

# KOU-KAMMA LOCAL MUNICIPALITY: PROPERTY RATES POLICY



2016/17

# **KOU-KAMMA LOCAL MUNICIPALITY**

## **PROPERTY RATES POLICY**

### **TABLE OF CONTENTS**

1. DEFINITIONS
2. PURPOSE OF THE POLICY
3. POLICY PRINCIPLES
4. CLASSIFICATION OF SERVICES AND EXPENDITURE
5. THE LEVYING OF RATES
6. CATEGORIES OF PROPERTY
7. CATEGORIES OF OWNERS
8. DIFFERENTIAL RATES
9. EXEMPTIONS
10. REBATES
11. APPLICATION FOR EXEMPTION/REBATES
12. REDUCTIONS
13. RATE ADJUSTMENTS
14. MULTI-PURPOSE USE OF PROPERTIES
15. COSTS OF EXEMPTIONS, REBATES, REDUCTIONS, PHASING IN OF RATES
16. PAYMENT ARRANGEMENTS
17. USE UTILISATION OF PROPERTIES
18. SAVINGS
19. SHORT TITLE

## PREAMBLE

**WHEREAS** section 3 of the Local Government: Municipal Property Rates Act, 6 of 2004 determines that a municipality must adopt a rates policy in accordance with the provisions of the Act;

**NOW THEREFORE** the Council adopts the following policy on the levying of property rates and taxes:

### 1. DEFINITIONS

- (1) In this policy, unless the context indicates otherwise, any word or expression to which a meaning has been attached in the Local Government: Municipal Property Rates Act No 6 of 2004 shall bear the same meaning and -

**“Act”** means the Local Government Municipal Property Rates Act, 6 of 2004 and includes any regulations, directives and notices proclaimed, made or issued by a competent authority in terms thereof;

**“agricultural properties”** means a property used for afforestation, animal husbandry or for the production of crops for human and animal consumption;

**“small holdings”** means a property zoned as agricultural land as per the land use scheme and size is between 2.5 and 10 hectares;

**“game farm”** means a property used for propagating, breeding, raising or producing game in captivity for the purpose of marketing the game or its products, and captivity means having the game under positive control, as in a pen, pound, or an area of land or water which is completely enclosed by a generally escape-proof barrier;

**“eco-tourism”** means a property used for the business of engaging in tourism that is focused on bringing visitors to its destination to view its cultures, traditions, land and marine environment with a minimal negative or intrusive effect.

**“annually”** means once every financial year;

**“category”** -

- (a) in relation to property, means a category of property determined by the council in terms of section 8(2) of the Act;
- (b) in relation to owners of property, means a category of owners determined by the council in terms of section 15(2) of the Act;

**“exclusion”**, in relation to a municipality’s rating power, means a restriction of that power as provided for in sections 16 and 17 of the Act;

**“exemption”**, in relation to the payment of a rate, means an exemption granted in terms of section 15(1) (a) of the Act;

**“financial year”** means the period starting from 1 July in a year to 30 June of the next year;

**“local community”**, in relation to the municipality, means-

- (a) that body of persons comprising-
  - (i) the residents of the municipality;
  - (ii) the ratepayers of the municipality;
  - (iii) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and
  - (iv) visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality; and
- (b) includes, more specifically, the poor and other disadvantaged sections of such body of persons;

**“market value”**, in relation to a property, means the value of the property determined in accordance with section 46 of the Act;

**“multiple purposes”**, in relation to a property, means the use of a property for more than one purpose as contemplated by section 9 of the Act;

**“municipal council” or “council”** means the municipal council of KOU-KAMMA LOCAL MUNICIPALITY;

**“municipal property”** is property registered or vested in the name of KOU-KAMMA LOCAL MUNICIPALITY;

**“municipality”-**

- (a) as a corporate entity, means a municipality described in section 2 of the Municipal Systems Act; and
- (b) as a geographical area, means a municipal area demarcated in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

