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# PROPERTY RATES POLICY

## AMENDED

### 1 JULY 2026

# MP313

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1. **DEFINITIONS**

In this policy, unless the context indicates otherwise, in addition to the definitions contained in both the MPRA and the MFMA, the following meanings are assumed:

*"accommodation establishment"* means a critical sector of hospitality industry business providing overnight or temporary lodging for different traveler's needs, such as luxury hotels, Bed and Breakfast, Boutique Lodges, Guest Houses, Resorts, Chalet, and Camping Sites.

"*act*" means the Local Government Municipal Property Rates Act, Act 6 of 2004 (MPRA) *and regulations as amended by the Property Rates Amendment Act, Act 29 of 2014*.

*"agricultural property"* means property that is used primarily for agricultural purposes, but without derogating from section 9 of the act, 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.

*"annually"* means once every financial year.

"*business*" means the activity of buying, selling or trade in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of mining, agriculture, farming, or inter alia, any other business consisting of cultivation or soil, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms.

*"category" means–*

- In relation to property, means a category of properties determined in terms of section 8 (2) & (3)

- In terms of owners of properties, means a category of owners determined in terms of section 15 (2)

"*government*" means owned and exclusively used by an organ of the state, excluding non-urban properties used for residential or agricultural purposes or not in use.

"*home business*" means a business conducted from a residential unit as approved by council (consent use) of which the business use does not exceed more than 40% of the residential unit up to a maximum of 40m$^2$, the residential unit is occupied by the owner/lessee and with no more than three (3) persons (including the owner/lessee) employed.

"*illegal use*" means any use that is inconsistent with or in contravention of the permitted use of the property.

"*improvement*" means any building or structure on or under a property, including:

- a structure constructed solely for the purpose of rendering the property suitable for the erection of any immovable structure thereon; and

- buildings, structures and equipment or machinery referred to in section 46(3) of the act.

"*indigent*" means debtors who are poor private residential households as defined by the municipality's policy on free basic services and indigent support.

"*industrial*" means branch of trade or manufacturing, production, assembling or processing of finished or partially finished products from raw materials or fabricated parts, on so large scale that capital and labour are significantly involved. This includes factories as defined in the Machinery and Building Work Act, Act 22 of 1941, as amended and includes any office or other accommodation on the same erf, the use of which is incidental to the use of such factory.

"*MFMA*" means the Local Government: Municipal Finance Management Act, Act 56 of 2003.

*"mining*" means any operation or activity for the purpose of extracting any mineral on, in or under the earth, water or any residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto.

"*municipal*" means owned and*/or* exclusively used by the municipality.

"*multiple use*" means a property that cannot be assigned to a single category due to the different uses of the property, property will be valued based on the apportionment of uses in accordance with the applicable category in terms of this policy.

"*new private infrastructure developments*" means single properties divided (through subdivision or township establishment) into ten (10) or more full title units and all services, inclusive of water, sewerage, electricity and roads are installed by the developer at his/her own cost.

"*non-urban land*" means land which is not situated in an approved township and used for residential or agricultural purposes or not in use.

*"office-bearer",* in relation to places of public worship, means the primary person who officiates at services at that place of worship.

*"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 the office-bearer.

*"permitted use"* means the limited purposes for which the property may be used in terms of: -

- a condition/s contained in the title deed
- town planning and land use scheme provision

"*primary bank account*" means main bank account where all income is received by an account holder.

"*privately owned towns serviced by owner*" means townships registered in the name of an owner(s) and services provided by the owner(s) and where ownership of individual erven cannot be registered by means of a title deed for individual owners.

*"private Schools and Colleges",* school that is established, conducted, and primarily supported wholly by non-government agency or by the payment of fees.

"*protected area*" 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.

"*public benefits organization property*" means property owned by public benefits 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 and 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; (rateable)

(d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels; (rateable)

(e) railway lines forming part of a national railway system;

(f) communication towers, masts, exchanges or lines forming part of a communications system serving the public; (rateable)

(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 air navigation purposes;

(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 navigation aids comprising lighthouses, radio navigation 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) to (i).

