



# KAROO HOOGLAND MUNICIPALITY PROPERTY RATES POLICY

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**Policy Number:** \_\_\_\_\_  
**Date approved by Council:** 26 May 2015 (Reviewed)  
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**Municipal Manager**

## 1. OBJECT OF PROPERTY RATES POLICY

The object of this policy is to ensure that:

- | All ratepayers within a specific category are treated equally and reasonably;
- | Rates are levied in accordance with the market value of the property;
- | The rate will be based on the value of all rate able property and the amount required by Council to expenditure of rates related services reflected in the operational budget, taking into account any surpluses generated from Council services and the amounts required to finance exemptions, reductions and rebates that the municipality may approve from time to time;
- | To optimally safeguard the income base of the municipality by only approving exemptions, reductions and rebates that is reasonable and affordable.

## 2. LEGISLATIVE CONTEXT

- 1.1 This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.
- 1.2 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may impose rates on property.

- 1.3 In terms of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) a local municipality in accordance with-
- a. Section 2(1), may levy a rate on property in its area; and
  - b. Section 2(3), must exercise its power to levy a rate on property subject to-
    - i. Section 229 and any other applicable provisions of the Constitution;
    - ii. the provisions of the Property Rates Act and the regulations promulgated in terms thereof; and
    - iii. the rates policy.
- 1.4 In terms of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000), the Council of a municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.
- 1.5 In terms of Section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) the Accounting Officer must ensure that the municipality has and implements a rates policy.
- 1.6 This policy must be read together with, and is subject to the stipulations of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) and any regulations promulgated in terms thereof.

### **3. DEFINITIONS**

- 3.1 "**Act**" means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
- 3.2 "**Agent**", in relation to the owner of a property, means a person appointed by the owner of the property-
- (a) to receive rental or other payments in respect of the property on behalf of the owner; or
  - (b) to make payments in respect of the property on behalf of the owner;
- 3.3 "**Agricultural purpose**" in relation to the use of a property, includes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game;

- 3.4 **"Annually"** means once every financial year;
- 3.5 **"Category"**
- (a) in relation to property, means a category of properties determined in terms of Section 8 of this policy; and
  - (b) in relation to owners of properties, means a category of owners determined in terms of Section 9 of this policy.
- 3.6 **"Child-headed household"** means a household where the main caregiver of the said household is younger than 18 years of age. Child-headed household means a household headed by a child as defined in terms of section 28(3) of the Constitution.
- 3.7 **"Definitions, words and expressions"** as used in the Act are applicable to this policy document where ever it is used;
- 3.8 **"Land reform beneficiary"**, in relation to a property, means a person who -
- (a) acquired the property through -
    - (i) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or
    - (ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);
  - (b) holds the property subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996);
  - (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 (Act No.108 of 1996) be enacted after this Act has taken effect;
- 3.9 **"Land tenure right"** means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004 (Act No.11 of 2004);
- 3.10 **"Municipality"** means the Local Municipality of Karoo Hoogland;

3.11 **"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;

3.12 **"Owner"**-

- (a) in relation to a property referred to in paragraph (a) of the definition of "property", means a person in whose name ownership of the property is registered;
- (b) in relation to a right referred to in paragraph (b) of the definition of "property", means a person in whose name the right is registered;
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of "property", means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of "property", means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of "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
  - (iv) a judicial manager, in the case of a property in the estate of a person under
  - (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 servitude;
- (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
- (viii) 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;

3.13 **“Privately owned towns serviced by the owner”** means single properties, situated in an area not ordinarily being serviced by the municipality, divided through sub division or township establishment into (ten or more) full title stands and/ or sectional units and where all rates related services inclusive of installation and maintenance of streets, roads, sidewalks, lighting, storm water drainage facilities, parks and recreational facilities are installed at the full cost of the developer and maintained and rendered by the residents of such estate.

3.14 **“Property”** means -

- (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;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) public service infrastructure.

3.15 **“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 communications system serving the public;
- (g) runways or aprons 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) to (i).

3.16 **“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.
- (e) Retirement schemes and life right schemes used predominantly (60% or more) for residential purposes.

And specifically exclude hostels, flats, old age homes, guest houses and vacant land irrespective of its zoning or intended use.

- 3.17 **“Rural communal settlements”** means the residual portion of 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.
- 3.18 **“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 land tenure;
  - (b) over which land tenure rights were registered or granted; or
  - (c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994).

#### **4. POLICY PRINCIPLES**

- 4.1 Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality’s valuation roll and supplementary valuation roll.
- 4.2 As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property as contemplated in clause 7 and 8 of this policy. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis.
- 4.3 There would be no phasing in of rates based on the new valuation roll, except as prescribed by legislation and in accordance with clause 17 of this policy.
- 4.4 In accordance with section 3(3) of the Act, the rates policy for the municipality is based on the following principles:
- (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, rebates and cross subsidy from the equitable share allocation.

(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;
- ii. Supports local, social and economic development; and
- iii. Secures the economic sustainability of every category of

ratepayer.

(d) ***Cost efficiency***

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

## **5. SCOPE OF THE POLICY**

- 5.1 This policy document guides the annual setting (or revision) of property rates tariffs. It does not necessarily make specific property rates tariff proposals. Details pertaining to the applications of the various property rates tariffs are annually published in the Provincial Gazette and the municipality's schedule of tariffs, which must be read in conjunction with this policy.



## **6. APPLICATION OF THE POLICY**

- 6.1 In imposing the rate in the rand for each annual operating budget component, the municipality shall grant exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this policy document.

