

# Property Rates Policy

**Effective Date – 1 July 2018**



CITY OF  
**TSHWANE**  
IGNITING EXCELLENCE

## **PREAMBLE**

**WHEREAS** the Constitution of the Republic of South Africa, entitles municipalities to impose rates on property in their areas, subject to regulation in terms of national legislation;

**AND WHEREAS** 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 and in general to meet its' obligation in terms of section 152 of the Constitution of the Republic of South Africa, 1996;

**AND WHEREAS** there is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfil its development responsibilities;

**AND WHEREAS** income derived from property rate is a critical source of revenue for municipalities to achieve their constitutional objectives, especially in areas that have been neglected in the past due to racially discriminatory, inadequate or inappropriate legislation and regulation;

**AND WHEREAS**, it is essential that municipalities exercise their power to impose rates within a statutory framework that not only enhances certainty, uniformity and simplicity across the nation, but also accounts for historical imbalances and the rates burden on the poor;

**AND WHEREAS** the Constitution of the Republic of South Africa confers on Parliament the power to regulate the exercise by municipalities of their fiscal powers;

**NOW THEREFORE**, the Council of the City of Tshwane Municipality and all its entities adopt the **PROPERTY RATES POLICY** as set out hereinafter in this document.

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## SECTION A

### 1. DEFINITIONS

In this policy, any word or expression to which a meaning has been assigned in the Act, bears that meaning unless the context indicates otherwise, and any expression which denotes any gender, includes the other gender or the singular only, also includes the plural and vice versa.

- 1.1 “**Act, 2004**” means the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004), read with its Regulations as amended;
- 1.2 “**additional rate**” means a rate, if any, in accordance with the Municipality’s Policy adopted in terms of sections 22 of the Act, 2004 read with 85 and 86 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), regarding Improvement Districts
- 1.3 “**Agent**” in relation to the owner of a property, means a person appointed by the owner of the property:- –
- (a) to receive rental or other payments in respect of the property on behalf of the owner or
  - (b) to make payment in respect of the property on behalf of the owner;
- (a) “**Agricultural property**” means a property that is used primarily for agricultural purposes but excludes any portion thereof that is used commercially for hospitality of quests, and excludes the use of property for purpose of ecotourism or for the trading in or hunting of game.
- 1.4 “**Annually**” means once every financial year;
- 1.5 “**bona-fide farmer**” mean a person who owns a farm and is actively engaged in full-time farming practice on this farm and using it exclusively for agricultural purposes.
- 1.6 “**business and commercial**” as a property category for the levying of different rates means a property used for the Activity of buying, selling or trade in commodities or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business
- 1.7 “**category**”
- (i) in relation to property, means a category of properties determined in terms of section 8 of the Act, 2004;
  - (ii) in relation to owners of properties means a category of owners determined in section 15(2);
- 1.8 “**Chief Financial Officer**” means the Group Financial Officer or the person acting in such position, of the Municipality
- 1.9 “**Constitution, 1996**” means the Constitution of the Republic of South Africa, 1996;

- 1.10 **“Council”** means the Council of the City of Tshwane Metropolitan Council established in terms of the Municipal Structures Act, 1998 read with Government Notice No. 1866 published in Provincial Gazette Extraordinary No. 128 of 30 June 2010, as amended;
- 1.11 **“Date of valuation”** means the date determined by a municipality in terms section 31(1) of the Act, 2004;
- 1.12 **“Day”** means when any number of days are prescribed for the performed of any act, those days must be reckoned by excluding the first but including the last day, unless the last day falls on Saturday, Sunday or any public holiday, in which case the number of days must be reckoned by excluding the first day and also any such Saturday or public holidays
- 1.13 **“Educational institutions”** as a property category for the levying of different rates, means properties registered as such as per applicable legislation, and this includes private or public primary and secondary schools, Universities, Colleges and Crèche’s (regardless of whether subsidised or not), that are not registered for TAX exemption in terms of the Income Tax Act; 1962;
- 1.14 **“Effective date”**:-
- a) in relation to a valuation roll, means the date on which the valuation roll takes effect in terms of section 32(1) of the Act, 2004 or
  - b) 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) of the Act, 2004;
- 1.15 **“Exclusion”** in relation to a municipality’s rating power, means a restriction of that power as provided for in section 17 of the Act, 2004
- 1.16 **“Exemption”** in relation to the payment of a rate, means an exemption granted by a municipality in terms of section 15 of the Act, 2004;
- 1.17 **“Financial Year”** means the period commencing from 1 July in any particular year ending closing of business day on 30 June the following year;
- 1.18 **“Special rebate”** means an additional grant awarded to persons who are in receipt of an old age grant, disability grant or war veteran’s grant, and are unable to care for themselves;
- 1.19 **“improvement”** means any building or structure on or under a property excluding:-
- (i) a structure constructed solely for the purpose of rendering the property suitable for the erection of any immovable structure thereon; or
  - (ii) buildings, structures and equipment or machinery referred to in Section 46(3) of the Act, 2004;
- 1.20 **“Income Tax Act, 1962”** means the Income Tax Act, 1962 (Act 58 of 1962), as amended;