*"public service purposes",* in relation to the use of a property, means property owned and used by an organ of state as –

(a) hospitals or 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; or

(f) courts of law,

but excludes property contemplated in the definition of public service infrastructure.

*"public worship"* means a property registered in the name of and used primarily as a place of public worship by a religious community, including an

official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

"*publicly controlled*" shall mean owned by or otherwise under the control of an organ of state, including a public entity listed in the Public Finance Management Act, Act 1 of 1999, a municipality or a municipal entity.

"*residential"* means a property included in a valuation roll in terms of section 48(2) (b) of the Local Government Municipal Property Rates Act in respect of which the primary use or permitted use is for residential purposes without derogating from section 9 of the Municipal Property Rates Act (Act 6 of 2004). It means a suite of rooms which form a living unit that is exclusively used for human habitation purposes, excluding a hotel and place of instruction with the exception of vacant land earmarked for residential purposes which has a separate category of property.

"*second dwelling*" means an additional dwelling constructed and/or existing structures converted on the same property than the main dwelling as approved by Council (consent use) with a maximum area of 75m² (excluding outbuildings).
"*special industrial*" means an industrial property where excess of 1 500 local individuals are permanently employed.

"*tax base*" means the values as reflected in the officially approved valuation roll of the municipality.

"*urban land*" means land which is situated within a proclaimed township.

"*vacant land*" means:

- land where no immovable improvements have been erected;
- the value added by the immovable improvements is less than 10% of the value of the land; or
- vacant land is categorized according to the permitted use of the property with the exception of vacant land earmarked for residential purposes which has a separate category of property.

## 2. INTRODUCTION

Section 229(1) of the Constitution of the Republic of South Africa empowers municipalities to levy property rates subject to national legislation.

The obligation on a council of a municipality to adopt and implement a rates policy is derived from the following legislation:

- section 2 of the act which empowers a municipality to levy a rate on property in the municipal jurisdiction;
- section 3(1) of the act to adopt a rates policy consistent with the act on the levying of rates on rateable property in the municipality;
- section 3(5) of the act to provide for exemptions, rebates or reductions in the rates policy; and
- section 62(1)(f) of the MFMA to implement a rates policy.

The rates policy of the Steve Tshwete Local Municipality sets out the framework for levying rates on rateable property which is annually reviewed and amended as per section 5 of the act.

The rates policy only rules the levying of rates of valued property which are valued according to the act and its regulations as published under Government Notice 1856 of 2005 in Government Gazette 28113 dated 13 October 2005 and does not rule or guide the processes of property valuation and approval of the valuation roll.

As part of each annual operating budget, the council is obliged to impose a rate in the rand on the market value of all rateable properties as recorded in the municipality's valuation roll or supplementary valuation roll(s).

Rateable property shall include any rights registered against such property, with the exception of a mortgage bond. Generally, all land within the Steve Tshwete Local Municipal area of jurisdiction is rateable unless it is specifically exempted as set out in section 15 of the act.

## 3. OBJECTIVES

The objectives of the policy are:

- to ensure certainty and clarity as to amounts payable in respect of property rates;
- to ensure that all owners of rateable property are informed about their liability to pay property rates;
- to ensure the promotion of efficient, economic and effective use of resources;

- to promote development and endeavour to attract investment for job creation;
- to spread the rates burden impartially, fairly, equitably and without bias;
- to create an opportunity for public participation in policy making;
- to contribute towards the accountability of the municipality;
- to contribute towards the transparency of the municipality; and
- to contribute towards the financial sustainability of the municipality.

## 4. STRATEGIC FOCUS

In determining the rates, exemptions and reductions, the council may consider the following:

- the impact of rates on the community;
- the impact of rates on businesses;
- the integrated development plan (IDP) of the municipality;
- the town development strategy and financial plan of the municipality;
- the impact of rates on the local economic development (LED) strategy of the council; and
- the effects of rates on the poor including appropriate measures in order to alleviate the rates burden on them.