## **7. PRINCIPLES APPLICABLE TO FINANCING OF SERVICES**

- 7.1 The Accounting Officer or his/her nominee must, subject to the guidelines provided by the National Treasury and the Finance Committee of the municipality, make provision for the following classification of services:-

(a) Trading services

- i. Water
- ii. Electricity

(b) Economic services

- i. Refuse removal.
- ii. Sewerage disposal.

(c) Community and subsidised services

These include all those services ordinarily being rendered by the municipality excluding those mentioned in 7.1 (a) and (b) above.

- 7.2 Trading and economic services as referred to in clauses (a) and (b) shall be ring fenced and financed from service charges while community and subsidized services referred to in clause (c) shall be financed from surpluses on trading and economic services, regulatory fees, rates and rates related income.

## **8. CATEGORIES OF PROPERTY**

- 8.1 Different rates may be levied in respect of the following categories of rateable properties and such rates will be determined on an annual basis during the compilation of the annual budget:-

- 8.1.1 Residential properties;
- 8.1.2 Industrial properties;
- 8.1.3 Business properties;
- 8.1.4 Agricultural properties;
- 8.1.5 Small Holdings;
- 8.1.6 State owned properties;
- 8.1.6 Municipal properties;
- 8.1.7 Public service infrastructure referred to in the Act;
- 8.1.8 Properties owned by Public Benefit Organisations;
- 8.1.9 Churches;
- 8.1.10 Educational;
- 8.1.11 Privately Owned Towns;
- 8.1.12 Vacant Stands.

- 8.2 In determining the category of a property referred to in 8.1 the municipality shall take into consideration the dominant use of the property, regardless the formal zoning of the property.
- 8.3 Properties used for multiple purposes shall be categorized and rated as provided for in section 9 of the Act and as more fully described in clause 9 of this policy.

## **9. CATEGORIES OF OWNERS**

- 9.1 For the purpose of granting exemptions, reductions and rebates in terms of clause 12, 13 and 14 respectively the following categories of owners of properties are determined:-
  - (a) Those owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality;

- (b) Those owners who do not qualify as indigents in terms of the adopted indigent policy of the municipality but whose total monthly income is less than the amount annually determined by the municipality in its budget;
- (c) Owners of property situated within an area affected by-
  - i. a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
  - ii. serious adverse social or economic conditions.
- (d) Owners of residential properties with a market value below the amount as determined annually by the municipality in its budget;
- (e) Owners of agricultural properties as referred to in clause 14.1 (c); and
- (f) Child headed families where any child of the owner or child who is a blood relative of the owner of the property, is responsible for the care of siblings or parents of the household.

## **10. PROPERTIES USED FOR MULTIPLE PURPOSES**

- 10.1 Rates on properties used for multiple purposes will be levied in accordance with the "dominant use of the property".

## **11. DIFFERENTIAL RATING**

- 11.1 Criteria for differential rating on different categories of properties will be according to:-
  - (a) The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.
  - (b) The promotion of local, social and economic development of the municipality.
- 11.2 Differential rating among the various property categories will be done by way of:-
  - (a) setting different cent amount in the rand for each property category; and
  - (b) by way of reductions and rebates as provided for in this policy document.

## **12. EXEMPTIONS AND IMPERMISSIBLE RATES**

12.1 The following categories of property are exempted from rates:-

(a) ***Municipal properties***

Municipal properties are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers. However, where municipal properties are leased, the lessee will be responsible for the payment of determined assessment rates in accordance with the lease agreement.

(b) ***Residential properties***

All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in for all households within the Municipality.

(c) ***Public Service Infrastructure***

Is exempted from paying rates as allowed for in the Act as they provide essential services to the community.

(d) ***Right registered against a property***

Any right registered against a property as defined in clause 3.14(b) of this policy is exempted from paying rates.

12.2 Exemptions in clause 12.1 will automatically apply and no application is thus required.

12.3 ***Impermissible Rates***. In terms of section 17(1) of the Property Rates Act the municipality may, inter alia, not levy a rate:-

- (a) On those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No. 57 of 2003) 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.

- (b) On mineral rights within the meaning of paragraph (b) of the definition of "property" in section 1 of the Act.
- (c) 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.
- (d) 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.

#### 12.4 **Public Benefit Organisations (PBO's)**

Taking into account the effects of rates on PBOs performing a specific public benefit activity and if registered in terms of the Income Tax Act, 1962 (No 58 of 1962) for tax reduction because of those activities, Public Benefit Organizations may apply for the exemption of property rates. Public Benefit Organizations may include, inter alia:-

- (a) *Welfare and humanitarian*  
For example PBOs providing disaster relief.
- (b) *Health Care*  
For example PBO's providing counseling and treatment of persons afflicted with HIV and AIDS including the care of their families and dependents in this regard.
- (c) *Education and development*  
For example PBO's providing early childhood development services for pre-school children.
- (d) *Sporting bodies*  
Property used by an organization for sporting purposes on a non-professional basis:

- (e) *Cultural institutions*  
Property used for purposes declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.
- (f) *Museums, libraries, art galleries and botanical gardens*  
Property registered in the name of private persons, open to the public and not operated for gain.
- (g) *Animal welfare*  
Property owned or used by organizations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.
- (h) *Cemeteries and crematoriums*  
Property used for cemeteries and crematoriums.
- (i) *Welfare institutions*  
Properties used exclusively as an orphanage, non-profit retirement villages, old age homes or benevolent/charitable institutions, including workshops used by the inmates, laundry or cafeteria facilities; provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.
- (j) *Charitable institutions*  
Property owned or used by institutions or organizations whose aim is to perform charitable work on a not-for-gain basis.

12.5 All possible benefiting organisations in clause 12.4 must apply annually for exemptions. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the exemption applied for is granted the exemption will apply for the full financial year.

12.6 Public benefit organisations must attach a SARS tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part

1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962) to all applications.

