



# *Nkomazi Municipality*

NKOMAZI LOCAL MUNICIPALITY

## **2020/2021 PROPERTY RATES POLICY**

## NOTICE

### NKOMAZI PROPERTY RATES POLICY

In terms of section 13 of the Local Government: Municipal System Act no.32 of 2000 as amended; the Nkomazi Local Municipal (“the municipality”) hereby published the Property Rates Policy set forth hereinafter, which have been made by the Municipality in terms of section 6 of the Local Government: Municipal Property Rates Act 6 of 2004.

#### PART ONE: PREAMBLE

##### Whereas:

- 1.1 It is enshrined in Section 229 of the Constitution (Act 108 Of 1996) that a municipality may impose rates on property within a regulatory framework.
- 1.2 The Municipal Property Rates Act, 2004 (Act no. 6 of 2004) (MPRA) provides the regulatory framework to which the municipality must comply with when imposing rates on the property, which includes but is not limited to:
  - 1.2.1 The adoption of a rates policy will be implemented and made effective by way of a Rates Policy;
  - 1.2.2 Criteria for determination of categories of properties and deferential rates for each category of properties;
  - 1.2.3 Criteria to be applied for granting rates relief measures;
  - 1.2.4 Levying of rates in sectional title schemes;
  - 1.2.5 Appointment of a municipal valuer for preparation of a general valuation roll.
- 1.3 In terms of section 4(1)(c)(ii) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), read with section 2 of the said Local Government Municipal Property Rates Act, the municipality has the right to finance the affairs of the municipality by imposing, inter-alia, rates on property. In terms of section 4(2) of the Local Government: Municipal Systems Act, 2000 (32 of 2000), council of a municipality, within the municipality’s financial and administrative capacity and having regard to practical considerations, has the duty to-
  - (a) Exercise the municipality’s executive and legislative authority and use the resources of the municipality in the best interests of the local community;
  - (b) Provide, without favour or prejudice, democratic and accountable government;
  - (c) Encourage the involvement of the local community;
  - (d) Strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner;
  - (e) Consult the local community about-
    - (i) The level, quality, range and impact of municipal services provided by the municipality, either directly or through another service provider; and
    - (ii) The available options for service delivery.

- (f) Give members of the local community equitable access to the municipal services to which they are entitled;
  - (g) Promote and undertake development in the municipality;
  - (h) Promote gender equity in the exercise of the municipality's executive and legislative authority;
  - (i) Promote a safe and healthy environment in the municipality;
  - (j) Contribute, together with other organs of state, to the progressive realisation of the fundamental rights contained in sections 24, 25, 26, 27 and 29 of the Constitution; and
- 1.4 Further, a municipality must in the exercise of its executive and legislative authority respect the rights of citizens and those of other persons protected by the Bill of Rights.
- 1.5 In terms of section 62 of the Local Government: Municipal Finance Act, 2003 (Act 56 of 2003), the Municipal Manager must ensure that the municipality has and implements a rates policy embodied in a Policy as per section 6 of the said Local Government: Municipal Property Rates Act.

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## **PART TWO: DEFINITIONS**

All words and phrases in this Policy shall have the same meaning and interpretation as assigned in terms of the said Municipal Property Rates Act and for this purpose lists hereunder the definitions used in the Act to be mutatis mutandis applied in this Policy:

Unless the context indicates otherwise:

<b>Act</b>	Means the Local Government: Municipal Property Rates Act (Act 6 of 2004).
<b>Business</b>	in relation to property, means the use of property for the activity of buying, Selling or trading in commodities or services on a property and includes any office or other accommodation on the same property, the use of which is incidental to such activity, but does not include the business of agriculture, farming, or any other business consisting of the cultivation of soils, the gathering in of crops, the rearing of livestock or the propagation and harvesting of fish or other aquatic organisms
<b>Child Headed Household</b>	Means a household recognized as such in terms of section 137 of the Children's Amendment Act, 41 of 2007.
<b>Actual Use</b>	Means actual activities that are taking place on the property.
<b>Agent</b>	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 payments in respect of the property on behalf of the owner.
<b>Agricultural purposes</b>	In relation to the use of a property, excludes the use of a property for the purpose of ecotourism or for the trading in or hunting of game.
<b>Annually</b>	Means once every financial year.
<b>Category</b>	(a) In relation to property, means a category of properties determined in terms of Section 8 of the Act; and  (b) In relation to owners of properties, means a category of owners determined in terms of Section 15(2) of the Act;

