

MANGAUNG
METROPOLITAN MUNICIPALITY



PROPERTY RATES POLICY

2017/2018

Final

For implementation 1 July 2017

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MANGAUNG METROPOLITAN MUNICIPALITY - PROPERTY RATES POLICY

1 OBJECTIVES

The objectives of this policy are to ensure that:

- a. All ratepayers within a specific category are treated equally and reasonably;
- b. Rates are levied in accordance with the market value of the property;
- c. The rate will be based on the value of all rateable property and the amount required by Council to fund 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;
- d. To optimally safeguard the income base of the municipality by only approving exemptions, reductions and rebates that is reasonable and affordable.

2. LEGISLATIVE CONTEXT

- 2.1 This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (Act no 6 of 2004), as amended, which specifically provides that a municipality must adopt a Rates Policy.
- 2.2 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.
- 2.3 In terms of the Local Government: Municipal Property Rates Act, 2004 (Act No 6 of 2004), as amended, a 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 any regulations promulgated in terms thereof; and
 - iii the rates policy.
- 2.4 In terms of Section 4 (1)(c) of the Local Government: Municipal Systems Act, 200 (Act No 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.
- 2.5 In terms of Section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) the Municipal Manager must ensure that the municipality has and implements a rates policy.
- 2.6 This policy must be read together with, and is subject to the stipulations of the Local Government: Municipal Property Rates Act, 2004 (Act No 6 of 2004), as amended, and any regulations promulgated in terms thereof from time to time.

3. DEFINITIONS

- 3.1 “**Act**” means the Local Government: Municipal Property Rates Act (Act No 6 of 2004) and any amendment thereof;
- 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 **“Annually”** means once every financial year;
- 3.4 **“Business Property”**, means-
- (a) property used for the activity of buying, selling or trading in commodities or services and includes offices, crèches, private hospitals, private clinics, cell phone and Telkom towers and hotels; or
 - (b) Property on which the administration of the business of private or public entities take place;
- 3.5 **“Category”**
- (a) In relation to property, means a category of properties determined in terms of Section 8 (2) of the Act; and
 - (b) In relation to owners of properties, means a category of owners determined in terms of section 15 (2) of the Act.
- 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 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 **“Exclusion”** in relation to a municipality’s rating power, means a restriction of that power as provided for in section 16 and 17 of the Act.
- 3.9 **“Exemption”** in relation to the payment of a rate, means an exemption granted by a municipality in terms of section 15(1)(a) of the Act.
- 3.10 **“Agricultural property**, in relation to the use of a property, means property that is used primarily for agricultural purposes but, without derogating from section 9, excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for eco-tourism or for the trading in or hunting of game
- 3.11 **“Guesthouses”** means accommodation in a dwelling-house or second dwelling where at least 3 to 10 rooms are used for the purpose of supplying lodging and meals to transient guests for compensation, in an establishment which exceeds the restrictions of a bed and breakfast establishment and may include business meetings or training sessions for resident guests;
- 3.12 **“Government property”** means property owned by the state or by an organ of state excluding those used for public services purposes or municipal properties as per this policy

- 3.13 “Industrial property”** means a branch of trade or manufacturing, production, assembling or processing of finished or practically finished products from raw materials or fabricated parts. This includes grain silos, factories and any office or other accommodation on the same property, the use of which is incidental to the use of such a property
- 3.14 “Market Value”** in relation to a property, means the value of the property determined in accordance with section 46 of the Act
- 3.15 “Multi-Purpose”** in relation to a property, means a property that cannot be assigned to a single category due to the different uses of such a property in which event the property will be valued based on the apportionment of uses in accordance with the applicable category of property in terms of this policy
- 3.16 “Municipality”** means the **Mangaung Metropolitan Municipality**;
- 3.17 “Municipal Properties”** refers to a property that is registered in the name of the municipality and property vested by usage in the name of the Municipality whether it is used by the Municipality itself or made available to other entities without cost of a rental agent.
- 3.18 “Occupier”**, in relation to a property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property.
- 3.19 “Office bearer”**, in relation to places of public worship, means the primary person who officiates at services at that place of worship;
- 3.20 “Official residence”**, in relation to places of public worship, means:-
- (a) a portion of the property used for residential purposes; or
 - (b) one residential property, if the residential property is not located on the same property as the place of worship’
- Registered in the name of a religious community or registered in the name of a trust established for the sole benefit of a religious community and used as a place of residence for an office bearer
- 3.21 “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 in the Act of the term **“publicly controlled”**, provided that a person

mentioned below may for the purpose of this Act be regarded by a municipality as the owner of a property in the following cases:

- i A Trustee, in the case of a property in a trust excluding state trust land;
- ii An executor or administrator, in the case of a property in a deceased estate;
- iii A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- iv A judicial manager, in the case of a property in the estate of a person under judicial management;
- v A curator, in the case of a property in the estate of a person under curatorship;
- vi A person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
- vii A lessee, in the case of a property that is registered in the name of a municipality and is leased by it;
- viii a lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such a right; or
- ix 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.

3.22 “Person” includes an organ of state.

3.23 “Place of Public Worship”, means property used primarily for the purposes of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium: Provided that the property is:-

- (a) registered in the name of a religious community;
- (b) registered in the name of a trust established for the sole benefit of a religious community; or
- (c) subject to land tenure right

3.24 “Private Open Space” means land that is owned and used for practising of sport, play- or leisure facilities or used as a botanical garden, cemetery or nature area;

3.25 “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 in terms of legislation; or

(d) Public Service Infrastructure;

(e) Where improvements encroach over common boundaries of properties or where the utility of property achieve its highest and best use jointly with other property, the Municipal Valuer will nominate one of those properties as the "Parent" property. The other property/ies will be linked to this property in the Valuation Roll and will be referred to as "Children". This economical unit will be valued as a single property, in conformity to the realities of the market. The other property/ies will be linked to this property in the Valuation Roll and will be referred to as "Children". This economical unit will be valued as a single property, in conformity to the realities of the market. To accommodate the Mangaung billing system, the total value will then be split as follow:

- i A nominal value of not more than the individual land value only, will be entered on each "Child" property;
- ii The sum of all the "Child" nominal values will be subtracted from the total value;
- iii The balance will be entered against the "Parent" property;
- iv The category classification of "child/ren" will follow that of the "parent" property regardless of actual use

3.26 "Public benefit organisation property" means property owned by public benefit organisations and used for any specific public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 3 (education and development) of part 1 of the Ninth Schedule of the Income Tax Act.

3.27 "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) Run ways, aprons and the air traffic control unit at national or provincial airports, including the vacant land known as obstacle free zone surrounding these, which must be vacant for air navigation purposes;

(h) Breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or 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) a right registered against immovable property in connection with infrastructure mentioned in paragraphs (a) to (i).

3.28 “Public service purposes”, in relation to the use of a property, means property owned and used by an organ of state as—

(a) Hospitals or clinics;

(b) Schools, pre-schools, early childhood development centres or further education and training colleges;

(c) National and provincial libraries and archives;

(d) Police stations;

(e) Correctional facilities; or

(f) Courts of law,

But excludes property contemplated in the definition of ‘public service infrastructure’;”

3.29 “Rate ratio”, in relation to section 19 of the Act, means the relationship between the cent amount in the Rand applicable to residential properties and different categories of non-residential properties: Provided that the two relevant cent amounts in the Rand are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category;”

3.30 “Rebate” in relation to a rate on property, means a discount granted in terms of section 15 of the Act on the amount of the rate payable on the property;

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

3.32 “Residential Property” means a property with a building designed for, or containing provision for human habitation, together with such outbuildings are ordinarily used therewith:

(a) Is used exclusively for residential purposes without derogating from section 9 of the Act;

(b) Is a unit registered in terms of the sectional Title Act and used exclusively for residential purposes without derogating from section 9 of the Act;

(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 exclusively for residential purposes