- 12.7 The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- 12.8 The extent of the exemptions implemented in terms of clauses 12.1 to 12.4 must annually be determined by the municipality and included in the annual budget.

### **13. REDUCTIONS**

- 13.1 Reductions as contemplated in section 15 of the Act will be considered on an *ad-hoc* basis in the event of the following:-

- 13.1.1 Partial or total destruction of a property.

- 13.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).

- 13.2 The following conditions shall be applicable in respect of clause 13.1:-

- 13.2.1 The owner referred to in clause 13.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the municipality that his property has been totally or partially destroyed. He/ she will also have to indicate to what extent the property can still be used and the impact on the value of the property.

- 13.2.2 Property owners will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).

- 13.2.3 A maximum reduction to be determined on an annual basis shall be allowed in respect of both clauses 13.1.1 and 13.1.2.

- 13.2.4 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the municipality gives further extension on application.

13.2.5 If rates were paid in advance prior to granting of a reduction the municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.

## **14. REBATES**

### **14.1. Categories of property**

#### **(a) *Business, commercial and industrial properties***

- i. The municipality may grant rebates to rateable enterprises that promote local, social and economic development in its area of jurisdiction. The following criteria will apply:-
  - a. job creation in the municipal area;
  - b. social upliftment of the local community; and
  - c. creation of infrastructure for the benefit of the community.
- ii. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year. The maximum allowable rebate will not exceed 5% of the total rates payable for the applicable financial year not exceeding 10% will be applicable.
- iii. The municipality retains the right to refuse the rebate if the details supplied in the application form were incomplete, incorrect or false.

#### **(b) *Agricultural property rebate***

- i. When considering the criteria to be applied in respect of any exemptions, rebates and reductions on any properties used for agricultural purposes the municipality must take into account:-
  - a. the extent of rates related services rendered by the municipality in respect of such properties.
  - b. the contribution of agriculture to the local economy.
  - c. the extent to which agriculture assists in meeting the service delivery and developmental objectives of the municipality; and



- d. the contribution of agriculture to the social and economic welfare of farm workers.
- ii. In terms of section 84 of the Act the Minister for Provincial and Local Government, and in concurrence with the Minister of Finance as required through section 19 of the Act, may determine that a rate levied by the Council on a category of non-residential property may not exceed the ratio to the rate on residential property. In the absence of any such promulgation the municipality will apply the standard ratio for agricultural properties as 1:0.25 (75% rebate on the tariff for residential properties).
- iii. An additional rebate (based on the total property value) of maximum 10% will be granted by the municipality in respect of the following:-
  - a. 2,5% for the provision of accommodation in a permanent structure to farm workers and their dependants.
  - b. 2,5% if these residential properties are provided with potable water.
  - c. 2,5% if the farmer for the farm workers electrifies these residential properties.
  - d. 2,5% for the provision of land for burial to own farm workers or educational or recreational purposes to own farm workers as well as people from surrounding farms.
- iv. The granting of additional rebates is subject to the following:-
  - a. All applications must be addressed in writing to the municipality by 31 August indicating how service delivery and development obligations of the municipality and contribution to the social and economic welfare of farm workers were met. This application will be required as a once off requirement. If the rebate applied for is granted the rebate will apply for the full financial year and such application again regarded as a once off requirement.
  - b. Council reserves the right to send officials or its agents to premises/households receiving relief on annual basis for the purpose of conducting an on-site audit of the details supplied. The onus also rests on recipients to immediately notify Council of any changes in their original application.

- c. The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- v. No other rebates will be granted to properties that qualify for the agricultural rebate. For the avoidance of doubt, properties that qualify for the agricultural rebate will not be entitled to the residential rate exemption as set out in clause 12.1(b) of this policy.

## **14.2 Categories of owners**

Indigent owners and child headed families will receive a rebate from payment of property tax:-

### **(a) *Indigent owners***

Owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality, regardless of the value of the property, will receive a rebate in accordance to the approved tariffs of the Municipality and in accordance to the Indigent Policy of the Municipality. If qualifying in terms of the indigent policy this rebate will automatically apply and no further application is thus required by the owner.

### **(b) *Child headed families***

- i. Families headed by children will receive a rebate for paying property tax, according to monthly household income. To qualify for this rebate the head of the family must:-
  - a. occupy the property as his/her normal residence;
  - b. not be older than 18 years of age;
  - c. still be a scholar or jobless; and
  - d. be in receipt of a total monthly income from all sources not exceeding an amount to be determined annually by the Municipality.
- ii. The family head must apply on a prescribed application form for registration as a child headed household and must be assisted by the municipality with completion of the application form. If qualifying, this rebate will automatically apply and no further application is thus required.

(c) ***Retired and Disabled Persons Rate Rebate***

- i. Retired and Disabled Persons, not registered as indigents, qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must:-
  - a. occupy the property as his/her normal residence;
  - b. be at least 60 years of age or in receipt of a disability pension from the Department of Welfare and Population Development;
  - c. be in receipt of a total monthly income from all sources as annually determined by the municipality (including income of spouses of owner);
  - d. not be the owner of more than one property; and
  - e. provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.
- ii. Property owners must apply on a prescribed application form for a rebate as determined by the municipality. Applications must be accompanied by-
  - a. a certified copy of the identity document or any other proof of the owners age which is acceptable to the municipality;
  - b. sufficient proof of income of the owner and his/her spouse;
  - c. an affidavit from the owner;
  - d. if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
  - e. if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
- iii. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year.
- iv. The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.

14.3 Properties with a market value below a prescribed valuation level of a value to be determined annually by the Municipality may, instead of a rate being

determined on the market value, be rated a uniform fixed amount per property.