<b>Community services</b>	Means any services which the expenditure of rendering of such a service is financed from the revenue generated from property rates;
<b>Date of valuation</b>	Means 01 July 2017 as determined by the municipality council as per resolution in item c(8) paragraph (c).
<b>Differential rating</b>	means a differential rate among the various property categories by way of setting cent amount in the rand for each property category
<b>Disabled people</b>	Means a person who qualifies to receive relief in terms of the Social Services Act. 1992 (Act No. 59 of 1992) or has been certified as disabled by a medical practitioner;
<b>Disaster</b>	Means a disaster within the meaning of the Disaster Management Act (57 of 2002); or any other serious adverse social or economic condition.
<b>Effective date</b>	(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; 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.
<b>Exclusion</b>	In relation to a municipality's rating power, means a restriction of that power as provided for in Section 17 of the Act.
<b>Exemption</b>	In relation to the payment of a rate, means an exemption granted by a municipality in terms of Section 15 of the Act.
<b>Financial year</b>	Means the period starting from 1 July in each year to 30 June the following year.
<b>Income Tax Act</b>	Means the Income Tax Act, 1962 (Act No. 58 of 1962)
<b>Government</b>	In relation to property, means owned and exclusively used by an organ or state, but does not refer to any non-urban land owned by an organ or state and used for residential or agricultural or not in use.
<b>Indigent household</b>	Means an owner of property who is in permanent occupation of the property and qualifies for indigent relief in terms of the municipality's indigent policy, shall include state pensioner, child-headed household, disabled people, household without income or with

	income that falls within a certain threshold and medical boarded people;
<b>Improvement</b>	means any building or structure on or under a property
<b>Indigent Debtor</b>	means a debtor who is a poor private household as defined by the Municipality's policy on indigent debtors
<b>Industrial</b>	in relation to property, means the use of a property for a branch of trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts of such a large scale that capital and labour are significantly involved, including any office or accommodation on the erf, the use of which is incidental to the use of the factory commercial properties and agricultural packing stores;
<b>Land reform beneficiary</b>	In relation to a property, means a person who: <ul style="list-style-type: none"> <li>(a) acquired the property through: <ul style="list-style-type: none"> <li>(i) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or</li> <li>(ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1944);</li> </ul> </li> <li>(b) holds the property subject to the Communal Property Associations Act, 1996 (Act No. 28 of 1996); or</li> <li>(c) 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.</li> </ul>
<b>Land Tenure right</b>	Means an old order right or a new order right as defined in Section 1 of the Communal Land Rights Act, 2004.
<b>Local community</b>	In relation to a municipality: <ul style="list-style-type: none"> <li>(a) means that body of persons comprising: <ul style="list-style-type: none"> <li>(i) the residents of the municipality;</li> <li>(ii) the ratepayers of the municipality;</li> <li>(iii) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and</li> <li>(iv) visitors and other people residing outside the</li> </ul> </li> </ul>

municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality; and

- (b) Includes, more specifically, the poor and other disadvantaged sections of such body of persons.

**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. Established in terms of section 12 of the Municipal Structures Act No. 117 of 1998.

**Market Value**

In relation to a property, means the value of the property determined in accordance with Section 46 of the Act;

**Municipal Finance Management Act**

Means the Local Government: Municipal Finance Management Act No. 56 of 2003;

**Municipal Manager**

Means a person appointed in terms of Section 82 of the Municipal Structures Act;

**Newly rateable property**

Means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding:

- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
- (b) A property identified by the Minister by notice in the Gazette where the phasing in of a rate is not justified.

**Non-profit organization**

Means any organization which is registered in terms of the Non-profit Organizations Act.

**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;

**Organ of State**

Means an organ of state as defined in Section 239 of the Constitution.



## 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 in a register;
- (b) In relation to a right referred to in paragraph (b) of the definition of property, means a person in whose name the right is registered;
- (c) In relation to a land tenure right referred to in paragraph (c) of the definition of property, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) In relation to public service infrastructure referred to in paragraph (d) of the definition of property, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:
  - (i) A trustee, in the case of a property in a trust excluding state trust land;
  - (ii) An executor or administrator, in the case of a property in a deceased estate;
  - (iii) A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
  - (iv) A Judicial manager, in the case of a property in the estate of a person under judicial management;
  - (v) A curator, in the case of a property in the estate of a person under curatorship;
  - (vi) A person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitudes; or
  - (vii) A buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;
  - (viii) A lessee in the case of property that is

registered in the name of the municipality and is leased by it.

<b>Permitted use</b>	In relation to a property, means the limited purposes for which the property may be used in terms of: <ul style="list-style-type: none"><li>a) any restrictions imposed by:<ul style="list-style-type: none"><li>(i) a condition of title;</li><li>(ii) a provision of a town planning or land use scheme; or</li></ul></li><li>b) any legislation applicable to any specific property or properties; or</li><li>c) any alleviation of any such restrictions;</li></ul>
<b>Person</b>	Means natural and legal person including an organ of state.
<b>Prescribe</b>	Means prescribe by regulation in terms of section 83 of the Act
<b>Property</b>	Means: <ul style="list-style-type: none"><li>a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;</li><li>b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;</li><li>c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or</li><li>d) public service infrastructure;</li></ul>
<b>Property Register</b>	Means a register of properties referred to in Section 23 of the Act.
<b>Protected area</b>	Means an area that is or has to be listed in the register referred to in Section 10 of the Protected Areas Act.
<b>Protected Areas Act</b>	Means the National Environmental Management: Protected Areas Act, 2003
<b>Publicly controlled</b>	Means owned by or otherwise under the control of an organ of state, including:

