

PROPERTY RATES POLICY

REVISED 1 JULY 2013



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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:

“*Act*” means the Local Government Municipal Property Rates Act, Act 6 of 2004 (MPRA).

“*agricultural purposes*” in relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game.

“*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.

“*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 40m², 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 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.

“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.

“primary bank account” means main bank account where all income is received by an account holder.

“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.

“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.

“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.

“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;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- (e) railway lines forming part of a national railway system;
- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) any other publicly controlled as may be prescribed; or
- (i) right of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (h).

“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.

“residential” means a suite of rooms which form a living unit that is exclusively used for human habitation purposes, or a multiple number of such units on a property, excluding a hotel, commune, boarding and lodging undertaking, hostel and place of instruction.

“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 residential land 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 of 2009 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 R15 000,00** of the value of all residential property according to the approval of valuation roll 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 When rates are levied in respect of a valuation in a supplementary valuation roll, and the rates on that valuation are levied for the first time, the rates become payable from:
 - (a) The first day of the month following the completion of the public inspection period required in terms of section 49 of the Act in respect of rateable property incorrectly omitted from the valuation roll or substantially incorrectly valued during the last general valuation.
 - (b) The date indicated by the municipal valuer for property subdivided or consolidated after the last general valuation for property of which the market value has substantially increased or decreased for any reason after the last general valuation and for property of which the category is changed.
- 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 signing of the deed of sale irrespective 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 four (4) years. The period for which the valuation roll remains valid may be extended to five (5) years, by the MEC.

9.2 Supplementary valuations will be undertaken on an ongoing basis.

9.3 Supplementary valuation rolls will be compiled once a 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

| | |
|--|-----|
| ▪ Residential | RES |
| ▪ Accommodation establishment | ACC |
| ▪ Business and commercial | BUS |
| ▪ Industrial | IND |
| ▪ Industrial special | SID |
| ▪ Municipal | MUN |
| ▪ Public service infrastructure | PSI |
| ▪ Farm/small holding used for agricultural/residential purposes | AGR |
| ▪ Farm/small holding used for eco-tourism/trading in or hunting of game | AGE |
| ▪ Farm/small holding used for other business/commercial/ industrial purposes | AGB |
| ▪ Farm/small holding used for other purposes than those specified | AGO |
| ▪ Mining | MIN |
| ▪ Public benefits organization | PUB |
| ▪ Public worship | WOR |
| ▪ Government : business and Other | GOB |
| ▪ Government : residential | GOR |
| ▪ Government : residential – vacant | GRV |
| ▪ Government : schools | GOS |
| ▪ Government : residential – 2 nd dwelling | GSD |
| ▪ Government : duets not subject to a sectional title scheme | GDU |
| ▪ Schools owned by private persons/institutions | SCP |

CATEGORY

| | |
|---|-----|
| ▪ Multiple use | MUU |
| ▪ Protected area | PRO |
| ▪ Privately owned roads/parks/sport grounds | PRP |
| ▪ Formal and informal settlements | FOR |
| ▪ Privately owned towns serviced by owner | POT |
| ▪ Museum | MUS |
| ▪ National monuments | MON |
| ▪ Reform beneficiary | LRB |
| ▪ Residential – 2 nd dwelling | RSD |
| ▪ Residential – home business | RHB |
| ▪ Residential – vacant | RVA |
| ▪ Illegal usage | ILL |
| ▪ Duets not subject to a sectional title scheme | DUE |

11.4 Units under sectional title schemes will separately be assessed. The Council may determine other categories as the Council may, from time to time identify.

12. **APPLICATION OF THE CATEGORIES**

12.1 Rates for business from residential dwellings

Property categorized as “*residential-home business*” (RHB) shall be rated as “*residential*” (RES).

12.2 Rates for accommodation establishments

The tariff for accommodation establishments (ACC), which includes lodges, guest houses, bed and breakfast establishments, communes and other boarding and lodging establishments, 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). This will exclude hotels and similar establishments which will be rated as business.

12.3 Rates for mining activities

Property used for mining (MIN) purposes shall be determined by means of a 1:4 ratio in relation to residential property (the first number in the ratio represents residential property).

12.4 Municipal

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

12.5 Public service infrastructure

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

12.6 Agricultural farms or small holdings

The tariff for the category farm/small holdings used for agricultural/residential purposes (AGR) shall be determined by means of a 1:0,25 ratio in relation to residential property (the first number in the ratio represents residential property).