- 1.21 **“indigent”** as a category of owner of property for the purpose of granting exemptions, rebates and reductions, means any household that is legally resident in the Republic of South Africa and resides in the Municipality’s jurisdictional area who, due to a number of economic and social factors, are unable to pay municipal rates for basic municipal services as per the City’s Indigent Policy;
- 1.22 **“industrial”** means a branch of trade or manufacturing, production, assembling or processing of finished or practically finished products from raw materials or fabricated parts, on so large scale that capital and labour are significantly involved and includes factories and any office or other accommodation on the same property, the use of which is incidental to the use of such factory;
- 1.23 **“land reform beneficiary”** in relation to a property, means a person who-
- a) acquired the property through
    - (i) the Provision of Land and Assistance Act, 1993 (Act 126 of 1993);
    - (ii) the Restitution of Land Rights Act, 1994 (Act 22 of 1994); or
  - b) holds the property subject to the Communal Property Association Act, 1996 (Act 28 of 1996);
  - c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 26(6) and (7) of the Constitution, 1996 be enacted after this Act, 2004 came into effect;
- 1.24 **“land tenure right”** means a land tenure right as defined in section 1 of upgrading the Land Tenure Rights Act, 1991 (Act 112 of 1991);
- 1.25 **“market value”** in relation to a property, means the value of the property determined in accordance with section 46 of the Act, 2004.
- 1.26 **“mining”** means any operation or activity for the purpose of extracting any mineral on, in or under the earth, water or any mineral residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto;
- 1.27 **“multiple purpose”** in relation to a property means the use of a property for more than one purpose subject to section 9
- 1.28 **“municipal property”** means any rateable or non-rateable property owned by the City;
- 1.29 **“Municipality”** means the corporate administration of City of Tshwane Metropolitan Municipality which has exclusive executive and legislative authority within the Tshwane jurisdictional area as described in section 155(1) of the Constitution, 1996, established by Provincial Notice No. 6766 of 2000 dated 1 October 2000, as amended read with Government Notice No. 1866 published in Provincial Gazette Extraordinary No. 128 of 30 June 2010, as amended, in terms of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998); and includes:
- a) an institutional administrative structure, official, or other person exercising a delegated authority or power or carrying out a function in terms of this By-law,

or any power delegated in terms of the Corporate System of Delegations of the Municipality provided for in section 59 of Municipal Systems Act, 2000; or

- b) a service provider fulfilling a responsibility under this By-law, assigned to it in terms of section 81(2) of the Municipal Systems Act, 2000 or any other contractual assignment or law, and any amendments thereto after date of commencement and “**City**” shall have the same meaning;
- 1.30 “**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,
  - b) property identified by the Minister by the notice in the Official Government Gazette where the Phasing in of a rate is not justified, or
  - c) property that is the result of a sub-division or consolidation of land or new Township establishment.
- 1.31 “**non-permitted use**” as a property category for the levying of different rates, means any use of property that is inconsistent with or in contravention with the permitted use and correct zoning of such property in terms of the Town Planning or Land Use Scheme, as the case may be, in which event, and without condoning the non-permitted use thereof, the property shall be valued as if it were used for such non-permitted purpose only;
- 1.32 “**occupier**” means a person in actual occupation of a property, whether or not that person has a right to occupy the property;
- 1.33 “**office bearer**” in relation to places of public worship, means the primary person who officiates at services at that place of worship;
- 1.34 “**official residence**” in relation to places of public worship, means,
- a) a portion of the property used for residential purposes or
  - b) one residential property, if the residential property is not located on the same property as the place of public worship, registered in the name of a religious community or registered in the name of a trust established for the sole benefit of a religious community and used as a place of residence for an office bearer
- 1.35 “**organ of state**” means an organ of state as defined in section 239 of the Constitution, 1996;
- 1.36 “**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 “**Public Controlled**”; provided that a person mentioned below, may for the purposes of this Property Rates Policy be regarded by the Municipality as the owner of a property in the following category:-
  - (i) a trustee, in the case of a property in a trust excluding state 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 liquidator;
  - (iv) a judicial manager, in case of a property in the estate of person under judicial management;
  - (v) a curator, in case of a property in the estate of 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 case of a property that is registered in the name of a municipality and is leased by it;
  - (viii) a lessee. In case of property to which a land tenure right applies and which is leased by the holder of such right
  - (ix) in the case of property occupied by Provincial or National Government then the relevant department of such Government, as the case may be
  - (x) in the case of property occupied by an Embassy of a foreign Country, then such Embassy
  - (xi) In case where the council is unable to establish the identity of such person, the person who is entitled to derive benefit from the property of any buildings thereon or his legally appointed representative