- a) a public entity listed in the Public Finance Management Act, 1999 (Act No.1 of 1999);
- b) A municipality; or
- c) A municipal entity as defined in the Municipal Systems Act

**Public Benefit Organization Property**

Means property owned by public benefit organizations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act

**Public Service Infrastructure**

Means publicly controlled infrastructure of the following kinds:

- a) National, provincial or other public roads on which goods , services or labour move across a municipal boundary;
- b) Water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- c) Power stations, power substations or power lines forming part of an electricity scheme serving the public.
- d) Gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- e) railway lines forming part of a national railway system;
- f) Communication towers, masts, exchanges or lines forming part of a communication system serving the public;
- g) Runways or apron at national or provincial airports;
- h) Breakwaters, sea walls, channels, basins, quay walls, jetties, 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;

- i) Any other publicly controlled infrastructure as may be prescribed; or
- j) Rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a ) and (i)

**Rate** Means a municipal rate on property envisaged in section 229 (1) (a) of the Constitution;

**Rateable property** Means a 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.

**Rebate** In relation to a rate payable on a property, means a discount granted in terms of Section 15 of the Act on the amount of the rate payable on the property.

**Reduction** In relation to a rate payable on a property, means the lowering in terms of section 15 of the Act of the amount for which the property was valued and the rating of that property at the lower amount.

**Register**

- a) means to record in a register in terms of –
  - (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
- b) 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;

**Residential property** means improved property that:

- (a) is used predominantly (60% or more) for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes.
- (b) is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes.

(c) Is owned by a share-block company and used solely for residential purposes.

(d) Is a residence used for residential purposes situated on property used for or related to educational purposes.

And specifically exclude vacant land irrespective of its zoning or intended use.

<b>Sectional Titles Act</b>	The Sectional Titles Act, 1986 (Act No. 95 of 1986)
<b>Sectional Title Scheme</b>	A scheme defined in Section 1 of the Sectional Titles Act;
<b>Smallholding</b>	Means a property recorded in the Deeds Registry Database as being an Erf and zoned for Agricultural usage in terms of an adopted Town Planning Scheme.
<b>Sectional title unit</b>	A unit defined in Section 1 of the Sectional Titles Act;
<b>Small, very small and micro business</b>	Means businesses as per the criteria set by the National Small Business Act No. 102 of 1996 schedule;
<b>Special rating area</b>	Means a geographic area within which property owners agree to pay for certain services supplementary to those supplied by the municipality. These services are financed by levying an additional rate, which is added to the rate in a rand of the property owners within the precinct;
<b>Specified public benefit activity</b>	An activity listed in item 1 (welfare and humanitarian), item 2 (health care) and item 4 (education and development) of Part 1 of the Ninth Schedule to the Income Tax Act.
<b>State Trust Land</b>	Means land owned by the state: <ul style="list-style-type: none"><li>a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;</li><li>b) over which land tenure rights were registered or granted; or</li><li>c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994)</li></ul>
<b>The Municipality</b>	Means the Nkomazi Local Municipality;

<b>Value of property</b>	Means the market value of the property as determined in terms of the Act;
<b>Vacant Land</b>	Means land, irrespective of zoning or category and in respect of which the municipality has not issued an occupancy certificate, being unimproved land

### **PART THREE: THE PURPOSE OF THIS POLICY**

3. The purpose of this Policy is to:

- 3.1 Comply with the provisions of the Municipal Property Rates Act, specifically with section 3 and 6 thereof;
- 3.2 Give effect to the principles outlined hereunder;
- 3.3 Ensure the equitable treatment of persons liable for rates;
- 3.4 Determine the methodology and to prescribe procedures for the implementation of the Act;
- 3.5 Determine criteria to be applied for the levying of differential rates for different categories of properties;
- 3.6 Determine or provide criteria for the determination of categories of properties and categories of owners of properties;
- 3.7 Determine criteria to be applied for granting exemptions, rebates and reductions;
- 3.8 Determine how the municipality's powers must be exercised in relation to multi-purpose properties;
- 3.9 Determine measures to promote local economic and social development; and
- 3.10 Identify which categories of properties the municipality has elected not to rate as provided for in section 7 of the Act.
- 3.11 The rates policy for the municipality is based on the following:

**(a) Equity**

The municipality will treat all ratepayers with similar properties the same.

**(b) Affordability**

The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions or rebates.