- 14.4 The extent of the rebates granted in terms of 14.1 and 14.2 shall annually be determined by the municipality and included in the annual budget.

## **15. PAYMENT OF RATES**

- 15.1 The rates levied on the properties shall be payable:-
- (a) on a monthly basis; or
  - (b) annually, before 30 September each year.
- 15.2 Ratepayers may choose paying rates annually in one installment on or before 30 September each year. If the owner of property that is subject to rates, notify the Accounting Officer or his/her nominee in writing not later than 30 June in any financial year, or such later date in such financial year as may be determined by the municipality that he/she wishes to pay all rates annually, such owner shall be entitled to pay all rates in the subsequent financial year and each subsequent financial year annually until such notice is withdrawn by him/her in a similar manner.
- 15.3 The municipality shall determine the due dates for payments in monthly installments and the single annual payment and this date shall appear on the accounts forwarded to the owner/ tenant/ occupants/ agent.
- 15.4 Interest on arrears rates, whether payable on or before 30 September or in equal monthly installments, shall be calculated in accordance with the provisions of the Customer Care, Credit Control and Debt Collection Policy of the Municipality.
- 15.5 If a property owner who is responsible for the payment of property rates in terms of this policy fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Customer Care, Credit Control and Debt Collection By-law of the Municipality.

- 15.6 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act and the Municipality's Customer Care, Credit Control and Debt Collection By-law.
- 15.7 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.
- 15.8 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

## **16. ACCOUNTS TO BE FURNISHED**

- 16.1 The municipality shall furnish each person liable for the payment of rates with a written account, which will specify:-
- (i) the amount due for rates payable,
  - (ii) the date on or before which the amount is payable,
  - (iii) how the amount was calculated,
  - (iv) the market value of the property, and
  - (v) rebates, exemptions, reductions or phasing-in, if applicable.
- 16.2 A person liable for payment of rates remains liable for such payment, whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he/she must make the necessary enquiries with the municipality.
- 16.3 In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the

joint owners only provided that it takes place with the consent of the owners concerned.

## **17. PHASING IN OF RATES**

- 17.1 The rates to be levied on newly rateable property shall be phased in as explicitly provided for in section 21 of the Act.
- 17.2 The phasing-in discount on the properties referred to in section 21 shall be as follows:-
- First year : 75% of the relevant rate;
  - Second year : 50% of the relevant rate; and
  - Third year : 25% of the relevant rate.
- 17.3 No rates shall be levied on newly rateable properties that are owned and used by organisations conducting activities that are beneficial to the public and that are registered in terms of the Income Tax Act for those activities, during the first year. The phasing-in discount on these properties shall be as indicated below:-
- First year : 100% of the relevant rate;
  - Second year : 75% of the relevant rate;
  - Third year : 50% of the relevant rate; and
  - Fourth year : 25% of the relevant rate.

## **18. SPECIAL RATING AREAS**

- 18.1 The municipality will, whenever deemed necessary, by means of a formal Council resolution determine special rating areas in consultation with the relevant communities as provided for in section 22 of the Act.
- 18.2 The following matters shall be attended to in consultation with the committee referred to in clause 18.3 whenever special rating is being considered:-
- 18.2.1 Proposed boundaries of the special rating area;
- 18.2.2 Statistical data of the area concerned giving a comprehensive picture of the number of erven with its zoning, services being rendered and

detail of services such as capacity, number of vacant erven and services that are not rendered;

- 18.2.3 Proposed improvements clearly indicating the estimated costs of each individual improvement;
  - 18.2.4 Proposed financing of the improvements or projects;
  - 18.2.5 Priority of projects if more than one;
  - 18.2.6 Social economic factors of the relevant community;
  - 18.2.7 Different categories of property;
  - 18.2.8 The amount of the proposed special rating;
  - 18.2.9 Details regarding the implementation of the special rating;
  - 18.2.10 The additional income that will be generated by means of this special rating.
- 18.3 The required consent of the relevant community shall be obtained in writing or by means of a formal voting process under the chairmanship of the Accounting Officer. A majority shall be regarded as 50% plus one of the households affected. Each relevant household within the special rating area, i.e. every receiver of a monthly municipal account, will have 1 vote only.
- 18.4 In determining the special additional rates the municipality shall differentiate between different categories as referred to in clause 8 of this policy.
- 18.5 The additional rates levied shall be utilised for the purpose of improving or upgrading of the specific area only and not for any other purposes whatsoever.
- 18.6 The municipality shall establish separate accounting and other record-keeping systems for the identified area and the households concerned shall be kept informed of progress with projects and financial implications on an annual basis.

## **19. FREQUENCY OF VALUATION**

- 19.1 The municipality shall prepare a new valuation roll at least every 4 (four) years.
- 19.2 In accordance with the Act the municipality, under exceptional circumstances, may request the MEC for Local Government and Housing in the province to extend the validity of the valuation roll to 5 (five) years.
- 19.3 Supplementary valuations may be done on a continual basis, or as and when the need arises.

## **20. COMMUNITY PARTICIPATION**

- 20.1 Before the municipality adopts the rates policy, the Accounting Officer will follow the process of community participation envisaged in chapter 4 of the Municipal Systems Act and comply with the following requirements:-
- 20.1.1 Council must establish appropriate mechanisms, processes and procedures to enable the local community to participate and will provide for consultative sessions with locally recognized community organisations and where appropriate traditional authorities.
- 20.1.2 Conspicuously display the draft rates policy for a period of at least 30 days (municipality to include period decided on) at the municipality's head and satellite offices, libraries and on the website.
- 20.1.3 Advertise in the media a notice stating that the draft rates policy has been prepared for submission to council and that such policy is available at the various municipal offices and on the website for public inspection.
- 20.1.4 Property owners and interest persons may obtain a copy of the draft policy from the municipal offices during office hours at a fee as determined by Council as part of its annual tariffs. Property owners and interest persons are invited to submit written comments or representations to the municipality within the specified period in the notice.