## 5. GUIDING PRINCIPLES

Rates are levied in accordance with the act as a cent-in the-rand based on the property value as contained in the municipality's general valuation roll and supplementary valuation rolls.

The municipality has chosen to differentiate between various categories of property and owners of property. Some categories of property and categories of owners are granted relief from rates.

However, no relief is granted on an individual basis other than by way of an exemption, rebate as provided for in the rates policy.

There will be no phasing-in of rates based on the new valuation roll, except as determined in section 21 of the act and in accordance with clause 13.1.6 of this policy.

The following principles will ensure that the municipality treats persons liable for rates equally:

(a) Taxpayers with similar properties will pay similar levels of tax.

(b) The ability of taxpayers to pay tax. However the value of a ratepayer's property is the proxy or surrogate for the ability to pay.

(c) The circumstances for an individual ratepayer are only taken into account in respect to any exemptions, rebates or reduction that may be granted.

(d) The application of the *equity* principle would suggest that the tax (the rate in the rand) would be the same for all ratepayers in a municipal area, unless some compelling application of other taxation principles changes in the incidence of the tax. The main reasons why one ratepayer may pay a different rate than another ratepayer are:

- different rates levied on different categories;
- exemptions;
- rebates; and
- reductions

(e) In considering affordability, the council of the municipality will endeavour to limit the annual increase in the revenue from property rates on a year-to-year basis at the time of tabling the annual operating budget, considering the demand for services according to the approved integrated development plan (IDP) of the municipality.

(f) In the case of poverty alleviation on the effect of rates on the poor has been taken into account in terms of the municipality's free basic services and indigent support policy.

The first R80 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll to a category determined by the municipality for residential properties or for properties use for multiple use purposes, provided one or more components of the properties are used for residential purposes. This amount is inclusive of the impermissible rate of R 15 000 of the market value of the property, in terms of section 17 (1) (h) will be exempted from the payment of assessment rates.

## 6. ANNUAL REVIEW OF THE POLICY

6.1 The rates policy will be reviewed annually in compliance with section 5(1) of the act and in accordance with section 21(1)(b)(ii)(bb) of the MFMA and be approved with the annual budget as per section 24(2)(c)(v) of the MFMA.

6.2 Community participation will take place in accordance with chapter 4 of the Local Government : Municipal Systems Act, Act 32 of 2000 and by following the processes as per sections 21A and 21B of the Municipal Systems Act, Act 32 of 2000 (as contained under section 5 of the Municipal Systems Act Amendment Act, Act 44 of 2003) as follows:

- as a document made public (section 21A):

  - displayed at the head and satellite offices and libraries of the municipality;

  - displayed on the municipality's official website (as per prescriptions contained under section 21B);

  - notified to the local community of the place, including website address, where detailed particulars can be obtained; and

  - inviting the local community to submit written comments or representations to the municipality in respect of the published document.

## 7. AMOUNT DUE FOR RATES

7.1 The council of the municipality shall as part of each annual operating budget determine a rate in the rand for every category of ratepayer.

7.2 The determination of such rate shall concur with the limits as per section 16(1) of the act on property that would materially and unreasonably prejudice:

- national economic policies;
- economic activities across the municipal boundaries; and
- the national mobility of goods, services, capital and labour.

## 8. LIABILITY FOR RATES

8.1 A rate levied by the municipality on a property must be paid by the owner of the property as regulated by section 24 of the act.

8.2 When transfer of property takes place, the incidence of property rates falls as a charge on the new owner from date of registration by the Registrar of Deeds.

8.3 Rates are levied on an annual basis at the start of the financial year as per section 12(1) of the act, but for the convenience for ratepayers raised monthly on combined consumer accounts and payable within seven (7) working days of the following month according to the payment cut-off date stipulated on the specific monthly account.