**(c) Sustainability**

Rating of property will be implemented in a way that:

- i. it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality; and
- ii. Supports local social economic development

**(d) Cost efficiency**

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

## **PART FOUR: FUNDAMENTAL PRINCIPLES OF THIS POLICY**

### **4. The principles of the Policy are to ensure that:**

- 4.1 The power of the municipality to impose rates on property within its area will not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities or the national mobility of goods, services, capital or labour as prescribed in terms of Section 229 of the Constitution of the Republic of South Africa;
- 4.2 All ratepayers, in a specific category, as determined by council from time to time, will be treated equitably;
- 4.3 Property rates will be assessed on the market value of all rateable properties in the jurisdiction of the municipality and for the purpose of generating revenue to balance the budget after taking into account:
  - 4.3.1 Profits generated on trading and economic services; and
  - 4.3.2 The amounts required to finance exemptions, rebates and reductions of rates as approved by the municipal council from time to time;
- 4.4 Property rates will not be used to subsidize trading and economic services;
- 4.5 The rates income generated by the municipality will take into account relief measures to address the social and economic needs of the community;
- 4.6 This Policy and amendment thereof will be developed in consultation with the community and in compliance with a process of community participation in terms of Chapter 4 of the Municipal Systems Act.

## **PART FIVE: APPLICATION OF THIS POLICY**

### **5.1 IMPOSITION OF RATES**

- 5.1.1 The council shall as part of each annual operating budget cycle, impose a rate in the rand on the market value of all rateable property as recorded in the municipality's valuation roll and supplementary valuation roll. Rateable property shall include a property on which the municipality may in terms of

section 2 of the Act levy a rate, excluding property fully excluded from the levy of rates in terms of the Act.

- 5.1.2 The council pledges itself to limit the annual increase of the rate in the rand in accordance with the National Treasury guidelines and the approved integrated development priorities.

## **PART SIX: EQUITABLE TREATMENT OF RATEPAYERS**

- 6.1 This municipality is committed to treating all ratepayers on an equitable basis. "Equitable" does not necessarily mean "equal" treatment of ratepayers. The circumstances of each category of owner or category of property will be considered in a fair manner and within the limitations set out in the Act.
- 6.2 Any differentiation in the levying of rates must not constitute unfair discrimination.

## **PART SEVEN: DISCRETIONARY RESOLUTIONS ADOPTED BY THE MUNICIPALITY WITH RESPECT TO LEVYING OF RATES**

7. It is recorded that the Municipality has adopted the following resolutions:
- 7.1 To levy rates on all rateable property in its area of jurisdiction;
- 7.2 To determine the date of implementation as being 1 July 2018;
- 7.3 To determine the date of general valuation as being 2 July 2017
- 7.4 To levy different cents in the rand for different categories of rateable property;
- 7.5 That the categories of properties for the purpose of differential rating are those specified in this Policy document;
- 7.6 That the criteria for the categorization in terms of section 8(1) of the Act shall be actual use where a property is improved and vacant land shall be categorized as a separate category irrespective of permitted use or zoning;
- 7.7 In case of a property used for multiple-purposes, for rates purposes, be assigned to a category determined by the municipality for properties used for;;
- 7.7.1 a purpose corresponding to the permitted use of the property;
- 7.7.2 a purpose corresponding with the dominant use of the property; or
- 7.7.3 multiple purposes apportioning the market value of the property to the different purposes for which the property is used and applying the rates applicable to the categories determined by the municipality for properties used for those purposes corresponding to the different market value apportionments



- 7.8 To rate public service infrastructure (excluding municipal public service infrastructure) that is identifiable and to which a market related value can be determined with the proviso that the municipality may extend this annually to include other identifiable entities as the data set is developed; and
- 7.9 To not rate properties of which the municipality is the owner, except where leased to a third party.

## **PART EIGHT: CATEGORIES OF PROPERTIES FOR DIFFERENTIAL RATING PURPOSES**

- 8.1 For the purposes of differential rates, the following categories of rateable property have been determined, being:

### **8.1.1 Residential Property**

Means improved property that:

- (a) Is used predominantly for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes;
- (b) Is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes; and
- (c) Is owned by a share-block company and used solely for residential purposes.

### **8.1.2 Residential Property with special consent**

Means improved property that is granted additional rights and consent use other than residential in terms of the Town Planning Scheme.

### **8.1.3 Business, Commercial and Industrial Property**

Means improved property that is predominantly used for business, commercial and industrial purposes.

### **8.1.4 Agricultural Property**

Means property that is used primarily for agricultural purposes but excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of eco-tourism or for the trading in or hunting of game..

### **8.1.5 State or Government Property**

Means property owned and used by the state excluding the kinds of publicly controlled infrastructure listed in the definition of Public Service Infrastructure.

### **8.1.6 Public Service Infrastructure**

Means a property as defined by the Act.

### **8.1.7 Public Benefit Organization Property**

Means property owned by public benefit organizations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act

### **8.1.8 Mining Property**

Means property on which an operation or activity of extracting minerals is conducted and includes any operation or activity incidental thereto.