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

- 3.33 “Special Rating Area”** Council may by Council resolution determine an area within the municipality as a special rating area, and levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area.
- 3.34 “State Owned Property”** refers to property used or owned by the State other than public service infrastructure including schools, universities, technicons, colleges, hospitals etc.
- 3.35 “Student Dwelling”** means a dwelling or part of a dwelling used for accommodation of a maximum of 10 students on a site with a maximum size of 1 100m², a maximum of 12 students on a site that varies between 1 101m² - 1 500m² and a maximum of 14 students on a site bigger than 1 500m², receiving instruction at a place of instruction or adult instruction, subject to the provisions of sub-sections 18.2 (read with Table iv), 18.6. A second dwelling can be permitted on the premises on condition that no restrictive conditions are registered in the relevant title deed that prohibits the development of a second dwelling on the site. In the case of two dwellings on one erf the maximum accommodation allowed will be for a total of 14 students (depending on the size of the erf). Cognition must be taken that no detached rooms will be permitted on the premises.
- 3.36 “Threshold”** means the amount, determined from time to time by the Council during its annual budget process referred to in section 12 of the Act, to be deducted from the market value of residential properties, resulting in rates to be determined on the balance of the market value of such properties only.
- 3.37 “Vacant Land”** means land on which no immovable improvements have been erected excluding farm properties not used for any purposes as contemplated in section 8(2)(e) of the MPRA.
- 3.38 “Zoning”** means the purpose for which land may lawfully be used or on which buildings may be erected or used, or both, as contained in any applicable Town Planning Scheme and “zoned” has corresponding meaning.

4. POLICY PRINCIPLES

- 4.1 Apart from meeting legislative requirements, this policy also emanates from the objectives determined in Council’s anti-corruption policy.
- 4.2 The levying of a rate on a property is an exclusive right of the Municipality which will be exercised:-
- (a) Optimally and comprehensively within the Municipality; and
 - (b) With consideration of the total revenue source of the Municipality.
- 4.3 The rating of properties will be done independently, justly, equitably and without prejudice and this principle will also be applied with the determination of criteria for exemptions, reductions and rebates as provided for in section 15 of the Act.
- 4.4 The levying of property rates must be implemented in such a way that:-
- (a) It is aimed at development;

(b) It promotes sustainable local government by providing a stable and constant revenue source within the discretionary control of the Municipality; and

(c) It promotes economic, social and local development.

4.5 Property rates will be levied to:-

(a) Correct the imbalances of the past; and

(b) Minimise the effect of rates on the indigent

4.6 The market value of a property serves as basis for the calculation of property rates.

4.7 The tariff rate will be based on the value of all rateable properties and the amount the Municipality needs to fund community and subsidised services, after taking into account any possible surplus generated from trading and economic services and the amounts required to finance exemptions, rebates and reductions of rate, as approved by council from time to time.

4.8 Trade and economic services will be financially ring fenced and tariffs and service charges will as far as possible be calculated in such a way that the revenue generated covers the cost of the services or generate a surplus.

4.9 The provision for operating capital and bad debt must be related to community and subsidised services and must not include any provisions in respect of trade and economic services.

4.10 Property Rates will be used to finance community and subsidised services.

4.11 Surpluses from trade and economic services may be used to subsidise community and subsidised services.

4.12 The revenue basis of the Municipality will be optimally protected by limiting the exemptions, rebates and reductions.

4.13 The Chief Financial Officer must, subject to the guidelines provided by the National Treasury and Mayoral Committee of Council, make provision for the following categories of municipal services:-

(a) Trade services;

(b) Economic services;

(c) Community Services funded from Property Tax.

5. SCOPE OF THE POLICY

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 budget documents, which must be read in conjunction with this policy.