8.4 Annually levied property tax and tariffs may not be changed during a financial year except for the purpose of a financial recovery plan as per section 28(6) of the MFMA.

8.5 Arrear payment on property rates at the monthly or annually due dates, are subject to interest as stipulated by section 97(1)(e) of the Municipal Systems Act at a rate equal to the prime overdraft rate as from time to time determined by the banker keeping the municipality's primary bank account.

8.6 When rates are levied in respect of a full financial year, the responsibility vests on the first day of that financial year.

8.7 Rates on a property based on the valuation of that property in a supplementary valuation become payable with effect from:

(a) The first day of the month following the posting of the notice contemplated in subsection (5) of the act in the case of property incorrectly omitted from the valuation roll, substantially incorrectly valued during the last general valuation, that must be re-valued for any exceptional reason and for which the value was incorrectly recorded in the valuation roll as a result of a clerical or typing error, provided that in the case of a decrease in value, the rates become payable on the date the property was incorrectly valued or the clerical or typing error was made;

(b) The date on which the property was included in the municipality;

(c) The date on which the subdivision or consolidation of a property was registered in the Deeds Office;

(d) The date on which the market value has substantially increased or decreased for any reason after the general valuation; and

(e) The date on which the change of category occurred.

8.8 The final day for payment of annually levied and payable rates is 30 September of the specific financial year.

8.9 Any decision on the determent of payment of a rate is subject to the stipulations of the municipality's credit control and debt collection policy.

8.10 The municipality may recover arrear rates from tenants or occupiers of rated property, or from agents of the owner of such property equal to the value of unpaid rental in terms of section 28 and 29 of the act.

8.11 The purchaser of property from the municipality becomes liable for property rates as from the date of purchase irrespective of signing of the deed of sale of the date of registration of transfer of ownership.

## 9. VALUATION OF RATEABLE PROPERTIES

9.1 A general valuation of all rateable properties will be undertaken and a valuation roll compiled every five (5) years. The period for which the valuation roll remains valid may be extended to seven (7) years, by the MEC.

9.2 Supplementary valuations will be undertaken on an ongoing basis and will be published at least once every financial year.

9.4 Amendments to the valuation roll to reflect changes to the owner, address, category, extent, description or other prescribed particulars as contemplated by section 79 of the act will be done annually and only the electronic copy of the valuation roll will be updated.

## 10. LEVYING OF RATES

10.1 When levying rates, the council must, subject to section 7(2) of the act, levy rates on all rateable property in its area.

10.2 Section 7(1) of the act does not oblige a municipality to levy rates on:

(i) properties of which the council is the owner;
(ii) public service infrastructure and owned by the municipality such as roads and streets, railway lines, pipelines, cabling or overhead conductors; and
(iii) properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racially discriminatory laws or practices.

10.3 State owned property no longer qualifies for any rates rebate by virtue of ownership. However, the exemptions, rebates and reductions relating to the usage of properties as specified in this property rates policy would apply.

## 11. CATEGORIES FOR RATEABLE PROPERTY

11.1 In relation to property a category relates to properties determined in terms of section 8 of the act and in relation to owners of properties it means category of owners as determined in terms of section 15(2) of the act.

11.2 The category will be determined by the actual use of the property and if the property is not in use, the zoning and/or permitted use will determine same. The municipal valuer will be responsible for the categorizing of properties and the maintenance thereof as any change in use of a property may result in a change to the category.

11.3 The categories that are determined by council in line with section 8(1) of the act, for purpose of rating are:

| **Category** | **Abbreviation** |
|---|---|
| Residential, Privately owned towns | RES |
| Vacant land earmarked for residential | RVA |
| Vacant land earmarked for business | BVA |
| Vacant land earmarked for industrial | IVA |
| Business and commercial, Private owned schools | BUS |
| Industrial | IND |
| Agricultural | AGR |
| Mining | MIN |
| Properties used for public service purposes and owned by organ of state, Privately owned roads, parks and sports grounds | PSP |
| Public service infrastructure | PSI |
| Public benefits organization | PUB |
| Municipal | MUN |
| Protected area | PRO |
| Multiple use | MUU |
| Public worship | WOR |
| Illegal usage | ILL |

11.4 Units under sectional title schemes will separately be assessed.

*11.*5 The council may determine other internal categories as the council may, from time to time identify.