- 20.1.5 Council will consider all comments and/or representations received when considering the finalisation of the rates policy.
- 20.1.6 After objection date of valuation roll has expired as per legislation requirement, consumers who will object will be subjected to a valuation fee as determined by Council.
- 20.1.7 The municipality shall communicate the outcomes of the consultation process in accordance with section 17 of the Municipal Systems Act 32 of 2000.

## **21. REGISTER OF PROPERTIES**

- 21.1 The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.
- 21.2 Part A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations done from time to time.
- 21.3 Part B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to:
- i. Exemption from rates in terms of section 15 of the Property Rates Act,
  - ii. Rebate or reduction in terms of section 15,
  - iii. Phasing-in of rates in terms of section 21, and
  - iv. Exclusions as referred to in section 17.
- 21.4 The register will be open for inspection by the public at the municipal main offices during office hours or on the website of the municipality.
- 21.5 The municipality will update Part A of the register during the supplementary valuation process.
- 21.6 Part B of the register will be updated on an annual basis as part of the implementation of the municipality's annual budget.

## **22. BY-LAWS TO GIVE EFFECT TO THE RATES POLICY**

- 22.1 The municipality has adopted By-laws in May 2009 to give effect to the implementation of the Rates Policy and such By-laws may differentiate between different categories of properties and different categories of owners of properties liable for the payment of rates.

## **23. REGULAR REVIEW PROCESSES**

- 23.1 The rates policy shall be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives is contained in the Integrated Development Plan and any relevant legislation.

## **LEGAL REQUIREMENTS:**

## **ANNEXURE "A"**

### CAUTIONARY NOTE

This paraphrase is not meant to cover the complete contents of the Property Rates Act, but is focused rather on those requirements which are immediately relevant to a municipality's rates policy. Thus the section dealing with transitional arrangements has been omitted, and so have most of the provisions dealing with the valuation process.

### SECTION 2: POWER TO LEVY RATES

A metropolitan or local municipality may levy a rate on property in its municipal area.

A municipality must exercise its power to levy a rate on property subject to Section 229 and any other applicable provisions of the Constitution, the provisions of the present Act, and the rates policy it must adopt in terms of this Act.

### SECTION 3: ADOPTION AND CONTENTS OF RATES POLICY

The council of a municipality must adopt a policy consistent with the present Act on the levying of rates on rateable property in the municipality.

Such a rates policy will take effect on the effective date of the first valuation roll prepared by the municipality in terms of the present Act, and such policy must accompany the municipality's budget for the financial year concerned when that budget is tabled in the council in terms of the requirements of the Municipal Finance Management Act.

A rates policy must:

- treat persons liable for rates equitably;
- determine the criteria to be applied by the municipality if it:
  - levies different rates for different categories of property;

- exempts a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate on their properties;
- grants to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate on or a reduction in the rate payable in respect of their properties; or
- increases rates;
- determine or provide criteria for the determination of categories of properties for the purposes of levying different rates, and categories of owners of properties, or categories of properties, for the purpose of granting exemptions, rebates and reductions;
- determine how the municipality's powers in terms of Section 9 must be exercised in relation to properties used for multiple purposes;
- identify and quantify in terms of cost to the municipality and any benefit to the local community, exemptions, rebates and reductions; exclusions; and rates on properties that must be phased in terms of Section 21;
- take into account the effect of rates on the poor and include appropriate measures to alleviate the rates burden on them;
- take into account the effect of rates on organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for tax reductions because of those activities, in the case of property owned and used by such organisations for those activities;
- take into account the effect of rates on public service infrastructure;
- allow the municipality to promote local, social and economic development; and
- identify, on a basis as may be prescribed, all rateable properties in a municipality that are not rated in terms of Section 7.

When considering the criteria to be applied in respect of any exemptions, rebates and reductions on properties used for agricultural purposes, a municipality must take into account:

- the extent of services provided by the municipality in respect of such properties;
- the contribution of agriculture to the local economy;

- the extent of which agriculture assists in meeting the service delivery and development obligations of the municipality; and
- the contribution of agriculture to the social and economic welfare of farm workers.

Any exemptions, rebates or reductions granted and provided for in the rates policy adopted by a municipality must comply and be implemented in accordance with a national framework that may be prescribed after consultation with organised local government.

No municipality may grant relief in respect of the payment of rates to:

- a category of owners of properties, or to the owners of a category of properties, other than by way of an exemption, rebate or reduction as provided for in its rates policy and granted in terms of Section 15 of the present Act; or
- the owners of properties on an individual basis.

#### SECTION 4: COMMUNITY PARTICIPATION

Before a municipality adopts its rates policy, the municipality must follow the process of community participation envisaged in Chapter 4 of the Municipal Systems Act; and comply with the following requirements, as set out below.

The municipal manager of the municipality must:

- conspicuously display the draft rates policy for a period of at least 30 days at the municipality's head and satellite offices and libraries, and, if the municipality has an official website or a website available to it, on that website as well; and
- advertise in the media a notice stating that a draft rates policy has been prepared for submission to the council, and that such policy is available at the various municipal offices for public inspection, and (where applicable) is also available on the relevant website; and inviting the local community to submit

comments and representations to the municipality within a period specified in the notice, but which period shall not be less than 30 days.

The council must take all comments and representations made to it into account when it considers the draft rates policy.

