or mentioned in the definitions;
- 1.79. “state trust land”, means land owned by the state –
- i) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;
 - ii) over which land tenure rights were registered or granted; or
 - iii) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994); “this Act” includes regulations made in terms of section 83.
- 1.80. “zone”, means a portion of the area of the applicable Town Planning Scheme shown on the map by distinctive notations or edging or in some other distinctive manner for the purposes of indicating the restrictions imposed on the erection and use of buildings or the use of land.

2. INTRODUCTION

The major source of local revenue is the property rates. The owners of property within Elias Motsoaledi Local Municipality have to pay rates based on a valuation of their properties in order to finance certain municipal services. While this rates are by no means the sole source of municipal revenue, it is an important source of discretionary revenue for the municipality and enables it to function effectively.

Elias Motsoaledi Local Municipality will in terms of Section 229 of the Constitution, levy a rates on properties in its respective areas. Council must adopt and implement a Rates

Policy that complies with the provisions of any applicable legislation on the levying fees. It is required

that Council adopts by-laws to give effect to the implementation and enforcement of its Rates Policy. The by-laws differentiate between:

- Different categories of property
- Different categories of owners liable for the payment of rates

Council must annually review, and if necessary, adjust its Rates Policy.

3. OBJECTIVE

3.1 In developing and adopting this rates policy, Elias Motsoaledi Local Municipality Council has sought to give effect to the sentiments expressed in the preamble of the Municipal Property Rates Act, Act 6 of 2004 namely that:-

- 3.1.1 “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.
- 3.1.2 There is a need to provide Local Government with access to a sufficient and buoyant source of revenue necessary to fulfill its developmental responsibilities.
- 3.1.3 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
- 3.1.4 It is essential that municipalities exercise their power to impose rates within a statutory framework which enhance certainty, uniformity and simplicity across the nation and which takes account of historical imbalances and the burden of rates on the poor.”

3.2 In applying this Rates Policy, Council shall adhere to all the requirements of the Property Rates Act 2005, including any regulations promulgated in terms of that Act (*Inacted on 2 July 2005*).

4. ADOPTION OF THE RATES POLICY

The Elias Motsoaledi Local Municipality Council will have to adopt the policy on the levying of rates on ratable properties within the municipality. The Rates Policy will:-

- 4.1 Treat persons liable for rates equitably;
- 4.2 determine the criteria to be applied if it:-
 - 4.2.1 levies different rates for different categories of property;

- 4.2.2 exempting a certain property or a property of a specific category from a rate;
- 4.2.3 rebates or reduces in respect of a rate; or
- 4.2.4 Increases rates.
- 4.3 determine criteria for the determination of:-
 - 4.3.1 categories of properties for levying rates;
 - 4.3.2 Categories of owners/properties for granting exemptions, rebates and reductions.
- 4.4 determine how the municipality's powers must be exercised in relation to properties used for multiple purposes;
- 4.5 identify and quantify all exemptions, rebates, reductions, exclusions and phasing in of rates on properties;
- 4.6 take into account the effect of rates on the poor and include appropriate measures to alleviate the rates burden on them;
- 4.7 take into account the effect of rates on organizations conducting specified public benefit activities and registered in terms of the Income Tax Act for tax reductions because of those activities, in the case of property owned and used by such organizations for those activities;
- 4.8 take into account the effect of rates on public service infrastructure;
- 4.9 allow Elias Motsoaledi Local Municipality to promote local, social and economic development.
- 4.10 Any exemptions, rebates or reductions must comply and be implemented in accordance with a national framework that may be prescribed after consultation with organized Local Government. Elias Motsoaledi Local Municipality will not grant relief in respect of the payment of a rate:-
 - a) to a category of owners/properties other than by way of an exemption, a rebate or a reduction provided for in its Rates Policy;
 - b) to the owners of properties on an individual basis.

5. LEVYING OF RATES

5.1 Amount due for rates

- a) A rate levied on property will be a rate based on the market value of the property shown on the (current) valuation roll of Elias Motsoaledi Local Municipality.

- b) In a case where the property is unknown as per the winded website, the municipality will bill the property at zero-rated until such property is register with Deeds office.

5.2 Rates to be levied on all ratable properties

Elias Motsoaledi Local Municipality will levy rates on all ratable property, but is not obliged to levy a rate on a:-

- 5.2.1 Property of which Elias Motsoaledi Local Municipality is the owner;
- 5.2.2 Public service infrastructure owned by Elias Motsoaledi Local Municipality;
- 5.2.3 Property in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racially discriminatory laws or practices;
- 5.2.4 Prevented from granting exemptions or rebates or reduction on rates levied.