1.37 “**pensioner**” as a category of owner of property for the purpose of granting exemptions, rebates and reductions, for purposes of the rates policy and eligibility for old age rebate, pensioner means any owner of rateable property who has reached the age of 60 (sixty) years or more, who receives a State pension as the main source of income;



- 1.38 **“permitted use”** in relation to a property, means the limited purposes for which the property may be used in terms of any restrictions imposed by-
- (i) a condition of title;
  - (ii) provision of the City's applicable Town Planning or Land Use Scheme as amended from time to time;
  - (iii) any legislation applicable to any specific property or properties; or
  - (iv) any alleviation of any such restriction;
- 1.39 **“Person”** includes a State organ, a natural and a juristic entity as the case may be;
- 1.40 **“Disability Grantees and Medical boarded persons”** as a category of owner of property for the purpose of granting exemptions, rebates and reductions, means a person who, owing to disability, is unfit to obtain by virtue of any service, employment or profession the means needed to enable him or her to provide for his or her maintenance in accordance with the Social Assistance Act, 2004 (Act 13 of 2004);
- 1.41 **“Place of public worship”** means property used primarily for the purpose of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium, provided that the property is
- a) Registered in the name of a religious community
  - b) Registered in the name of a trust established for the sole benefit of a religious community or subject to a land tenure right.
- 1.42 **“property”** means –
- a) immovable property registered in the name of a person, including, in the case of 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 to a person in terms of legislation; or
  - d) public service infrastructure;
- 1.43 **“Property Register”** means a register of properties referred to in section 23 of the Act, 2004;
- 1.44 **“protected area”** as a property category for the levying of different rates, means an area that is or has to be listed in the register referred to in section 10 of the National Environmental Management: Protected Areas Act, 2003; (Act 57 of 2003)

- 1.45 **“public benefit organisation”** means a public benefit organisation specified as such and listed in Item 1 (*welfare and humanitarian*), Item 2 (*health care*), and Item 4 (*education and development*) of part 1 of the (9<sup>th</sup>) Ninth Schedule to the Income Tax Act, 1962, and must be registered as such and be in possession of a tax exemption certificate issued by South African Revenue Services in terms of the Income Tax Act, 1962,
- 1.46 **“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 sewer;
  - 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 fuel, forming part of a scheme for transporting such fuel;
  - e) railway lines forming part of a national railway system;
  - f) communication towers, masts, exchange or lines forming part of communication system serving the public;
  - g) runways, aprons and the air traffic control unit at national or provincial airports, including the vacant land known as the obstacle free zone surrounding these, which must be vacant for the air navigation purposes;
  - h) any other publicly controlled infrastructure as may be prescribed; or
  - i) a real right (*saaklike reg*), registered against immovable property in connection with infrastructure mentioned in paragraph (a) to (i);
- 1.47 **“Public service purposes”** in relation to the use of a property means property owned and used by an organ of states’ used primarily for purpose of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium: provided that the property is: residence
- a) Hospital and clinics
  - b) Schools, pre-schools, early childhood development centres or further education and training colleges
  - c) National and provincial libraries and archives
  - d) Police Stations
  - e) Correctional Facilities

- f) Courts of Law.
- 1.48 **“rate”** means a municipal rate on property envisaged in section 229(1)(a) of the Constitution, 1996 and provided for in the Act, 2004 and includes an **“additional rate”**, if any;
- 1.49 **“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 of the Act, 2004;
- 1.50 **“ratio”** in relation to section 19 of the Act, 2004 means the relationship between the cent amount in the Rand applicable to resident properties and different categories of non-residential properties, provided that the two relevant cent amount in the Rand (ZAR) are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category;
- 1.51 **“rebate”** in relation to a rate payable on a property, means a discount granted in terms of Section 15 of the Act, 2004, on the amount of the rate payable on the property;
- 1.52 **“reduction”** in relation to a rate payable on a property, means the lowering in terms of Section 15 of the Act, 2004, of the amount for which the property was valued and the rating of the property at that lower amount;
- 1.53 **“residential property” means a property included in a valuation roll in terms of section 48(2)(b) in respect of which the primary use or permitted use is for residential purposes**
- 1.54 **“sectional title unit”** means a section of a building together with its undivided share in the common property apportioned in accordance with the participation quota of the section in respect of a Development Scheme registered in terms of the Sectional Titles Act, 1986;
- 1.55 **“special rating area”** means a special rating area approved by the Council in accordance with the provisions of section 22 of the Act, 2004 and where applicable, in relation to Improvement Districts; includes those areas of city improvement services approved by the Municipality in terms of its’ Policy adopted in accordance with sections 85 and 86 of the Local Government: Municipal Systems Act, 2000 ;
- 1.56 **“State-owned properties”** as a property category for the levying of different rates, means property owned and exclusively used by an organ of state, excluding farm properties used for residential or agricultural purposes or not in use and properties owned by parastatals or public entities;
- 1.57 **“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 Land Rights Act, 1994 (Act No. 22 of 1994);