#### SECTION 5: ANNUAL REVIEW OF RATES POLICY

The council must annually review, and – if needed – amend its rates policy. Any amendments to the rates policy must accompany the municipality's annual budget when it is tabled in the council in terms of the Municipal Finance Management Act.

When the council decides to amend the rates policy, community participation must be allowed for as part of the municipality's annual budget process.

#### SECTION 6: BY-LAWS TO GIVE EFFECT TO RATES POLICY

A municipality must adopt by-laws to give effect to the implementation of its rates policy, and such by-laws may differentiate between different categories of properties, and different categories of owners of properties liable for the payment of rates.

#### SECTION 7: RATES TO BE LEVIED ON ALL RATEABLE PROPERTY

When levying rates a municipality must levy such rates on all rateable property in its area, but it is nevertheless not obliged to levy rates on:

- properties of which the municipality itself is the owner;
- public service infrastructure owned by a municipal entity;
- rights registered against immovable property in the name of a person;
- properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure attributable to past racially discriminatory laws or practices.

The requirement to levy rates on all rateable properties does not prevent a municipality from granting exemptions from rebates on or reductions in rates levied.

## SECTION 8: DIFFERENTIAL RATES

A municipality may in terms of the criteria set out in its rates policy levy different rates for different categories of rateable property, and these categories may be determined according to the:

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

Categories of rateable property that may be determined include the following:

- residential properties
- industrial properties
- business and commercial properties
- farm properties used for:
  - agricultural purposes
  - other business and commercial purposes
  - residential purposes
  - purposes other than those specified above
- farm properties not used for any purpose
- smallholdings used for:
  - agricultural purposes
  - residential purposes
  - industrial purposes
  - business and commercial purposes
  - purposes other than those specified above
- state owned properties
- municipal properties
- public service infrastructure
- privately owned towns serviced by the owner
- formal and informal settlements
- communal land
- state trust land

- properties acquired through the provision of Land Assistance Act 1993 or the Restitution of Land Rights Act 1994 or which is subject to the Communal Property Associations Act 1996
- protected areas
- properties on which national monuments are proclaimed
- properties owned by public benefit organisations and used for any specific public benefit activities
- properties used for multiple purposes.

#### SECTION 9: PROPERTIES USED FOR MULTIPLE PURPOSES

A property used for multiple purposes must, for rates purposes, be assigned to a category determined by the municipality for properties used for:

- a purpose corresponding with the permitted use of the property, if the permitted use of the property is regulated;
- a purpose corresponding with the dominant use of the property; or
- multiple purposes, as specified in Section 8 above.

A rate levied on a property assigned to a category of properties used for multiple purposes must be determined by:

- apportioning the market value of the property, in a manner as may be prescribed to the different purposes for which the property is used; and
- applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments.

#### SECTION 10: LEVYING OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES

A rate on a property which is subject to a sectional title scheme must be levied on the individual sectional title units in the scheme, and not on the property on a whole.

#### SECTION 11: AMOUNT DUE FOR RATES



A rate levied by a municipality on property must be stated as an amount in the rand:

- on the market value on the property;
- in the case of public service infrastructure, on the market value of the public service infrastructure less 30% of that value;
- in the case of property to which Section 17(1)(h) applies, on the market value of the property less the amount stated in that section (note the section concerned deals with the requirement that the first R15 000 of the market value of certain properties is not rateable).

#### SECTION 12: PERIODS FOR WHICH RATES MAY BE LEVIED

In levying rates, a municipality must levy the rate for a financial year. A rate lapses at the end of the financial year for which it was levied.

The levying of rates forms part of the municipality's annual budget process, and the municipality must therefore annually, at the time of its budget process, review the amount in the rand of its current rates in line with the annual budget for the next financial year.

#### SECTION 13: COMMENCEMENT OF RATES

A rate becomes payable as from the start of the particular financial year, or if the municipality's annual budget is not approved by the start of the financial year, as from such later date when the municipality's annual budget, including the resolution levying the rates, is approved by the provincial executive in terms of section 26 of the Municipal Finance Management Act.

#### SECTION 14: PROMULGATION OF RESOLUTIONS LEVYING RATES

A rate is levied by a municipality by a resolution passed by the council with a supporting vote of a simple majority of its members.

The resolution levying the rates must be promulgated by publishing the resolution in the provincial gazette.

Whenever a municipality passes a resolution to levy rates, the municipal manager must, without delay, conspicuously display the resolution for a period of at least 30 days at the municipality's head and satellite offices and libraries, and if the municipality has an official website or a website is available to it, on that website as well; and advertise in the media a notice stating that the resolution levying the property rates has been passed by the council, and that the resolution is available at the municipality's head and satellite offices as so forth.

#### SECTION 15: EXEMPTIONS, REDUCTIONS AND REBATES

A municipality may in terms of the criteria which it has set out in its rates policy:

- exempt a specific category of owners of properties, or the owners of a specific category of properties, from payment of the rate levied on their property; or
- grant to a specific category of owners, or to the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.

In granting exemptions, reductions and rebates in respect of owners or categories of properties, a municipality may determine such categories in accordance with Section 8 of the present Act, and when granting exemptions, reductions or rebates in respect of categories of owners of properties, such categories may include:

- indigent owners;
- owners dependent on pensions or social grants for their livelihood;
- owners temporarily without income;
- owners of property situated within an area affected by a disaster or any other serious adverse social or economic conditions;
- owners of residential properties with a market value lower than an amount determined by the municipality; and
- owners of agricultural properties who are bona fide farmers.

The municipal manager must annually table in the council:

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- a list of all exemptions, reductions and rebates granted by the municipality during the previous financial year; and
- a statement reflecting the income which the municipality has forgone during the previous financial year by way of such exemption, reductions and rebates, exclusions referred to in the Act, and the phasing in discount granted in terms of Section 21.