## 12. APPLICATION OF THE CATEGORIES

### 12.1 Rates for mining activities

Property used for mining (MIN) purposes shall be determined by means of a 1:2,5 ratios in relation to residential property (the first number in the ratio represents residential property).

### 12.2 Municipal

Properties in the municipal (MUN) category are exempted unless a lease or sale agreement for such a property (or part thereof) exists.

### 12.3 Public service infrastructure

Public service infrastructure as per definition, relate to essential services and shall therefore be exempted from property rates.

### 12.4 Rates for industrial

Property categorized as "*industrial*" (IND) shall be determined by means of a 1:2,3 in relation to residential property (the first number in the ratio represents residential property).

### 12.5 Business and commercial

The tariff for business and commercial (BUS) shall be determined by means of a 1:3 ratio in relation to residential property (the first number in the ratio represents residential property).

### 12.6 Agricultural properties

The tariff for the agricultural properties (AGR) shall be determined by means of a 1:0,15 ratio in relation to residential property (the first number in the ratio represents residential property).

### 12.7 Rates for farms used for business purposes

Agricultural farms used for business / commercial / industrial activities shall be rated as if zoned for business, commercial or industrial.

### 12.8 Rates for properties used in conflict to its zoning (illegal use)

Properties used in conflict to its zoning / permitted (ILL), usage shall be rated by means of a 1:3 ratio in relation to residential property (the first number in the ratio represents residential property).

12.9 Rates for vacant land

The tariff for vacant land earmarked for residential purposes (RVA) shall be determined by means of a 1:1,5 ratios to residential property (the first number in ratio represents residential property). Other vacant land is categorized according to the permitted use of the property.

12.10 Rates for public benefits organizations

The tariff for public benefits organizations (PUB) shall be determined by means of a 1:0,25 ratios in relation to residential property (the first number in the ratio represents residential property).

12.11 Rates for privately owned schools

The tariff for private owned schools, and school hostels shall be determined by means of a 1:1,25 ratios in relation to residential property (the first number in the ratio represents residential property).

The category for private owned schools, and school hostels shall fall under public service purpose (PSP) owned by the private owned individuals and rate in the Rand must be differently from properties owned or used by the State organs.

12.12 Rates for privately owned roads / parks / sport grounds

Property categorized as ""*privately owned roads / parks / sport grounds"* will change the category from (PRP) to (PSP*)* subject to the stipulations of section 17(2)(B) of Act 6 of 2004, where applicable

12.13 Rates for properties used for public service purposes

The tariff for properties used for public service purposes and owned by an organ of state (PSP) shall be determined by means of a 1:1.25 ratio in relation to residential property (the first number in the ratio represents residential property).

12.14 Privately owned towns

The tariff for privately owned towns (RES) shall be determined by means of a 1:0,25 ratios in relation to residential property (the first number in the ratio represents residential property).

12.15 Rates for multiple use

Property categorized for multiple use shall be further sub-categorized for the different purposes for which the property is used.

The market value of the property shall be apportioned to the different sub-categories (purposes) for which the property is used in line with the contribution of each use to the market value of the property.

The rate levied shall be determined by applying to the rates applicable to the categories determined by Council used for those different purposes as sub-categorized.

## 13. REBATES, EXEMPTIONS AND REDUCTIONS

The council of the municipality may grant exemptions, rebates and reductions in recognition of section 15(2) of the act:

### 13.1 Rebates

When a specific category of owners of properties or the owners of a specific category of properties qualify for more than one rebate at a given time, each rebate will be calculated on the total levy amount.

#### 13.1.1 *Indigent owners*

The council has adopted a free basic services and indigent support policy for the alleviation of the rates burden on the low income sectors of the community within the municipality. Relief provided for owners of property is determined by this policy.