- 1.58 **“Township Development”** this category is for properties held under deed of title (Township Title) in respect of which a township register was opened but shall exclude those portions in respect of which a Certificate of Registered Title was issued by the Registrar of Deeds Office;
- 1.59 **“Town Planning Scheme”** means the Town Planning Scheme of the Municipality and includes the Land Use Scheme of the Municipality, as amended, as the case may be;
- 1.60 **“vacant land”** as a category of rateable property for the levying of rates, means any land, other than farm land and / or smallholding, where no immovable improvements in accordance with the City’s Town Planning Scheme were erected in line with approved building plans and Certificate of Occupancy having been issued by the Municipality;
- 1.61 **“approved building plans”** means building plans approved by the Municipality in terms of the National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977),
- 1.62 **“office hours”** means the hours between 07:30 (7:30 **AM**) and 15:30 (3:30 **PM**) on any normal working business day;
- 1.63 **“municipal valuer”** or **“valuer of the municipality”** means the person designated by the Municipality as municipal valuer in terms of section 33(1) of the Act, 2004;
- 1.64 **“Sectional Titles Act, 1986”** means the Sectional Titles Act, 1986 (Act 95 of 1985), as amended.

## 2 GUIDING PRINCIPLES

This Property Rates Policy is guided by the following principles:-

- a) Equity, i.e. that all categories of property and categories of owners be treated equitable in relation to each other.
- b) Affordability for the taxpayer, i.e. that the rate policy should take into account issues of affordability across categories of owners.
- c) Poverty Alleviation, i.e. that the rate policy should facilitate poverty alleviation within the context of the mechanism at its disposal.
- d) Social and Economic Development, i.e. that the rate policy should be cost efficient and should enhance the financial sustainability of the municipality.
- e) Financial sustainability, i.e. that the rate policy should utilise the mechanism at its disposal to encourage the development of property in line with the socio-economic development needs and goals of the municipality.
- f) Cost efficiency, i.e. That the administrative cost related to rate policy is minimal taken into consideration amounts required to finance exemptions, rebates, reductions and phase –in of rates as approved by the municipality.

- g) Community Participation, i.e. that municipality will in amending this policy commits itself to a process of community participation and will engage interested parties and structures such as ratepayers' organisations and ward committees.
- h) Encourage development of property in the City, that the rate policy does not discourage improvements of properties within jurisdiction area of the municipality.
- i) Access to collective municipal goods and services such as but not limited to; roads, medical clinics, traffic infrastructure, firefighting facilities, libraries, parks, recreational and sports facilities.
- j) Access to basic and other municipal services such as but not limited to; water, sewage, electricity, waste removal and other collective public services.

### **3 OBJECTIVES OF THE RATES POLICY**

3.1 The objectives of this Policy are:-

- (a) To determine categories of properties for purpose of levying difference rates
- (b) To determine categories of owners of properties for purpose of granting exemption, reduction and rebates
- (c) To be consistent with the Act, 2004, and
  - (i) Treat persons liable for rates equitable
  - (ii) Promote local, social and economic development
  - (iii) Determine criteria for determination of:
    - (aa) Categories of properties for purpose of levying difference rates
    - (bb) Categories of owners of properties for purpose of granting reduction and rebates
    - (cc) Categories of properties for the purpose of granting exemption, reduction and rebates
    - (dd) Determine criteria to be applied if municipality levies different rates for different categories of properties
    - (ee) Determine how the municipality's power in terms of section 9 (1) will be exercised in relation to properties used for multiple purposes

3.2 The Municipality will take into account what the effect of imposing rates will have:-

- a) on the poor and include appropriate measures to alleviate the rates burden on them;
- b) on organisations conducting public benefit organisations where property registered in their name is used to the benefit of the general public;

- c) on public service infrastructure;
- d) general affordability of rates by those affected by such rates.

3.3 In respect of agricultural property, give effect to the regulation promulgated in terms of section 19(1)(b) of the Act, 2004.

#### 4 ADOPTION OF PROPERTY RATES POLICY

4.1 A Community consultation process will be followed by way of public notice displayed through communication channels approved by the Chief Financial Officer in order to offer community and interested stakeholders a fair opportunity to submit their comments and submit presentations.