12.7 Eco-tourism and game farms

The tariff for eco-tourism and game farms / small holdings (AGE) shall be determined by means of a 1:5 ratio in relation to residential property (the first number represents residential property).

12.8 Other agriculture farms and small holdings

The tariff for farms / small holdings (AGO) used for other purposes than specified shall be determined by means of a 1:0,25 ratio in relation to residential property (the first number in the ratio represents residential property).

12.9 Rates for farms used for business purposes

Agricultural farms / small holdings (AGB) used for business / commercial / industrial activities shall be rated as if zoned for business, commercial or industrial.

12.10 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 1:3,25 ratio in relation to residential property (the first number in the ratio represents residential property).

12.11 Rates for second dwellings and duets

Property categorized as “*residential – 2nd dwelling*” (RSD), “*duets not subject to a sectional title scheme*” (DUE), “*government : residential – 2nd dwelling*” (GSD) and “*government : duets not subject to a sectional title scheme*” (GDU) shall be rated as “*residential*” (RES).

12.12 Rates for vacant residential properties

The tariff for vacant residential properties (categories RVA and GRV) shall be determined by means of a 1:1,5 ratio to residential property (the first number in ratio represents residential property).

12.13 Rates for public benefits organizations

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

12.14 Rates for schools

The tariff for schools, including government owned (GOS) / private schools (SCP) and school hostels 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).

12.15 Rates for privately owned roads / parks / sport grounds

Property categorized as “*privately owned roads / parks / sport grounds*” (PRP) shall be rated as “*residential*” (RES), subject to the stipulations of section 17(2)(B) of Act 6 of 2004, where applicable.

12.16 Rates for special industry

Property categorized as “*special industry*” (SID) shall be determined by means of a 1:2,2 in relation to residential property (the first number in the ratio represents residential property).

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 R15 000,00.

13.1.3 *Child-headed households*

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

The applicant:

- (a) Must apply annually.
- (b) Must occupy the property.
- (c) Must submit proof of the death of both parents.
- (d) Must be younger than 18 years of age.
- (e) Must be evaluated in terms of the indigent policy of Council.

- (f) 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) 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.
- (c) Must be the registered owner of the property.
- (d) 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.
- (e) The combined income from all sources (including the spouses of the owner) may not exceed R126 000,00 per annum.
- (f) Each application must be accompanied by the following certified documents:
 - valid identity document;
 - certified proof of pensionable income (payslip or documentary proof from pensionable institution);

- where no proof of pensionable income can be submitted, certified bank statements for three (3) months with certification by bank that the account is the primary bank account.
- (g) Property must be categorized for residential purposes only in terms of the municipal valuation roll.
- (h) The rebates to be granted will be based in respect of the combined income in the preceding twelve (12) months average monthly earnings from date of application:

| <u>Average monthly earnings per month</u> | <u>Rebate</u> |
|---|---------------|
| R0 to R 2520,00 (state pension x2) | 100% |
| R2520,01 to R 5000,00 | 70% |
| R5000,01 to R 7000,00 | 50% |
| R7000,01 to R10500,00 | 20% |

- (i) 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 exceed R10 500,00 per month.

13.1.5 *Disability grantees/medically boarded*

Disability grantees, medically boarded persons may receive a further 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 twelve (12) months average monthly earnings:

| <u>Average monthly earnings per month</u> | | <u>Rebate</u> |
|---|--------------|---------------|
| R0 | to R 2520,00 | 100% |
| R2520,01 | to R 5000,00 | 70% |
| R5000,01 | to R 7000,00 | 50% |
| R7000,01 | to R10500,00 | 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 will be phase in as follows:

- in the 2009/2010 financial year a rebate of 100%;

- in the 2010/2011 financial year a rebate of 75% of the rate;
- in the 2011/2012 financial year a rebate of 50% of the rate;
- in the 2012/2013 financial year a rebate of 25% of the rate; and
- in the 2013/2014 financial year the rate will be payable without any rebate.

13.1.7 *Rebates on new private infrastructure developments*

A rebate of 85% in the residential rate be allowed for property where a single property become divided 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 own cost for a period of two (2) years from the date of registration of the subdivision or the proclamation of the transfer for a shorter period until the newly erected units are sold off or improved before expiry of the two (2) year period.

13.2 Exemptions

- 13.2.1 rateable property registered in the name of a welfare organization registered in terms of the National Welfare Act, 1978 (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 organisation which is being maintained for the welfare of war veterans as defined in section 1 of the Social Aid Act (House of Assembly), 1989, 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 organisation 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 R15 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.

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.