6. APPLICATION OF THE POLICY

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. CATEGORIES OF PROPERTY

- 7.1 Subject to section 19, in terms of the criteria set out in this rates policy, levy different rates for different categories of rateable property, as determined in section 8 subsection (2) and (3) of the MPRA, the categories were determined according to the following criteria—
- 7.1.1 Actual use of the property;
 - 7.1.2 Permitted use of the property; or
 - 7.1.3 a combination of 7.2.1 and 7.2.2.
- 7.2 The municipal Valuer of the Mangaung Metropolitan Municipality will be responsible for the categorising of the properties and the maintenance thereof, and any change in the actual use of the property, may result in the change of categories.
Categories of all rateable and non-rateable purposes are determined as follows:
- 7.2.1 Residential properties;
 - 7.2.2 Business and commercial properties;
 - 7.2.3 Industrial properties;
 - 7.2.4 Agricultural properties;
 - 7.2.4.1 Agricultural farms agricultural
 - 7.2.4.2 Agricultural farms business
 - 7.2.4.3 Agricultural farms industrial
 - 7.2.4.4 Agricultural farms residential
 - 7.2.5 Agricultural holdings
 - 7.2.5.1 Agricultural holdings agricultural
 - 7.2.5.2 Agricultural holdings business
 - 7.2.5.3 Agricultural holdings industrial
 - 7.2.5.4 Agricultural holdings residential
 - 7.2.5.5 Agricultural Holdings vacant
 - 7.2.6 Sectional title properties
 - 7.2.6.1 Sectional title residential
 - 7.2.6.2 Sectional title business
 - 7.2.6.3 Sectional title industrial
 - 7.2.6.4 Sectional Title places of public worship
 - 7.2.6.5 Sectional Title public benefit
 - 7.2.6.6 Sectional Title vacant
 - 7.2.7 Public service purposes (Properties owned by an organ of state and used for public service purposes);
 - 7.2.8 Government properties (other than public services purposes and municipal properties)
 - 7.2.9 Public service infrastructure;
 - 7.2.10 Places of public worship;
 - 7.2.11 Private open space;
 - 7.2.12 Private road
 - 7.2.13 Public road
 - 7.2.14 Public benefit organisations (properties used for specified public benefit activities);
 - 7.2.15 multiple purposes, subject to section 9;

- 7.2.15.1 Multi-purpose agricultural farms residential
- 7.2.15.2 Multi-purpose business
- 7.2.15.3 Multi-purpose government
- 7.2.15.4 Multi-purpose mining
- 7.2.15.5 Multi-purpose municipal
- 7.2.15.6 Multi-purpose residential
- 7.2.16 Municipal properties
- 7.2.17 Guest houses
- 7.2.18 Vacant land
 - 7.2.18.1 Vacant land residential
 - 7.2.18.2 Vacant land business
 - 7.2.18.3 Vacant land industrial

8. CATEGORIES OF OWNERS

For the purpose of granting exemptions, reductions and rebates in terms of clause 11, 12 and 13 of the Act respectively the following categories of owners of properties are determined:-

- (a) Those owners who qualify and who are registered as indigent in terms of the adopted indigent policy of the Municipality;
- (b) Those owners who do not qualify as indigent in terms of the adopted indigent policy of the municipality but whose monthly income is less than the amount annually determined by the municipality in its budget;
- (c) Owners of property situated in 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 properties with a market value below the amount as determined annually by the municipality in its budget;
- (e) Owners of farm properties used for agricultural purposes; 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;
- (g) Owners of farm properties that are used for residential purposes;
- (h) Owners of farm properties that are used for Industrial, Commercial and Business purposes;
- (i) Owners of smallholdings used for residential purposes;
- (j) Owners of smallholdings used for Industrial, Commercial and Business purposes; and
- (k) Owners of developed properties not yet sold and transferred.

9 PROPERTIES USED FOR MULTIPLE PURPOSES

The following criteria will apply to the rating of multiple use properties within the Municipality:

- a. Apportionment of the market value of a property to the different purposes for which the property is used: and
- b. Application of the relevant rate to each of the components of the property, based on its value.

10. DIFFERENTIAL RATING

10.1 Criteria for differential rating on different properties will be according to:-

- (a) The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purpose;
- (b) The promotion of local, social and economic development within the Municipality;

10.2 Differential rating among the various property categories will be done by way of setting a different cent amount in the rand for each property category.

10.3 In terms of section 7(2)(a)(i) of MPRA no rates will be levied on property owned and used by the municipality.

11. EXEMPTIONS AND IMPERMISSIBLE RATES

11.1 The following property categories are exempted from the payment of property 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 rental.

(b) Residential Properties

In addition to the impermissible rate on the first R15 000 of the market value of residential properties provided in section 17(1)(h) of the MPRA an additional R65 000 reduction will be applicable to all residential properties.