4.2 The Rates Policy will conspicuously be displayed for public inspection during normal office hours for an uninterrupted continuous period of at least 30 (thirty) days at the following addresses:-

- a) Municipal Head Office;
- b) Satellite Offices;
- c) Libraries;
- d) Customer Care Centres;
- e) On official website; and
- f) Such other places which the Chief Financial Officer may deem appropriate.

stating that:-

- (i) the Rates Policy is available at the municipality's head office, satellite offices, Libraries and Customer Care Centres for public inspection during office hours and stating also that copies are available on official website;
- (ii) inviting local community and interested stakeholders to submit comments and representations to municipality on or before the closing date for comments which date may not be less than 30 (thirty) days from date of publication

4.3 The Municipality will, upon completion of the community consultation processes, adopt the Property Rates Policy having due regard to submissions received from all legitimate stakeholders.

## SECTION B

### 5 DETERMINATION OF THE CRITERIA FOR THE LEVYING OF DIFFERENT RATES

#### 5.1 Different categories of rateable properties

5.1.1 Categories of rateable property for the purpose of levying different rates, are determined according to the following criteria:-

- (a) Use of the property
- (b) Permitted use of the property or
- (c) A combination of (a) and (b)

5.1.2 The municipal valuer will be responsible for

- (a) the categorising of rateable properties in accordance with this policy, and
- (b) the maintenance thereof,

provided that any change in the actual use of the property, may in the discretion of the said valuer, be changed to the appropriate category in accordance with the Policy.

5.1.3 Categories of rateable property for purposes of levying differential rates as informed by the criteria are determined as follows:-

- (a) residential properties;
- (b) business and commercial properties;
- (c) educational Institutions;
- (d) eco-tourism & game farm
- (e) industrial properties;
- (f) mining properties;
- (g) municipal properties (not used by the Municipality);
- (h) State-owned properties;
- (i) agricultural properties;
- (j) non-permitted use;
- (k) vacant land;
- (l) Public Benefit Organisation; and
- (m) Township Development

#### 5.1.4 Residential Properties

- a) In addition to the impermissible rate on the first R15,000 (fifteen thousand) of the market value of specific categories of a property as referred to in paragraph 4(v) above, a further R 115,000 (hundred and fifteen thousand), reduction on the market value of a property will be applicable;

#### 5.1.5 Properties eligible to Rate Ratios

- a) Agricultural Properties

The meaning of the phrase “agricultural property” in terms of interpreting this property category for the purpose of determining the ratios in addition, in terms of the Act is defined as follows:

“property that is used primarily for agricultural purposes but excludes any portion thereof that is used commercially for hospitality of quests, and excludes the use of property for purpose of ecotourism or for the trading in or hunting of game.”

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

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

The ratio in relation to residential property is:

Residential property:	1:1
Agricultural property:	1:0.25

- b) Properties owned and used by Public Benefit Organisation:-

The rate applicable on property registered as Public Benefit Organisation, as prescribed by the Municipal Property Rates Regulations published in Government Notice No. 33016 of 12 March 2010 that took effect on 1 July 2010, may not exceed the ratio to the rate on residential properties where:

The ratio in relation to residential property is:

Residential property:	1:1
Public Benefit Organisation property:	1:0.25



## **6 PROPERTY USED FOR MULTIPLE PURPOSE**

6.1 A property used for multiple purposes will, 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;
- b) a purpose corresponding with the dominant use of the property; and
- c) multiple purposes

provided for in terms of sections 8 and 9 of the Act, 2004.

6.2 A rate levied on a property assigned in terms of subsection (1)(c) to a category of properties used for multiple purposes will 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 in the absence of thereof; in a manner deemed appropriate by the Chief Financial Officer; and
- b) applying the rates applicable to the categories determined by the municipalities for properties used for those purposes to the different market value apportionment.

## **7 LEVYING RATES ON SECTIONAL TITLE SCHEMES**

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

## **8 AMOUNT DUE FOR RATES**

8.1 A rate levied by a municipality on property will be an amount in the Rand (**ZAR**):-

- a) on the market value of the property;
- b) in case of the public service infrastructure, on the market value of the public service infrastructure less 30% (thirty percent), of that value as contemplated in section 17(1)(a) of the Act, 2004 or on such lower percentage as the Minister may determine in terms of section 17(4) of the Act, 2004; or
- c) in case of the residential property, on the market value of the property less R 15,000.00 (fifteen thousand).

8.2 A rate levied by municipality on residential properties with a market value below the prescribed valuation level may, instead of a rate determined in terms of subsection (1), be a uniform fixed amount per property

## 9 PERIOD FOR WHICH RATE MAY BE LEVIED

- a) When levying rates, a municipality must levy the rate for a financial year, and in terms of section 12 of the Act, 2004 such rate lapses at the end of the financial year for which it was levied.
- b) The levying of rates shall form part of the Municipality's annual budget process; and the Municipality shall during its' annual budgetary process review the amount in the Rand (ZAR).
- c) A rate levied for a financial year may not be increased during a financial year as provided for in Section 28(6) of the Municipal Finance Management Act, 2003.
- d) A rate becomes payable as from the first day of a financial year; provided that the same may be recovered by the Municipality on a monthly basis in accordance with section 26(1)(a) and 26(2)(b) of the Act, 2004.
- e)
- f) Deferment of payment of a rate or rates will only be allowed under special circumstances in line with a special resolution of Council to that effect.