5.3 Differential rates

Elias Motsoaledi Local Municipality will levy different rates for different categories of ratable property. The categories are determined according to:-

- 5.3.1 the use of the property;
- 5.3.2 the permitted use of the property; or
- 5.3.3 the geographical area in which the property is situated.

Elias Motsoaledi Local Municipality will differentiate amongst the following:-

- a) Residential properties;
- b) Industrial properties;
- c) Business and commercial properties;
- d) Farm property used for:
 - e) agricultural purposes;
 - f) other commercial purposes; or
 - g) non-commercial purposes;
 - h) residential purposes; and
- i) purposes other than (d) (i)-(iv)
- j) Unused farmland
- k) Small holdings used for:
 - i) agricultural purposes;

- ii) residential purposes;
 - iii) industrial purposes;
 - iv) business and commercial purposes; and
 - v) purposes other than those specified in paragraphs a-d.
- l) State owned properties;
 - m) Municipal properties;
 - n) Public service infrastructure;
 - o) Formal and informal settlements;
 - p) Communal land;
 - q) State trust land;
 - r) Protected areas;
 - s) Properties on which national monuments are proclaimed;
 - t) Properties owned by public benefit organizations; and
 - u) Properties used for multi purposes.

5.4 Levying of rates on property in sectional title schemes

A rate on property, which is subject to a sectional title scheme, will be levied on the individual sectional title units in the scheme. This process will be phased in over a period of four years starting when the Property Rates Act takes effect.

5.5 Phasing in of certain rates

(1) (a) A rate levied on newly rateable property must be phased in over a period of three financial years, subject to subsection (5). (b) A rate levied on property referred to in section 17(1)(g) must, after the exclusion period referred to in that section has lapsed, be phased in over a period of three financial years, subject to subsection (5) of this section. (c) A rate levied on newly rateable property owned and used by organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for those activities must be phased in over a period of four financial years, subject to subsection (5).

(2) The phasing-in discount on a property referred to in subsection (1) (a) or (b) must— (a) in the first year, be at least 75 per cent of the rate for that year otherwise applicable to the property;

5.6 Properties used for multiple properties

(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) a purpose corresponding with 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 section 8(2)(r).

(2) A rate levied on a property assigned in terms of subsection (1)(c) to a category of properties used for multiple purposes must be determined by—

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

5.7 Exemptions, Rebates & Reductions

In imposing the rate in the rand for each annual operating budget component, the Council will grant the following exemptions, rebates and reductions to the categories of properties and categories of owners. The Council reserves the right to amend these exemptions, rebates and reductions if the circumstances of a particular annual budget dictate, or in special circumstances that need certain assistance.

5.7.1 Exemptions, Rebates and Reductions

- (1) A municipality may in terms of criteria set out in its rates policy— (a) exempt a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate levied on their property; or (b) grant to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.
- (2) When granting in terms of subsection (1) exemptions, rebates or reductions in respect of owners of categories of properties, a municipality may determine such categories in accordance with section 8(2), and when granting exemptions, rebates or reductions in respect of categories of owners of properties, such categories may include—
 - (a) indigent owners;
 - (b) owners dependent on pensions or social grants for their livelihood;
 - (c) owners of property situated within an area affected by —
 - (i) a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
 - (ii) any other serious adverse social or economic conditions;
 - (d) owners of residential properties with a market value lower than an amount determined by the municipality; or
- (3) The municipal manager must annually table in the council of the municipality a—

- (a) list of all exemptions, rebates and reductions granted by the municipality in terms of subsection (1) during the previous financial year; and
- (b) statement reflecting the income for the municipality foregone during the previous financial year by way of—
 - (i) such exemptions, rebates and reductions;
 - (ii) exclusions referred to in section 17(1)(a), (e), (g), (h) and (i); and
 - (iii) the phasing-in discount granted in terms of section 21.
- (4) All exemptions, rebates and reductions projected for a financial year must be reflected in the municipality's annual budget for that year as—
 - (a) income on the revenue side; and
 - (b) expenditure on the expenditure side.
- (5) The municipality will provide a rebate of R30,000 to all property owner and the additional rebates will be in terms of the approved Municipal Tariff Structure approved annually by the council.
- (6) Pensioners must apply annually for rebates and exemptions. Already approve applicants must re-apply yearly before 30 June.