Exemptions in 11.1 will automatically apply and no application is thus required.

11.2 Public Service Infrastructure Properties

Public Service Infrastructure properties as defined under section 1 of the Municipal Property Rates Act 6 of 2004 read in conjunction with section 11(1)(b) and 17(1) be LEVIED at MARKET VALUE LESS 30% for any property as noted below:

- 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) Railway lines forming part of a national railway system;

- d) Runways, aprons and the air traffic control unit at national or provincial airports, including the vacant land known as the obstacle free zone surrounding these, which must be vacant for air navigation purposes;
- e) 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;
- f) A right registered against immovable property in connection with infrastructure mentioned in paragraphs a) to e) above.

11.3 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, agricultural or residential 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, dependants or spouse provided that this exclusion lapses
 - (i) ten years from the date on which such beneficiary’s title was registered in the Office of the Registrar of Deeds or
 - (ii) upon alienation of the property by the land reform beneficiary or his or her heirs, dependants or spouse
- (d) On a property registered in the name of **and** used primarily as a place of worship by a religious community, including an official residence registered in the name of that community which is occupied by the office-bearer of that community, who officiates at services at that place of worship.
- (e) The exclusion from rates of a property referred to in subsection 17 (1) (i) of the Act as amended, lapses if the property-
 - (i) is disposed of by the religious community owing it; or
 - (ii) is no longer used primarily as a place of public worship by a religious community or, in the case of an official residence contemplated in that subsection, is no longer used as such an official residence.
- (f) If the exclusion from rates of a property used as such an official residence lapses, the religious community owing the property becomes liable to the municipality concerned for any rates that, had it not been for subsection 17 (1) (i), would have been payable on the property,

notwithstanding section 78, during the period of one year preceding the date on which the exclusion lapsed.

- (g) The amount for which the religious community becomes liable in terms of paragraph (f) must be regarded as rates in arrears, and the applicable interest on that amount is payable to the municipality.

11.4 Public Benefit Organisations (PBO's)

Public Benefit Organisation Property means property owned by public benefit organisations 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.

- 11.5 All possible benefitting organisations in clause 11.4 must apply annually for exemptions. All applications must be addressed in writing to the municipality by 31 March for the financial year prior of which the rate is levied. If the exemption applied for is granted the exemption will apply for the full financial year starting on 01 July each financial year.

- 11.6 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.

- 11.7 The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.

- 11.8 The extent of the exemptions implemented in terms of 11.1 to 11.4 must annually be determined by the municipality and included in the annual budget.

- 11.9 The University of the Free State as well as the Central University of Technology will be categorised as Public Benefit Organization and the business tariff will be applicable.

12. **REDUCTIONS**

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

12.1.1 Partial or total destruction of a property;

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

- 12.2 The following conditions shall be applicable in respect of 12.1:-

12.2.1 The owner referred to in 12.1.1 shall apply in writing for a deduction and the onus will rest on such applicant to prove to the satisfaction of the municipality that his property has been totally nor 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.

12.2.2 Property owners will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act 57 of 2002).

12.2.3 A maximum reduction to be determined on an annual basis shall be allowed in respect of both 12.2.1 and 12.1.2. For the 2017/2018 financial year the maximum reduction is determined as 80%.

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

12.2.5 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.

13. REBATES

13.1 Categories of owners

Indigent owners and child-headed families will receive a 100% rebate from rates:-

(a) Indigent Owners

Owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality. If qualifying in terms of the indigent policy this 100% rebate will automatically apply and no further application is thus required.

(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 welfare of farm workers 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 occurrence of 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 agriculture properties as 1:0.25 (75% rebate on the tariff for residential properties).

iii 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 exemption as set out in clause 11.1(b) of this policy.

(c) Child-Headed Families

i Families headed by children will receive a 100% rebate for paying rates, 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 old 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 by the Municipality. For the 2017/2018 financial year this amount is determined to be equal to three state pensions as promulgated by National Minister of Finance in his Budget for the 2017/2018 financial year;
- ii The family head must apply on a prescribed 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.