## 10 COMMENCEMENT OF RATES

A rate becomes payable:-

- a) As from the start of a financial year
- b) 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 a resolution levying rates, is approved by the provincial executive in terms of section 26 of the Municipal Finance Management Act.

## 11 PROMULGATION OF RESOLUTIONS LEVYING RATES

- 11.1 A rate is levied by a municipality by resolution passed by the municipal council with a supporting vote of a majority of its members
- 11.2 A resolution levying rates in a municipality will be annually promulgated within 60 (sixty), days from the date of the resolution, by publishing the same in the *Provincial Gazette* in accordance with section 14 of the Act, 2004 read with section 75A of the Local Government: Municipal Systems Act, 2000.
- 11.3 The resolution will:-
  - (a) Contain the date on which the resolution levying rates was passed
  - (b) Difference between categories of properties
  - (b) Reflect the cent amount in the Rand (**ZAR**) rate for each category of property
- 11.4 The Municipality shall without delay make public such resolution in accordance with paragraph 4.2 of this Policy which will apply *mutatis mutandis*.

## SECTION C

### 12 EXEMPTIONS, REDUCTIONS AND REBATES

In order to qualify as specific categories of owners of properties, owner of property must meet the following criteria to be exempted, granted reduction or special rebates:-

- a) The owner of the property must be indigents.
- b) Owner of the property must dependent on pensions or social grants for his or her livelihood.
- c) Owner of the property must temporarily without income.
- d) Owner must own 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) Owner of residential property with market value lower than an amount determined by the municipality.
- f) Owners of properties must be disability Grantees and Medical boarded persons.

The following owners of rateable property may be granted further rebates on rates as Stipulated hereunder:-

#### 12.1 Indigent households

Indigent owners of the properties, as determined by Social development division, will be granted 100% (hundred percent) rebate on the rates payable on their properties.

#### 12.2 Pensioners, Disability grantees and/or Medical boarded persons

##### 12.2.1 Pensioners

Pensioners may receive a rebate as determined by the Council, subject to the conditions provided for in this Policy.

In order to qualify for an exemption, reduction or rebate the applicant(s) must be:-

- a) a registered owner(s) of the property;
- b) 60 (sixty) years or more of age upon application;
- c) with reference to the property concerned, consisting of only one dwelling and no part thereof may be sub-let or occupied save by those of the applicant's spouse, if any, and dependants without income;

- d) submitting proof of his/her age and a valid identity document;
- e) submitting proof of monthly income from all sources (including the income of the spouse of the owner) and collectively should not exceed an amount of R 12,500.00 (twelve thousand five hundred) per month as determined by Council (i.e. not exceeding R 150,000.00 (one hundred and fifty) per annum);
- f) paid in full in respect of its' / their account, alternatively an arrangement to pay the debt should be operative;
- g) the owners of the object which is categorised as "**residential**"; and
- h) not receiving an indigent assessment rate rebate.

#### **12.2.2 Disability grantees and/or Medical boarded persons;**

Disability grantees and/or Medical boarded persons may receive a rebate as determined by the Council, subject to the following conditions:-

- a) be registered owners of the property;
- b) provide medical proof of disability and/or certification by a Medical Officer of Health;
- c) the property concerned must consist of one dwelling and no part thereof is sub-let, be occupied only by the applicant and his/her spouse, if any, and dependants without income;
- d) must submit proof of his/her age and a valid identity document;
- e) must submit proof of monthly income from all sources (including the income of the spouse of the owner) and collectively should not exceed an amount of R 12,500.00 (twelve thousand five hundred), as determined by Council (not exceeding R 150,000.00 (hundred and fifty thousand), per annum);
- f) the applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
- g) the property must be categorised as "**residential**"; and
- h) not be in receipt of an indigent assessment rate rebate.

The rebates in terms of this paragraph 12.4 will lapse:-

- (i) on the date following the date on which such benefitted person passed away;
- (ii) in case of alienation of the property, on the date on which the registration of transfer of the property was registered by the Registrar of Deeds into the name of the new owner;
- (iii) when applicant ceases to reside permanently on the property; or
- (iv) on 30 June of each year when such beneficiary must have submitted a new application for a rebate for the following financial year, such application to be submitted to the Municipality by no later than the end of October preceding such expiry.