6. REPORTING

- 6.1. The Municipal Manager will annually table to the Municipal Council:
 - a. a list of all exemptions, rebates and reductions granted during the previous financial year; and
 - b. a statement reflecting the income foregone for the municipality by way of such exemptions, rebates and reductions.
- 6.2. All exemptions, rebates and reductions will be reflected in the annual budget of the municipality:-
 - i. as income on the revenue side; and
 - ii. as expenditure on the expenditure side.

7. LIMITATIONS ON LEVYING OF RATES

7.1. Constitutional constraints

A municipality may not exercise its power to levy rates on property in a way that would materially and unreasonably prejudice:-

- a) National economic policies;
- b) Economic activities across its boundaries; or
- c) The national mobility of goods, services, capital or labour.

Rates that are disallowed include rates on:-

- a) Property belonging to land reform beneficiary for a period of ten years the date on which such beneficiary's title is registered in the office of the Registrar of Deeds, for so long as the property is owned by the land reform beneficiary who first acquires title and his or her heirs;
- b) An amount determined by Council to be deducted from the value of all residential property; the Minister may from time to time, increase this monetary limit to reflect inflation.

8. VALUATION ROLL PERIOD

The valuation roll period is 5 years.

9. LIABILITY FOR RATES

10.1 Method and time of payment

Elias Motsoaledi Local Municipality will recover the rate levied in periodic installments of equal amounts in twelve months.

The interest on outstanding accounts will be charged at 15% in terms of the approved Debt and Credit Management Policy.

10.2 Recovery of arrear rates from tenants, occupiers and agents

- (1) If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined in terms of section 26(2), the municipality may recover the amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier.
The municipality may recover an amount only after the municipality has served a written notice on the tenant or occupier.
- (2) The amount a municipality may recover from the tenant or occupier of a property in terms of subsection (1) is limited to the amount of the rent or other money due and payable, but not yet paid, by the tenant or occupier to the owner of the property.
- (3) Any amount a municipality recovers from the tenant or occupier of the property must be set off by the tenant or occupier against any money owed by the tenant or occupier to the owner.
- (4) The tenant or occupier of a property must, on request by a municipality, furnish the municipality with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the municipality.

10.3 Recovery of rates from agents

- (1) A municipality may, despite the Estate Agents Affairs Act, 1976 (Act No. 112 of 1976), 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.
- (2) A municipality may recover the amount due for rates from the agent of the owner only after it has served a written notice on the agent.
- (3) The amount a 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.
- (4) The agent must, on request by a municipality, furnish the municipality with a written statement specifying all payments for rent on the property and any other money received by the agent on behalf of the owner during a period determined by the municipality.

10. ADJUSTMENTS OF RATES

- 10.1. The compulsory phasing in of certain rates will be handled in terms of Section 21 of the Act.
- 10.2. Where incorrect debits were raised regarding rates and valuations, the accounts under query will be rectified for the year, which the error occurred, and two preceding years.

11. GENERAL VALUATION OF RATEABLE PROPERTY

11.1. General valuation and preparation of valuation rolls

Elias Motsoaledi Local Municipality will have a general valuation done of all properties. A municipal valuer will be appointed before the evaluation date. This person will be appointed through an open, competitive and transparent process.

12. VALUATION CRITERIA

Valuation

Properties are valued in accordance with generally recognized valuation practices, methods and standards, and the provisions of this Act. Council may determine whether:

- a) A physical inspection of the property to be valued, or
- b) a comparative, analytical and other systems or techniques may be used, including aerial photography and **computer assisted mass appraisal** systems or techniques.

13. INTERIM VALUATION DEBITS

In the event that a property has been transferred to a new owner and an Interim Valuation took place, the previous owner as well as the new owner will jointly and separately be held responsible for the settling of the interim rates account.

14. CLEARANCE CERTIFICATES

Rates Clearance Certificates will be valid till, if monies paid in full until such a date.

However, should attorneys request to extend the certificate for 120 days beyond this date, and this extension of time surpasses the date of 30 June, the new year's rates become payable in full.

15. OWNERSHIP

Properties, which vest in the municipality during developments, i.e. open spaces and roads should be transferred at the cost of the developer to the municipality. Until such time, rates levied will be for the account of the developer.

The developer will be responsible for the maintenance of services on the properties until the properties have been transported back in the name of the Council.

16. CONCLUSION

The ordinary municipal rate is not levied according to specific service benefits, but according to ability to pay, as evidenced by the ownerships of fixed property, the justification of the tax being the community of interest. It is a tax, and a tax is a common burden. It is levied to pay for benefits and services to the community as a whole in which no particular individual, or set of individuals derives any measurable and specific benefit from the rest of the community.