(d) Retired and Disabled Persons Rate Rebate

Retired and disabled persons who meet the following requirements may apply for a rebate:-

- i The property must be registered in the name of the applicant or the usufruct of the property must be established in the name of the applicant;
- ii The owner must be sixty (60) years of age or in receipt of a disability pension from the Department of Welfare and Population Development;
- iii The owner must occupy the relevant property. Where the owner is unable to occupy the property due to no fault of his own, the spouse or minor children may satisfy the occupancy requirement.
- iv In the case of a semi-detached house, of which a section is rented out, only the rates paid for that section occupied by the owner is subject to rebates;
- v If the owner is a disabled person who receives a disability grant from the government or a person who, due to medical reasons, had to take early retirement, the age requirement as in section 13.1(d)(ii) will not apply.
- vi The Municipality grants a rebate, to be determined on an annual basis, for retired and disabled persons that do not qualify in terms of Council's Indigent Policy;
- vii Property owners must apply for a rebate on a prescribed form as stipulated by the municipality. If the rebate applied for is granted, the rebate will apply for the remainder of the financial year.
- viii The Municipality retains the right to refuse the granting of rebates if the details supplied in the application were incomplete, incorrect or false.
- ix Applications as intended in paragraph viii must be accompanied by the following information:-
 - a. a certified copy of the identity document of the owner or any other proof of the owner's age which is acceptable to the Municipality;
 - b. an affidavit from the owner
 - c. If the owner is a disabled person, satisfactory proof submitted to the Municipality that the relevant person receives a disability pension payable by the state; and
- x proof of early retirement if the owner has retired at an earlier stage due to medical reasons
- xi The rebate on the first R250 000 of the rateable value for residential properties of qualifying senior citizens and disabled persons will only be applicable on properties with a value that does not exceed R2 000 000 (Two million Rand only).
- xii The municipality retains the right to refuse the rebate or exemption if the details supplied in the application form were incomplete, incorrect or false.

(e) Bloemdundria

- i Council may grant a rebate to rateable properties situated in Bloemdundria;
- ii In determining the annual rebate the municipality shall take into consideration all relevant and applicable circumstances

13.2 A rate levied by a municipality on residential properties with a market value below a prescribed valuation level may, instead of a rate determined in terms of section 11 (1) (b), be a uniform fixed amount per property

13.3 The extent of rebates granted in terms of 13.1 and 13.2 must annually be determined by the municipality and included in the annual budget.

14. Special rating areas

14.1 A municipality **may** by resolution of its council:

- (a) Determine an area within that municipality as a special rating area;
- (b) levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area; and
- (c) Differentiate between categories of properties when levying an additional rate referred to in paragraph (b).

14.2 Before determining a special rating area, a municipality must-

- (a) Consult the local community, including on the following matters;
 - (i) The proposed boundaries of the area; and
 - (ii) The proposed improvement or upgrading of the area; and
- (b) 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.

14.3 When a municipality determines a special rating area, the municipality-

- (a) Must determine the boundaries of the area;
- (b) Must indicate how the area is to be improved or upgraded by funds derived from the additional rate;
- (c) Must establish separate accounting and other record-keeping systems regarding-
 - (i) The revenue generated by the additional rate; and
 - (ii) The improvement and upgrading of the area; and
- (d) May establish a committee composed of persons representing the community in the area to act as a consultative and advisory forum for the municipality on the improvement and upgrading of the area, provided representivity, including gender representivity, is taken into account when such a committee is established. Such a committee must be a subcommittee of the ward committee or committees in the area, if the municipality has a ward committee or committees in the area.

14.4 This section 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 integrated development plan.

14.5 This section must be read with section 85 of the Municipal Systems Act if this section is applied to provide funding for an internal municipal service district established in terms of that section of the Municipal Systems Act.

15. PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES

15.1 A rate levied by a municipality on a sectional title unit is payable by the owner of the unit or the holder of the right contemplated in section 25 and 27 of the Sectional Titles Act.