The percentage rebates granted to different gross monthly household income levels will be determined according to the schedule below:

<b>Minimum Gross Monthly Household income</b>	<b>Maximum Gross Monthly Household income</b>	<b>% Rebate (percentage)</b>
0.00	7,000.00	60
7,001.00	8,000.00	50
8,001.00	9,000.00	40
9,001.00	10,000.00	30
10,001.00	11,000.00	20
11,001.00	12,500.00	10

### **12.3 Owners temporarily without income**

Owners temporarily without income owning:-

- a) properties situated within an area affected by natural disaster and declared as such;
- b) properties that have been damaged by a natural disaster, as defined in terms of the Disaster Management Act, 2002 (Act No 27 of 2002), may be re-valued on application; or
- c) property which was damaged by causes other than that defined by the Disaster Management Act, 2002 and such damage renders the property uninhabitable, may be granted temporarily relief from payment to the municipality upon application, from the date of damage to the property;

**SECTION D  
IMPERMISSIBLE RATES**

**13 CONSTITUTIONALLY IMPERMISSIBLE RATES**

The municipality will levy rates on property in a manner which do not materially and unreasonably prejudice the matter listed in section 229(2)(a) of the Constitution, 1996 having regard to the following criteria:-

- a) need for promotion of economic growth;
- b) effective co-ordination of economic policy across the three spheres of government;
- c) consistency with macro-economic priorities of maintaining low and stable inflation rate;
- d) rates would to a greater extent be set commensurate with the extra costs of providing local government services so that ratepayers are not unnecessarily overburdened;
- e) rates should be set taking cognisance of other local government charges, levies and taxes to ensure overall efficiency in municipal service provision and the ability of ratepayers to fulfil all these municipal financial obligations;
- f) the need to increase competitiveness of exporting businesses located within the municipal area, to support small business development and to foster rapid job creation;
- g) the need to attract and promote both national and foreign capital investment, and
- h) consistency with broad developmental priorities.

**14 OTHER IMPERMISSIBLE RATES**

Municipality shall not levy a rate:-

- a) on the first 30% (thirty percent), of the market value of public service infrastructure;
- b) on protected Areas including those parts of special nature reserve, national park or nature reserve within the meaning of the National Environmental Management Protected Areas Act 2002 (Act No 57 of 2002) or of national botanical garden within the meaning of National Environment Management: Bio-diversity Act 2004, which are not developed or used for commercial, business, agricultural and residential; The exclusion from rates of such properties lapses if the declaration of that properties as a special nature reserve, National park or nature reserve or botanical garden or as part such reserve;
- c) on mineral rights or mining permit;

- d) on property belong to a land reform beneficiary or his or her heirs, dependants or spouse provided that this exclusion lapses:-
  - (i) 10 (ten) years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds or
  - (ii) Upon alienation of the property by the land reform beneficiary or his or her heirs, dependants or spouse
- e) On the first R 15,000 (fifteen thousand) market value of residential assigned in the valuation roll or supplementary valuation of the municipality to a category determined by the municipality:
  - (i) for residential properties
  - (ii) For properties used for multiple purposes, provided one or more components of the property are used for residential purposes
- f) 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 the office bearer of that community who officiate at services at services at that place of worship
- g) In addition to the impermissible rate on the first R15,000.00 (fifteen thousand) of the market value of residential property above, a further R 115,000.00 (hundred and fifteen thousand) reduction on the market value of residential property is applicable

**15 COMPULSORY PHASING – IN OF CERTAIN RATES**

- a) A rate levied on property belonging to a land reform beneficiary will, after the exclusion period has elapsed, be phased in over a period of three financial years
 

The phasing- in discount on the property will

  - (i) in the first year, be at least 75 percent of the rate for that year
  - (ii) in the second year, be at least 50 percent of the rate for that year
  - (iii) in the third year, be at least 25 percent of the rate for that year

## SECTION E

### LIABILITY FOR RATES

#### 16 PROPERTY RATES PAYABLE BY OWNERS

- a) Rates levied by the Municipality on a property must be paid by the owner of the property.
- b) Joint owners are jointly and severally liable for the amount due for rate on that property.
- c) The Municipality will, in respect of agricultural property that is owned by more than one owner in undivided shares where the holding of such undivided shares was allowed before the commencement of the Subdivision of Agricultural Land Act, 1970 (Act No 70 of 1970), consider whether in the particular circumstance it would be more appropriate for the Municipality to:-
  - (i) hold any one of the joint owners liable for all rates levied in respect of the agricultural property concerned; or
  - (ii) 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.
- d) Rates will be levied monthly.
- e) Where the rates levied on a particular property have been as a result of a supplementary valuation made in terms of Section 78(1) of the Act, 2004, these rates will be payable with effect from the dates as contemplated in section 78(4) of the Act, 2004.
- f) Collection of rates due will be done in terms of the City's Credit Control and Debt Collection Policy and By-laws as amended from time to time.