### **8.1.9 Rural Communal Land**

Means the residual portion of a rural communal land excluding identifiable and rateable entities within the property and excluding State Trust Land and land reform beneficiaries as defined in the Act.

### **8.1.10 State Trust Land**

Means land owned by the state:

- (a) in trust for persons communally inhabiting the land in terms of a traditional system of a land tenure;
- (b) over which land tenure rights were registered or granted; and
- (c) which is earmarked for disposal in terms of the Restitution of Land Rights.

### **8.1.11 Municipal property**

In relation to property shall mean those properties owned & exclusively used by the municipality;

### **8.1.12 Places of Public Worship**

means a property registered in the name of and used primarily as a place of worship by a religious community, including an official residence registered in the name of that community which is occupied by an office bearer of that community who officiates at the services at that place of worship;

### **8.1.13 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

#### **8.1.14 Other property**

Means any property determined by the Municipality which is not associated with any of the categories of property listed above.

#### **8.1.15 Vacant land**

Means land, irrespective of zoning or category and in respect of which the municipality has not issued an occupancy certificate, being unimproved land.

- 8.2 Differential rating among the above determined categories of properties will be done by way of setting different rates in the rand for each property category.
- 8.3 The criteria for weighting the categories determined above, for the purpose of determining cent in a rand amount (rates tariff) for each category, must take account of the following :
- 8.3.1 The reliance or otherwise of the owners of specific categories of property on services supplied by the Municipality;
  - 8.3.2 The strategic importance of a category of property with reference to the aims and objectives of the municipality and the Government of the Republic of South Africa as a whole (such as social, economic and developmental issues); and
  - 8.3.3 The nature of the category of property, including its sensitivity to rating (for example agricultural properties used for agricultural purposes).

### **PART NINE: RELIEF MEASURES FOR PROPERTY OWNERS**

- 9.1 The Municipality has considered the need and desire to grant relief to a specific category of owners of properties and owners of a specific category of properties with a view to providing for appropriate measures to alleviate the impact of the rates burden on them.
- 9.2 Special rebate – COVID -19**  
As part of municipal property tax relief programme, an additional 3% rebate will be provided on billed property rates for 2020-2021 financial year.
- 9.3 The municipality will not grant relief in respect of the payment of rates other than by way of an exemption, rebate or reduction provided for in this Policy and granted in terms of section 15 of the Act to:
- 9.3.1 A specified category of properties; or
  - 9.3.2 A specified category of owners of property as provided for hereunder.
- 9.4 The municipality will not grant relief to the owners of property on an individual basis.

9.5 The relief measures shall be granted as follows subject to the submission and approval of required application.;

9.5.1 Category of specific owners

**Part A: Rebates**

<b>(a) Indigent household</b>													
<b>Criteria</b>	The owner should be registered in the indigent register in terms of the Indigent Policy of the municipality.												
<b>Rebate</b>	The rebate on property rates shall be determined by the municipal council on annual basis during the budget process.												
<b>(b) Retired people</b>													
<b>Criteria</b>	<ul style="list-style-type: none"> <li>• be the registered owner of the property or registered as “Life right use “tenant in deeds office.</li> <li>• produce a valid identity document;</li> <li>• must be at least 60 years of age upon application, provided that where couples are married in community of property and the property is registered in both their name, the age of the eldest will be the qualifying factor, or approved disability grantee or approved medically boarded person;</li> <li>• not be in receipt of an indigent assessment rate rebate;</li> <li>• must reside permanently on the property concerned which consists of one dwelling only and no part thereof is sub-let;</li> <li>• confirm the aforementioned details by means of a sworn affidavit and / or latest income tax assessment.</li> <li>• On approval, the following rebates will be applicable</li> </ul> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th colspan="2">Average Monthly earnings I respect of preceding 12 months</th> </tr> </thead> <tbody> <tr> <td>R0.00 to R3,720.00 (2x state pensions when amended)</td> <td>100% rebate on assessment rates</td> </tr> <tr> <td>R3,720.01 to R5,560.00</td> <td>85% rebate on assessment rates</td> </tr> <tr> <td>R5,560.01 to R7,060.00</td> <td>70% rebate on assessment rates</td> </tr> <tr> <td>R7,060.01 to R8,560.00</td> <td>55% rebate on assessment rates</td> </tr> <tr> <td>R8,560.01 to R12,560.00</td> <td>40% rebate on assessment rates</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>• the minimum “average monthly earnings” be adjusted annually and effective in accordance with National Government Budget announcement in respect of state pensions</li> </ul>	Average Monthly earnings I respect of preceding 12 months		R0.00 to R3,720.00 (2x state pensions when amended)	100% rebate on assessment rates	R3,720.01 to R5,560.00	85% rebate on assessment rates	R5,560.01 to R7,060.00	70% rebate on assessment rates	R7,060.01 to R8,560.00	55% rebate on assessment rates	R8,560.01 to R12,560.00	40% rebate on assessment rates
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<b>Rebate</b>	A sliding scale rebate system on property rates account shall be determined by the municipal council on annual basis during the budget process.												