All exemptions, reductions and rebates projected for a financial year must be reflected in the municipality's annual budget for that year as income on the revenue side and expenditure on the expenditure side.

#### SECTION 16: CONSTITUTIONALLY IMPERMISSIBLE RATES (ABRIDGED)

In terms of the Constitution a municipality may not exercise its power to levy rates on property in a manner that materially and unreasonably prejudices national economic policies, economic activities across its boundaries, or the national mobility of goods, services, capital and labour.

If a rate on a specific category of properties, or a rate on a specific category of properties above a specific amount in the rand, is materially and unreasonably prejudicing any of the matters referred to above, the Minister of Provincial and Local Government may, by notice in the gazette, give notice to the relevant municipality that the rate must be limited to an amount in the rand specified in the notice.

#### SECTION 17: OTHER IMPERMISSIBLE RATES (ABRIDGED)

A municipality may not levy a rate on:

- the first 30% of the market value of public service infrastructure;
- any part of the seashore;
- any part of the territorial waters of the Republic;
- any islands of which the state is the owner;
- those parts of a special nature reserve, national park or nature reserve or national botanical garden which are not developed or used for commercial, business, agricultural or residential purposes;

- mineral rights;
- property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses 10 years from the date on which such beneficiary's title was registered in the office of the registrar of deeds;
- the first R15 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 purposes or for properties used for multiple purposes, provided one or more components of the property are used for residential purposes;
- 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 and who officiates at services at that place of workshop.

(The remainder of this Section deals with situations where the various exemptions lapse).

#### SECTION 18: EXEMPTION OF MUNICIPALITIES FROM PROVISIONS OF SECTION 17

A municipality may apply in writing to the Minister for Provincial and Local Government to be exempted from applying the exemptions granted in respect of the first 30% of the market value of public infrastructure, the exemptions on nature reserves, national parks and national botanical gardens, the exemption on property belonging to land beneficiaries, and the exemption applying to the first R15 000 of the market value of residential and mixed use property, if the municipality can demonstrate that such exclusions are compromising or impeding its ability or right to exercise its powers or perform its functions within the meaning of the Constitution.

#### SECTION 19: IMPERMISSIBLE DIFFERENTIATION

A municipality may not levy:

- different rates on residential properties (except where transitional arrangements apply or where some of the properties are newly rateable);

- a rate on non-residential properties that exceeds a prescribed ratio to the rate on residential properties;
- rates which unreasonably discriminate between categories of non-residential properties; and
- additional rates, except as provided for in Section 22.

#### SECTION 20: LIMITS ON ANNUAL INCREASES OF RATES

The Minister of Provincial Local Government may, with the concurrence of the Minister of Finance and by notice in the gazette, set an upper limit on the percentage by which rates on properties or a rate on a specific category of properties may be increased. Different limits may be set for different kinds of municipalities or different categories of properties.

The Minister may, on written application by a municipality, and on good cause shown, exempt such municipality from a limit set in terms of the foregoing.

#### SECTION 21: COMPULSORY PHASING IN OF CERTAIN RATES

A rate levied on newly rateable property must be phased in over a period of three financial years. Similarly, a rate levied on property owned by a land reform beneficiary must, after the exclusion period has lapsed, be phased in over a period of three financial years.

A rate levied on a newly rateable property owned and used by organisations conducting specified public benefit activities must be phased in over a period of four financial years.

The phasing in discount on a property must:

- in the first year, be at least 75% of the rate for that year otherwise applicable to that property;
- in the second year, be at least 50% of the rate for that year otherwise applicable to that property, and;

- in the third year, be at least 25% of the rate for that year otherwise applicable to that property.

No rate may be levied during the first year on newly rateable property owned and used by organisations conducting specified public benefit activities. Thereafter the phasing in discount shall apply as for other newly rateable property except that the 75% discount shall apply to the second year, the 50% to the third year, and the 25% to the fourth year.

A rate levied on newly rateable property may not be higher than the rate levied on similar property or categories of property in the municipality.

#### SECTION 22: SPECIAL RATING AREAS (ABRIDGED)

A municipality may by a resolution of its council determine an area within that municipality as a special rating area, levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area, and differentiate between categories of properties when levying such additional rate.

For determining such a special rating area, the municipality must undertake a prescribed process of consultation with the local community, and obtain the consent of the majority of the members of the local community in the proposed special rating area who will be liable for paying the additional rate.

The levying of an additional rate may not be used to reinforce existing inequities in the development of the municipality, and any determination of a special rating area must be consistent with the objectives of the municipality's IDP.

#### SECTION 23: REGISTER OF PROPERTIES

The municipality must draw up and maintain a register in respect of all properties situated within that municipality, dividing such register into a part A and a part B.

Part A of the register consists of the current valuation roll of the municipality, including any supplementary valuation rolls prepared from time to time.

Part B of the register specifies which properties on the valuation roll or any supplementary valuation rolls are subject to:

- an exemption from rates in terms of Section 15 of the present Act;
- a rebate on or a reduction in the rate in terms of Section 15;
- a phasing in of the rate in terms of Section 21; and
- an exclusion referred to in Section 17.

The register must be open for inspection by the public during office hours, and if the municipality has an official website or a website available to it, the register must also be displayed on that website.

The municipality must at regular intervals, but at least annually, update part B of the register.

#### SECTION 24: PROPERTY RATES PAYABLE BY OWNERS

A rate levied by a municipality on property must be paid by the owner of the property.

Joint owners of a property are jointly and severally liable for the amount due for rates on that property.

In the case of agricultural property owned by more than one owner in undivided shares, the municipality must consider whether in the particular circumstances it would be more appropriate for the municipality to hold any one of the joint owners liable for all rates levied in respect of the agricultural property, or to hold any joint owner only liable for that portion of the rates levied on the property that represent that joint owner's undivided share in the agricultural property.