#### 13.1.2 *Residential*

The council may grant a reduction in the market value of residential property by reduction of the council, to be read with section 17(1)(h) of the act, regarding impermissible rates on the first R80 000,00.

#### 13.1.3 *Child-headed households*

Child-headed households may be granted a 100% rebate on indigent rebate, subject to the following:

The applicant:

(a) Must apply annually.

(b) The application form is completed with assistance by the appointed legal guardian and social welfare document included

(c) Must occupy the property.

(d) Must submit proof of the death of both parents.

(e) Must be younger than 18 years of age.

(f) Must be evaluated in terms of the indigent policy of council.

(g) The rebate will lapse upon:

(i) the expropriation, sale or disposal of the property;
(ii) the failure of the applicant to reside permanently on the property;
(iii) death of the applicant; and
(iv) when applicant is older than 18 years.

13.1.4 *Pensioners*

Pensioners may be granted a further rebate on the residential tariff for property owners subject to the following:

The applicant must apply annually:

(a) Applications must be received annually by no later than 30 June of each year. Applications received after June of each year will only receive a rebate from the month of application.

(b) The owner or account holder is the South African Citizen

(c) Must be at least sixty (60) years of age upon application. In case of married couples the age of the eldest will be the qualifying factor.

(d) Must be the registered owner of the property or in the case of a trust, the applicant must have life rights on the property.

i. the beneficiaries, for the meantime, of a testamentary trust established in terms of the Administration of Estates Act, 66 of 1965; or
ii. the trustees together with any beneficiaries, for the meantime, of a trust established in terms of the Trust Property Control Act, 57 of 1988;

(e) Must reside permanently on the property concerned. If the owner has more than one registered property or

second dwelling, the rebate will only be granted on the occupied property or second dwelling. Consumer leasing a Council property for residential purposes will be eligible to apply if the property rates and the lease amount are billed accordingly.

(f) The combined income from all sources (including the spouses of the owner) may not exceed **R19 360.00** per month.

(g) The combined income source will only exclude the government child support grant when calculating such household income

(h) Each application must be accompanied by the following certified documents:

- valid identity document;
- certified proof of pensionable income (pay slip or documentary proof from pensionable institution);
- where no proof of pensionable income can be submitted, three (3) months certified bank statements which may not be older than three (3) months from date of application.
- in cases of a late estate the heir or the beneficiary provide a copy of the death certificate and letter of authority by court or will.

(i) For validation of the information provided during the application process, vetting of the applicant/s will be carried out

(j) The bank verification form has to be stamped by banks within the MP313 area as per qualification criteria

(k) A further validation of the income status will be undertaken by the confirmation of the latest 3 months bank accounts should the consumer disagree with the vetting status

(l) The party to whom the residential property is awarded in the event of a divorce (divorce decree); or

(m) Property must be categorized for residential purposes only in terms of the municipal valuation roll.

(n) The rebates to be granted will be based in respect of the combined income of the preceding three (3) months average monthly earnings from date of application:

Average monthly earnings per month

Rebate

| | | |
|---|---|---|
| R0 | to R 4 840,00 (state pension x2) | 100% |
| R 4 840,01 | to R 9 680,00 | 70% |
| R 9 680,01 | to R14 520,00 | 50% |
| R14 520,01 | to R19 360,00 | 20% |

(o) the rebate will lapse upon:

(i) death of the applicant;
(ii) alienation of the property;
(iii) when the applicant ceases to reside permanently on the property; and
(iv) the combined income from all sources exceeds **R19 360.00** per month.