<b>(c) Owner of lodges</b>	
<b>Qualification criteria</b>	<ul style="list-style-type: none"> <li>• Make application in writing in a prescribed form;</li> <li>• Own and utilise the property solely for a lodge; Proof of business license issued by the municipality;</li> <li>• Proof of registration with the South African Grading Council; and</li> <li>• Be in a position to submit audited annual financial statements.</li> </ul>
<b>Rebate</b>	Additional rebates on property rates shall be determined by the municipal council on an annual basis during the budget process.
<b>(d) Owner of a property in estates/ complexes</b>	
<b>Qualification criteria</b>	<ul style="list-style-type: none"> <li>• Make an application in writing in a prescribed form;</li> <li>• The cost of rendering and maintaining of internal community services should incurred by residents or Home owners Associations</li> <li>• The property owner's account should be up to date.</li> </ul>
<b>Rebate</b>	<ul style="list-style-type: none"> <li>• A rebate on property rates account for owner of a property situated in unproclaim area shall be determined by council on an annual basis during the budget process; and</li> <li>• A rebate on property rates account for owner of a property situated in proclaimed area where the municipality does not provide maintenance of the internal community services shall be determined by council on an annual basis during the budget process;</li> </ul>
<b>(e) Owner of formalised property within rural communal property</b>	
<b>Rebate</b>	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.
<b>(f) Owners of properties within Kruger National Park</b>	
	<ul style="list-style-type: none"> <li>• Own properties within the Kruger National Park;</li> <li>• Property shall be used for any other purposes than nature reserves and national environmental management.</li> </ul>
<b>Rebate</b>	The rebates shall be determined after consultation with the relevant stakeholders.
<b>(g) Owner of a smallholding property categorised as a residential property</b>	
<b>Qualification criteria</b>	<ul style="list-style-type: none"> <li>• The municipality should not be providing any of the community services</li> </ul>
<b>Rebate</b>	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.
<p><b>(h) Properties Owned by Public Benefit Organisations, which includes;</b></p> <ul style="list-style-type: none"> <li>• Properties used for any specified public benefit activity listed in item 1 (Welfare and Humanitarian), item 2 (Health care), and item 4 (Education and Development) of part 1 of the Ninth Schedule to the Income Tax Act.</li> <li>• Any other properties that Council may deem to be owned and exclusively used for public benefit activities for the purpose of rebates.</li> </ul>	

<b>Qualification criteria</b>	<ul style="list-style-type: none"> <li>• Make an application in writing in a prescribed form;</li> <li>• Provide proof of ownership of the property and registration as a Non-Profit Organisation in terms of the Income Tax Act or registration as a Public Benefit Organisation in terms of the Income Tax Act conducting one or more of the above specified public benefit activities listed in Part 1 of the 9<sup>th</sup> Schedule;</li> <li>• Submit an affidavit signed by the head of the organization before a Commissioner of Oaths that the property is used primarily for the specified public benefit activities and purposes of the organisation;</li> <li>• that no private pecuniary profit is made from the property; and that no rent is received by the applicant for any use of the property by other persons; and</li> <li>• Be in a position to submit audited annual financial statements.</li> </ul>
<b>Rebate</b>	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.
<b>Sporting Bodies</b>	
<b>Qualification criteria</b>	used for the purposes of amateur sport and any social activities which are connected to sport
<b>Rebate</b>	40% in respect of the amount levied as rates on the relevant property but subject to existing agreements between club and Council not determining a different position.
Public benefit organizations/Non-Governmental Organisations (NGO's) and Cultural Organisations	
<b>Qualification criteria</b>	approved in terms of section 30 of the Income Tax Act 58 of 1962, read with Items 1, 2 and 4 of the Ninth Schedule to that Act
<b>Rebate</b>	100% in respect of the amount levied as rates on the property.
Welfare organisations	
<b>Qualification criteria</b>	registered in terms of the National Welfare Act, 1978 (Act No. 100 of 1978)
<b>Rebate</b>	100% in respect of the amount levied as rates on the property.

#### 9.5.2 Category of specific properties

##### **Part A: Rebates**

<b>(a) Agricultural Properties</b>	
<b>Qualification criteria</b>	<ul style="list-style-type: none"> <li>• Make an application in writing in a prescribed form;</li> <li>• Proof of registration as a bona fide farmer from South African Revenue Services or if not taxed as a farmer provide proof that income generated in excess of 40% is derived from farming activities;</li> <li>• The property must be predominately utilised for bona fide farming purposes;</li> </ul>