#### SECTION 25: PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES

The rate levied by a municipality on a sectional title unit is payable by the owner of the unit.

The municipality may not recover the rate on such sectional title unit, or any part of such rate, from the body corporate controlling the sectional title scheme, except when the body corporate itself is the owner of any specific sectional title unit.

#### SECTION 26: METHOD AND TIME OF PAYMENT

A municipality must recover a rate on a monthly basis, or less often as may be prescribed in terms of the Municipal Finance Management Act, or annually, as may be agreed to with the owner of the property.

If the rate is payable in a single annual amount, it must be paid on or before a date determined by the municipality. If the rate is payable in installments, it must be paid on or before a date in each period determined by the municipality.

#### SECTION 27: ACCOUNTS TO BE FURNISHED

A municipality must furnish each person liable for the payment of a rate with a written account specifying:

- the amount due for rates payable;
- the date on or before which the amount is payable;
- how the amount was calculated;
- the market value of the property;
- if the property is subject to any compulsory phasing in discount in terms of Section 21, the amount of the discount, and
- if the property is subject to any additional rate in terms of Section 22, the amount due for additional rates.

The person liable for payment of the rates remains liable for such payment whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, that person must make the necessary enquiries from the municipality.



## SECTION 28: RECOVERY OF RATES IN ARREARS FROM TENANTS AND OCCUPIERS

If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined for payment by the municipality, the municipality may recover the amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier. The municipality may recover an amount only after it has served a written notice on such tenant or occupier.

The amount that the municipality may recover from the tenant or occupier is limited to the amount of the rent or other money due or payable, but not yet paid, by such tenant or occupier to the owner of the property.

## SECTION 29: RECOVERY OF RATES FROM AGENTS

A municipality may recover the amount due for rates on a property in whole or in part from the agent of the owner, if this is more convenient for the municipality, but only after the municipality has served a written notice on the agent in this regard.

The amount that the municipality may recover from the agent is limited to the amount of any rent or other money received by the agent on behalf of the owner, less any commission due to the agent.

## SECTION 30: GENERAL VALUATION AND PREPARATION OF VALUATION ROLLS

A municipality intending to levy a rate on property must cause a general valuation to be made of all properties in the municipality, and must prepare a valuation roll of all properties in terms of such valuation.

All rateable properties in a municipal area must be valued during such general valuation, including all properties fully or partially excluded from rates in terms of Section 17 of the present Act. However, if the municipality does not intend to levy rates on its own property, on public service infrastructure owned by a municipal entity, on rights in properties, and on properties in respect of which it is impossible

or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racial discrimination, the municipality is not obliged to value such properties as part of the valuation process.

A municipality may also apply to the Minister for exemption from the obligation to value properties excluded from rates in terms of Section 17 if the municipality can demonstrate that the valuation of such properties is too onerous for it, given its financial and administrative capacity.

Properties which have not been valued, because of any of the foregoing considerations, must nevertheless be included in the valuation roll.

#### SECTION 31: DATE OF VALUATION

For the purposes of a general valuation a municipality must determine a date that may be not more than 12 months before the start of the financial year in which the valuation roll is to be first implemented.

The general valuation must reflect the market values of properties in accordance with market conditions which apply as at the date of the valuation, and in accordance with any other applicable provisions of the present Act.

#### SECTION 32: COMMENCEMENT AND PERIOD OF VALIDITY OF VALUATION ROLLS (ABRIDGED)

A valuation roll takes effect from the start of the financial year following completion of the public inspection period required by the present Act, and remains valid for that financial year or for one or more subsequent financial years, as the municipality may decide, but in total not for more than four financial years.

Section 32(2) provides for the extension of the period of validity of the valuation roll by the MEC for Local Government, but only up to a period of five financial years, and only in specified circumstances.

#### SECTION 46: GENERAL BASIS OF VALUATION (ABRIDGED)

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The market value of a property is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.

#### SECTION 47: VALUATION OF PROPERTY IN SECTIONAL TITLE SCHEMES

When valuing a property which is subject to a sectional title scheme, the valuer must determine the market value of each sectional title unit in the scheme.

#### SECTION 77: GENERAL

A municipality must regularly, but at least once a year, update its valuation roll by causing a supplementary valuation roll to be prepared, or the valuation roll itself to be amended.

**ANNEXURE "B"**

**PERCENTAGE OF SERVICE USED**

<b>COMMUNITY SERVICES</b>	<b>RESIDENTIAL</b>	<b>INDUSTRIAL</b>	<b>BUSINESS</b>	<b>AGRICULTURAL</b>
Administration				
Air pollution				
Fire fighting				
Local tourism				
Municipal planning				
Municipal public works				
Storm water				
Trading regulations				
Fixed billboards and advertisements				
Cemeteries				
Public nuisances				
Control of undertaking selling liquor to the public				
Township development				
Facilities for accommodation, care and burial of animals				
Fencing and fences				
Licensing of dogs				
Licensing of undertaking that sell food to the public				
Local amenities				
Local sport facilities				
Municipal parks and recreation				
Municipal roads				
Noise pollution				
Pounds				

<b>COMMUNITY SERVICES</b>	<b>RESIDENTIAL</b>	<b>INDUSTRIAL</b>	<b>BUSINESS</b>	<b>AGRICULTURAL</b>
Public places				
Street trading/street lighting				
Traffic and parking				
Building control				
Licensing of motor vehicles and transport permits				
Nature reserves				
<b>SUBSIDISED SERVICES</b>				
Health and ambulance				
Libraries and museums				
Proclaimed roads				