#### 17 PAYMENT OF RATES OF PROPERTY IN A SECTIONAL SCHEME

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



## **18 METHOD AND TIME OF PAYMENT**

A municipality may recover a rate

- a) On monthly basis
- b) Payment of rate may be deferred but only if the rates levied to account is disputed

## **19 ACCOUNTS TO BE FURNISHED**

- a) A municipality will furnish each person liable for the payment of a rate with a written account specifying:
  - (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;
  - (v) If the property is subject to any compulsory phase-in discount in terms of section 21. The amount of the discount
- b) A person liable for a rate must furnish the municipality with an address where correspondence can be directed to
- c) A person is liable for payment of a rate whether or not that person has received a written account, if a person has not received a written account, that person must make the necessary inquiries from the municipality

## **20 RECOVERY OF RATES IN ARREARS FROM TENANTS AND OCCUPIERS**

- a) Where an amount due for rates levied in respect of a property remains unpaid by the owner of the property after the final date of payment, the Municipality may recover such 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; provided that the Municipality will recover an amount only after the municipality has served a written notice on the tenant or occupier; provided that it shall for all intent and purpose be deemed that the monthly rental will not be less than the amount of the monthly current account reflected on the data base of the Municipality's accounting system.
- b) The amount which the Municipality may, subject to paragraph (a) above, recover from the tenant or occupier of a property will be 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
- c) Any amount the municipality recovers from the tenant or occupier of the property may be set off by the tenant or occupier against any money owed by the tenant or occupier to the owner

- d) 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

## **21 RECOVERY OF RATES FROM AGENTS**

- a) The Municipality will, despite the Estate Agents Affairs Act, 1976 (Act No 112 of 1976), as amended, 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
- b) A municipality will recover the amount due for rates from the agent of the owner only after it has served a written notice on the agent
- c) The amount a municipality will recover from the agent will be limited to the amount of any rent or other money received by the agent on behalf of the owner, less any due agent commission to the agent
- d) 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 determined.

## SECTION F: MORE INFORMATION

### 22 MUNICIPAL REGISTER OF PROPERTIES

- a) The Municipality will draw up and maintain a register in respect of properties situated within its area of jurisdiction, consisting of a Part **A** and a Part **B**.
- b) Part **A** of the register consists of the current valuation roll of the municipality including any supplementary valuation rolls of the municipality prepared in terms of section 78 of the Act, 2004.
- c) Part **B** of the register will specify which properties on the valuation roll or any supplementary valuation rolls are subject to:-
  - (i) an exemption from the rate in terms of section 15 of the Act, 2004;
  - (ii) a rebate on or a reduction in the rate in terms of section 15 of the Act, 2004;
  - (iii) a phasing –in of the rate in terms of section 21 of the Act, 2004; and
  - (iv) an exclusion referred to in section 17(1) (a) (e) (g) (h) and (l) of the Act, 2004.
- d) The register will be open for inspection by the public during office hours and will also be placed on official website in accordance with paragraph 4.2 which will apply *mutatis mutandis*.

### 23 INSPECTIONS OF AND OBJECTIONS TO THE VALUATION ROLL

- a) Once the Council has given notice that the valuation roll is open for public inspection, any person may, within the period as stated in the notice:
  - (i) Inspect the roll during office hours
  - (ii) On payment of a reasonable fee, request the municipality during office hours to make extract from the roll
  - (iii) Lodge an objection with the Municipal Manager against any matter reflected in, or omitted from the roll.
- b) An objection must be in relation to a specific individual property and not against the valuation roll as such.
- c) A municipal manager will, within 14 days after the end of the period stated in the notice, submit all objections to municipal valuer, who must promptly decide and dispose of the objections
- d) The lodging of an objection does not defer liability for payment of rates beyond the date determined for payment.

**24 DATE OF IMPLEMENTATION**

This rates policy takes effect from 1 July 2018 and will be reviewed annually during the budgetary process of the Municipality.

**25 DISCLAIMER**

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

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

**26 DELEGATION OF POWER**

Safe as otherwise provided for in this Property Rates Policy, the Chief Financial Officer shall be empowered to apply and administer all powers pursuant thereto.

## SECTION G

### ADDENDUM

#### 27 MISCELLANEOUS-

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

#### City of Tshwane Rate Ratio 2018/2019

Category	Ratio
Residential properties	1:1
Business and commercial properties	1:2.943
Educational Institutions	1:3
Echo-tourism and Game Farm	1:3
Industrial properties	1:2.943
Mining properties	1:3
Township Development	1:3
Municipal properties	
State-owned properties	1:3
Agricultural properties	1:0.25
Non-permitted use	1:7,5
Vacant land	1:3.65
Public Benefit Organisation	1:0.25