	<ul style="list-style-type: none"> <li>• The application should clearly motivate how the farm contributes in terms of local economy; provision of permanent residence or decent accommodation to the farm workers and their dependents; provision of portable water and electricity to the dwellings of farm workers; and provision of land for cemetery or educational or recreational purposes to the farm workers, children as well as for people from surrounding farms.</li> </ul>
<p><b>Rebate</b></p>	<p>The rebate on property rates shall be determined by the municipal council on annual basis during the budget process.</p> <ol style="list-style-type: none"> <li>1. The following general rebates will be applicable to agricultural properties: <ol style="list-style-type: none"> <li>a. 7.5% rebate if there is no Municipal road adjacent to the property;</li> <li>b. 7.5% rebate if there is no Municipal sewerage on the property;</li> <li>c. 7.5% rebate if there is no Municipal electricity on the property;</li> <li>d. 7.5% rebate if there is no refuse removal provided by the Municipality;</li> <li>e. 20% rebate if water is not supplied by the Municipality.</li> </ol> </li> <li>2. An additional rebate for contribution to the economy and social welfare will be granted in respect of the following: <ol style="list-style-type: none"> <li>a. 5% rebate for the permanent employment of 5 or more legally employed farm workers for an average continuous period of twelve months in accordance with applicable minimum service conditions set by the Department of Labor;</li> <li>b. 5% rebate for the provision of accommodation to farm workers and their dependents or families while working for the farm;</li> </ol> </li> </ol>

	<p>c. 5% rebate if such accommodation is provided with potable water;</p> <p>d. 5% rebate for the supply of electricity for the farm worker accommodation;</p> <p>e. 5% rebate for the provision for health clinics, educational and recreational purposes to own farm workers as well as people from surrounding farms.</p> <p>3. The granting of the additional rebates is subject to the following:</p> <p>a. the submission of an affidavit by 30 September each year including a certificate from the property owner's auditors indicating how service delivery and development obligations of the Municipality and contribution to the social and economic welfare of farm workers were met;</p> <p>b. an assessment by the Municipal Manager or his/her nominee indicating that the application qualifies.</p> <p>c. a Council resolution.</p>
<b>(b) State Trust and Rural Communal Property</b>	
<b>Rebate</b>	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.
(c) Affordability rebates – the rebate is unconditionally granted to assist the property owners to leverage the rates burden because of the current economic conditions.	
<ul style="list-style-type: none"> <li>• Business, Commercial and Industrial Property</li> </ul>	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.
<ul style="list-style-type: none"> <li>• Government Property</li> </ul>	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.
<ul style="list-style-type: none"> <li>• Mining Property</li> </ul>	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.
<ul style="list-style-type: none"> <li>• Residential Property</li> </ul>	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.
<ul style="list-style-type: none"> <li>• Other Property</li> </ul>	The rebate on property rates shall be determined by the municipal council on an annual basis during the budget process.



(d) Newly rateable properties	25% phase-in rebate on property rates in terms of section 21(2) of the Act; and 100% phase-in rebate on property rates in terms of section 21(3) of the Act.
(e) Public Benefit Organization with no source of income (Depending on Donations/ Grants)	May be granted up to 100% rebates subject to an application and approval by the Chief Financial Officer; and application shall be done on a prescribe form obtainable from the Municipal Offices.

### **Part B – Exemptions**

(a) Residential Property	<ul style="list-style-type: none"> <li>• The first R15 000.00 of the market value of the property is exempted from levying of rates in terms of section 17(1)(h) of the Act.</li> <li>• The additional exemption on the market value to be exempted from levying of rates shall be determined by the municipal council on annual basis during the budget process.</li> </ul>
(b) Public Services Infrastructure Property	<ul style="list-style-type: none"> <li>• The first 30% of the market value of the property is exempted from levying of rates in terms of section 17(1)(a) of the Act.</li> </ul>
(c) Municipal Property	The property shall be 100% exempted from levying of rates
(d) Places of Worship, including an official residence registered in the name of the community	The property shall be 100% exempted from levying of rates.
(e) Child headed households	That a child headed household registered in terms of Council's approved indigent policy, be exempted from paying of Property Rate
(f) Other properties stated in terms of section 17(b), (c), (d), (e), (f) and (g) of the Act	The properties shall be 100% exempted from levying of rates
(g) Private schools, Universities, Colleges and Crèches	<ul style="list-style-type: none"> <li>(i) Private (Independent) <u>Universities and colleges</u>, registered as educational institutions not subsidized by state, 20% BE REBATED in respect of the amount levied as rates on the relevant property</li> <li>(ii) <u>Crèches</u>, registered as educational institutions, 40% be rebated in respect of the amount levied as rates on the relevant property.</li> <li>(iii) Private (Independent) <u>primary and secondary schools</u> (regardless of whether subsidized or not), registered as educational institutions, be rebated 40%in respect of the amount levied as rates on the relevant property, subject to</li> </ul>

	prior application and submission of prior years' audited financial statements.
(h) <b>Vacant unimproved stands</b>	<p>That a 50% rebate be granted on residential property on which a dwelling unit(s) is/are being constructed and which will be used exclusively for that purpose, subject to the following conditions</p> <ol style="list-style-type: none"> <li>i. That an approved building plan is supplied;</li> <li>ii. That a residential dwelling unit(s) be constructed on the property;</li> <li>iii. That the 50% rebate be granted for a maximum period of eighteen (18) months from the date the approved building plan was supplied;</li> <li>iv. That the occupation certificate be supplied at the end of the eighteen (18) month period;</li> <li>v. That the failure to supply the occupation certificate will result in a reversal of the 50% rebate already granted; and that in the event that the said property is sold prior to the issue of the occupation certificate, the rebate already granted be reversed</li> </ol>