(p) That applicants that are 80 years or turning 80 years during the financial year have to submit a completed application form to receive a 100% rebate and all properties in the consumers name are fully up to date / have entered into an acknowledgement of debt agreement for arrears

(q) Pensioners who tampered with electricity will be removed from the pensioners scheme for a minimum period of twelve (12) months

(r) Pensioners with second or more tampering offence with electricity will be removed from the Pensioners scheme for a minimum period of twenty four (24) months

13.1.5 *Disability grantees/medically boarded*

Disability grantees, medically boarded persons may receive a rebate on the residential tariff rate for property owners subject to the following:

The applicant must:

(a) Be in possession of a disability card or provide medical proof of disability, or letter issued by Department of Social Welfare confirming receipt of a disability grant.

(b) Be the registered owner of the property and reside permanently on the property.

(c) In the case of a direct family member under the care of the property owner:

(i) proof that the property owner is financially responsible for the direct family member; and
(ii) proof that the person is being instituted at an institution for the necessary care, treatment or rehabilitation for a period more than six (6) months.

(d) Produce a valid identity document.

(e) Not be in receipt of an indigent assessment rate rebate.

(f) Confirm the aforementioned details by means of a sworn affidavit.

(g) Applications must be submitted or received annually by no later than 30 June of each year. Applications received after June of each year will only receive a rebate from the month of application.

(h) The rebate to be granted will be based in respect of the combined preceding three (3) months average monthly earnings:

| | | | |
|---|---|---|---|
| R0 | to R 4 840,00 | (state pension x2) | 100% |
| R 4 840,01 | to R 9 680,00 | | 70% |
| R 9 680,01 | to R14 520,00 | | 50% |
| R14 520,01 | to R19 360,00 | | 20% |

(i) the rebate will lapse upon:

(i) death of the applicant;
(ii) alienation of the property; and
(iii) when the applicant ceases to reside permanently on the property.

13.1.6 *Rebates on new rateable property*

Newly rateable property as referred to in subsection (1)(a) or (b) of the Act will be phased in as follows:

- in the first financial year a rebate of 75%;
- in the second financial year a rebate of 50% of the rate;
- in the third financial year a rebate of 25% of the rate; and

- in the fourth financial year the full property tax will be payable without any rebate.

13.1.7 *Rebates on new residential developments by private developers*

When a single property has been subdivided in ten (10) or more portions and registered in the developer's name, a rebate of 85% in the residential rate will be granted subjected to:

(a) All municipal services are installed by the developer at his own cost – water, sewerage, electricity and roads and storm water.

(b) The rebate will only be applicable for a maximum period of two (2) years.

(c) Should a subdivided portion be transferred to a new owner before expiry of the two (2) years period the rebate will lapse.

(d) When a subdivided portion is fully developed before expiry of the two (2) year period the rebate will lapse.

13.1.8 Rebates on new business developments by private developers

To promote development and economic growth in the municipal area, the municipality may grant a rebate to an owner who developed a property subjected to:

- the development creates local job opportunities;
- the development is beneficial to the community;

- specific conditions of sale

- should the municipal valuation exceeds an amount of R2 000 000,00 up to R5 000 000,00, the property rates will be phased in as follows:

  - in the first year a rebate of 100%;
  - in the second year a rebate of 75%;
  - in the third year a rebate of 50%; and
  - in the fourth year the full property tax will be payable.

- should the municipal valuation exceeds an amount of R5 000 000,00, the property rates will be phased in as follows:

- in the first year a rebate of 100%;
- in the second year a rebate of 100%;
- in the third year a rebate of 50%; and
- in the fourth year the full property tax will be payable.

- *should the municipal valuation exceeds an amount of R 20 000 000,00, the property rates will be phased in as follows:*

  - in the first year a rebate of 100%;
  - in the second year a rebate of 100%;
  - in the third year a rebate of 50%; and
  - in the fourth year the full property tax will be payable.

- the rebate will only be granted once per property.

13.1.9 Rebates on special industry

To ensure sustainability of industry which employ local individuals permanently, a rebate of 15% on the industrial rate subject to specific conditions of sale:

- the industry creates more than 1 500 local permanent jobs; and

- the industry is beneficial to the community.

- Proof of such be submitted to Council annually by 30 June, should no submission be made the rebate will be forfeited

13.2 Exemptions

13.2.1 rateable property registered in the name of a welfare organization registered in terms of the National Welfare Act, Act 100 of 1978.