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

16. PAYMENT OF RATES

- 16.1 Payments will be dealt with in accordance with the provisions of the municipality's Credit Control, Debt Collection and Indigent Policies.
- 16.2 Interest shall be paid to Council on rates which have not been paid within 30 days from the date on which such rates become due at a rate of 1% higher than prime rate for the period during which such rates remain unpaid after the expiry of the said period of 30 days. Single-interest will be levied.
- 16.3 The municipality will 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.
- 16.4 A person liable for a rate must furnish the municipality with an address where correspondence can be directed to.
- 16.5 In the case of a 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 FREQUENCY OF VALUATION

- 17.1 The Municipality shall prepare a new valuation roll every four (4) years;
- 17.2 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 five (5) years.
- 17.3 Supplementary valuations shall be done on a continual basis, but at least on an annual basis, in order to ensure that the valuation roll is maintained.

18. COMMUNITY PARTICIPATION

- 18.1 Before Council commands a new valuation in terms of the Act, a consultation process involving all interested groups will be undertaken during which the purpose and method of valuation will be explained.

18.2 Before the Municipality accepts the rates policy, the Municipal Manager will follow a process of public participation, as prescribed in chapter 4 of the Municipal Systems Act, and comply with the following requirements:-

- i Display the draft property rates policy continuously for a period of thirty (30) days at the Municipality's Head Office, satellite offices and on the website;
- ii Publish a notice in the media stating that the Draft Property Rates Policy was compiled for submission to Council and that such a policy is available at the different municipal offices and on the website for public inspection ;
- iii Property Owners and interested persons may obtain a copy of the draft policy from the municipal office during office hours;
- iv Property Owners and interested parties are invited to address written suggestions or representations to the Municipality within the period prescribed in the notice;
- v Council will consider all suggestions and/or representations received during the finalisation of the property rates policy.

19. REGISTER OF PROPERTIES

19.1 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;

19.2 Part A of the register will consist of the current valuation roll of the Municipality and will include all supplementary valuation done from time to time;

19.3 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 Rebates or reductions in terms of section 15;
- iii An exclusion referred to in subsection 17(1)(a),(e),(g),(h),(and (i).

19.4 The register will be open for inspection by the public at the following pay points during office hours and on the website of the Municipality:

- | | |
|--------------------------------------|--|
| • Bram Fischer Pay Point | Civic Centre, De Villiers Street, Bloemfontein |
| • New Taxi Rank | New Taxi Rank (Next to Pizza Parlour), Bfn |
| • Heidedal Pay Point | Da Vinci Crescent, Heidedal |
| • Leslie Monnanyane Pay Point | Regional Office, Rocklands, Mangaung |
| • Reahola Pay Point | Reahola Centre, Botshabelo |
| • Civic Centre Pay Point, Thaba Nchu | Civic Centre, Stasie Street, Thaba Nchu |
| • Hostel no 1 Pay Point | Dr Belcher Road, Heidedal, Bfn |
| • Dewetsdorp pay point | 20 Church Street, Dewetsdorp |
| • Wepener Pay Point | 20 De Beer Street, Wepener |
| • Van Stadensrus Pay Point | 372 Marthinus Street, Van Stadensrus |
| • Soutpan Pay Point | 275 Nthunya Street, Ikgomotseng, Soutpan |

19.5 The Municipality will update Part A of the register on a continuous basis by way of a supplementary valuation process.

19.6 The municipality will update Part A and Part B on an annual basis as part of the implementation of the Municipality's annual budget.

20. BY-LAWS TO GIVE EFFECT TO THE RATES POLICY

The Municipality will adopt by-laws 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 liable for the payment of rates.

21. REGULAR REVIEW PROCESS

The Property Rates Policy must be reviewed on an annual basis to ensure that it complies with the strategic objectives of the Municipality, as stipulated in the Integrated Development Plan and other applicable legislation.

22. ENFORCEMENT / IMPLEMENTATION

This policy has been approved by the Municipality in terms of resolution dated..... and comes into effect from 1 July 2017.

23. CONTACT DETAILS FOR COMMENTS

For any comments regarding the Property Rates Policy, please contact the following persons:

- Rutna Fourie Tel (051) 4058944 rutna.fourie@mangaung.co.za
- Realeboha Mhlongo Tel (051) 4058277 realeboha.mhlongo@mangaung.co.za
- Maria Malaku Tel (051) 4058933 maria.malaku@mangaung.co.za