**Part C: Reductions**

<b>(a) Properties Affected by a Disaster or other Serious Adverse Social or Economic Conditions</b>	
<b>Qualification criteria</b>	The owner of any category of property may make application for the consideration of a reduction in the municipal valuation of property as contemplated in section 15 of the Act, where it is contended that the market value of the property is being affected by:
	(a) A disaster within the meaning of the Disaster Management Act (57 of 2002); or
	(b) Any other serious adverse social or economic conditions as may be defined and determined by the Council.
<b>Reduction Granted</b>	<p>The relief provided will be in the form of a reduction in the municipal valuation of the property in relation to a certificate issued for this purpose by the municipal valuer.</p> <p>The resultant reduction in the quantum of the rates payable will be for the current financial year only and calculated on a pro-rata basis from the date of the disaster or adverse conditions to the end of the financial year.</p> <p>Should the applicant consider that the conditions resulting in the granting of relief remain unaltered at the conclusion of the financial year in question, a further application may be lodged for the new financial year</p>

## **PART TEN: MULTIPLE PURPOSE PROPERTIES**

- 10.1 The municipality shall determine a method of assessing the value of multi-purpose properties applying the following;
  - 10.1.1 In respect of vacant land that has not been put to any use. In this instance the zoning or permitted use as approved in terms of Township Establishment Scheme of the municipality shall prevail.
  - 10.1.2 The valuation of improved multiple-purpose properties will be assessed according to the dominant use of the property according to value.
- 10.2 With regard to the Rural Communal property;
  - 10.2.1 It shall be considered as a multiple use property as a whole;
  - 10.2.2 That identifiable and rateable entities within the property (such as commercial leases and commercial and institutional in possession of permission to occupy) be identified, valued and rated individually, with the proviso that the municipality may extend this annually to include other identifiable entities as the data set is developed; and
  - 10.2.3 That the residual portion of the land be considered as the 'Residual' portion of the land for valuation, rating and rebate purposes and be exempted from the payment of rates as stipulated in section 9.4.2, Part B, subsection (c).

## **PART ELEVEN: COMMUNITY PARTICIPATION**

- 11 The municipality has conducted public participation and consultation processes in accordance with Chapter 4 of the Municipal Systems Act No. 32 of 2000 and Chapter 2 of this Act.

## **PART TWELVE: RECOVERY AND PAYMENT OF RATES**

- 12.1 An owner of a rateable property shall be liable for a property rates account;
- 12.2 Property rates shall be recovered on a monthly basis over a twelve months period in equal installments;
- 12.3 Owners of rateable properties liable for the payment of property rates account shall be furnished with a written municipal account on a monthly basis;
- 12.4 Payment of property rates with a single amount on or before 31 December of each year, shall be allowed on condition that;
  - 12.4.1 The owner applies to the municipality in writing on a prescribed form for such deferment of the payment of the property rates account;
  - 12.4.2 The owner has more than ten (10) property rates accounts with the municipality;
  - 12.2.3 The application reaches the municipality before 30 June of each year; and
- 12.5 Interest on overdue property rates accounts shall not be levied until 31 December of each year in case of payment of property rates with a single amount for twelve months;

- 12.6 Rates in arrears shall be recovered from tenants and occupants of a property if the owner fails to pay the property rates account.
- 12.7 The Credit Control and Debt Collection Policy shall apply in cases where the property rates accounts are in arrears.
- 12.8 The consolidation of property rates and services charge in one account and any appropriation of payments received shall be done by the municipality on a discretionary basis in accordance with the Credit Control and Debt Collection Policy
- 12.9 Interest on property rates in arrears shall be calculated and charged at prime rate which shall be applicable at 30 June plus one percent fixed over the twelve months period of the financial year.

#### **PART THIRTEEN SPECIAL RATING AREA**

13. The establishment of or applications for establishment of special rating area(s) in terms of its City Improvement Districts Policy shall be considered by the municipality.

#### **PART FOURTEEN: REVIEW OF THIS POLICY**

14. The Policy shall be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives and with legislation.

#### **PART FIFTEEN: SHORT TITLE**

15. This Policy shall be known as Nkomazi Property Rates Policy

#### **PART SIXTEEN: IMPLEMENTATION OF THIS POLICY**

16. This Policy shall be effective from 1 July 2020