13.2.2 rateable property owned by public benefits organizations and used for any specific public benefit activity as listed in item 1,2 and 4 of part 1 of the ninth schedule to the Income Tax Act.

13.2.3 museums, art galleries, libraries and botanical gardens which are registered in the names of private persons and which are open to public, whether admission is charged or not as listed in section 6(a) and (b) of the ninth schedule to the Income Tax Act.

13.2.4 national monuments including ancillary business activities at national monuments as listed in section 6(a) and (b) of the ninth schedule to the Income Tax Act.

13.2.5 rateable property registered in the name of a trustee or trustees or any organization which is being maintained for the welfare of war veterans as defined in section 1 of the Social Aid Act (House of Assembly), Act 37 of 1989, and their families.

13.2.6 sport grounds used for the purposes of amateur sport and any social activities which are connected with such sport.

13.2.7 rateable property registered in the name of the boy scouts, girl guides, sea scouts, voortrekkers or any organization which is in the opinion of the municipality similar or any rateable property let by the municipality to any such organization.

13.2.8 rateable property registered in the name of a declared institution in terms of Cultural Institutions Act, Act 119 of 1998 as amended, promoting the cultural aims as defined in section 6(a) and (b) of the ninth schedule of the Income Tax Act.

13.2.9 all properties as specified by section 17(1) of the act as follows:

- on the first 30% of the market value of public service infrastructure.

- on those parts of a special nature reserve, national park or nature reserve within the meaning of the Protected Areas Act, or of a national botanical garden within the meaning of the National Environmental Management Biodiversity Act, 2004, which are not developed or used for commercial business, or residential agricultural purposes.

- on mineral rights within the meaning of paragraph (b) of the definition of "*property*" in section 1 of the act.

- on a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds.

- on the first R80 000,00 of the market value of the property assigned in the valuation roll of a municipality to a category determined by the municipality -

(i) for residential purposes including second dwellings and duets not subject to a sectional title scheme;
(ii) for properties used for multiple purposes, provided one or more components of the property and which forms the major part of the property, are used for residential purposes; or

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

- an additional rebate of R40 000,00 on the market value of residential properties with a market value less than R350 000.

The exemptions as contained under sub-paragraphs 8.2.1 to 8.2.8 above may only be granted upon formal written applications submitted by the owners for consideration in terms of section 15(2) of the act.

13.3 Reporting of all exemptions, rebates and reductions

13.3.1 The municipal manager must annually within two months from the end of a financial year table in council according to section 15(3) and (4) of the act with relation to that financial year the following:

(i) such exemptions, rebates and reductions;
(ii) exclusions referred to in section 17(1)(a), (e), (g), (h) and (i) of the act; and
(iii) the phasing-in discount granted in terms of section 21 of the act.

13.3.2 All exemptions, rebates and reductions projected for a financial year must be reflected in the municipality's annual budget for that year as:

(a) Income on the revenue side; and

(b) Expenditure on the expenditure side.

## 14. SPECIAL RATING AREAS

The council may, by resolution establish special rating areas and levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that areas.

## 15. DISCLAIMER

Any rate to be levied on rateable property in terms of this policy or any section of applicable legislation and by way of oversight or any other error not levied, cannot be challenged on the basis of non-compliance with this policy, and must be paid in accordance with the required payment provision.

Where a ratepayer believes that the council has failed to properly apply this policy he/she should raise the matter with the municipal manager.

## 16. EFFECTIVE DATE

The rates policy takes effect from the start of the financial year.

## 17. REVIEW

This policy will be reviewed annually with the budget process to ensure that it complies with applicable legislation and regulation.

The reviewed policy will be approved with the adoption of the annual budget for the applicable financial year in terms of section 16(2) of the MFMA.

## 18. SHORT TITLE

This policy shall be called the Property Rates Policy of the Steve Tshwete Local Municipality.