**“municipal manager”** means a person appointed in terms of section 82 of the Municipal Structures Act, 1998 and includes any official acting in this position;

**“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 and, where the text so requires, includes a lessee;

**“owner”-**

- (a) in relation to 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” in the Act, means the organ of state which owns or controls that public service infrastructure as envisaged by the definition in the Act of the term “publicly controlled”,

provided that a person mentioned below shall for the purposes of this policy be regarded by the 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) an usufructuary or other 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 buyer, in the case of a property that was sold and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

**“permitted use”**, in relation to a property, means the limited purposes for which the property may be used in terms of -

- (a) any restrictions imposed by -
  - (i) a condition of title;
  - (ii) a provision of a town planning or land use scheme; or
  - (iii) any legislation applicable to any specific property or properties; or
- (b) any alleviation of any such restrictions;

**“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;

**“protected area”** means an area that is or has to be listed in the register referred to in Section 10 of the National Environmental Management: Protected Areas Act, 2003;

**“rate”** means a municipal rate on property envisaged in section 229(1)(a) of the Constitution;

**“rateable property”** means property on which a municipality may in terms of section 2 of the Act levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the Act;

**“rebate”**, in relation to a rate payable on a property, means a discount granted by the council on the amount of the rate payable on the property;

**“reduction”**, in relation to a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of the property by the council at that lower amount;

**“residential property”** means property included in a valuation roll in terms of section 48(2) of the Act as residential; and

- (2) In this policy, a word or expression derived from a word or expression defined in sub-paragraph (1), has a corresponding meaning unless the context indicates that another meaning is intended.

## 2. PURPOSE OF THE POLICY

The purpose of the policy is:-

- (1) to comply with the provisions of section 3 of the Act;
- (2) to determine criteria to be applied in respect of-
  - (a) the levying of differential rates for different categories of properties;
  - (b) exemptions;
  - (c) reductions and rebates; and
  - (d) rate increases;
- (3) to determine or provide criteria for the determination of:-
  - (a) categories of properties for the purpose of levying different rates; and
  - (b) categories of owners of properties or categories of properties, for the purpose of the granting of exemptions, rebates and reductions;
- (4) to determine how the municipality's powers must be exercised in relation to multi-purpose properties;
- (5) to identify and quantify to the municipality in terms of cost and benefit to the community-
  - (a) exemptions, rebates and reductions;
  - (b) exclusions; and
  - (c) rates on properties that must be phased in;
- (6) to take into account the effect of rates on the poor;

- (7) to take into account the effect of rates on organisations conducting particular public benefit activities;
- (8) to take into account the effect of rates on public service infrastructure;
- (9) to determine measures to promote local economic and social development; and
- (10) to identify all rateable property that is not rated.

### **3. POLICY PRINCIPLES**

- (1) The levying of a rate on a property is an exclusive power of the municipality which will be applied -
  - (a) optimally and expansively within the municipality ; and
  - (b) with due regard to the total income base of the municipality.
- (2) The rating of property will be undertaken impartially, fairly, equitably and without bias, and these principles also apply to the setting of criteria for exemptions, reductions and rebates contemplated in section 15 of the Act.
- (3) The rating of property will be implemented in a way that:-
  - (a) is developmentally orientated;
  - (b) supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality; and
  - (c) supports local and social economic development.
- (4) Property rates will be levied to -
  - (a) correct the imbalances of the past; and
  - (b) minimise the effect of rates on the poor.
  - (c) without negatively influencing the status quo of the local economy.
- (5) Rates will be raised in proportion to the market value of the property.
- (6) The rates tariff will be based on the value of all rateable properties and the amount required by the municipality to balance its operating budget after taking in account profits generated on trading and economic services and the amounts required to finance exemptions, rebates,



reductions and phasing-in of rates as approved by the council from time to time.

- (7) Trading and economic services will be ring fenced and tariffs and service charges calculated in such a manner that the income generated covers the cost of the services or generates a profit.
- (8) Property rates will be used to finance community services.
- (9) Profits on trading and economic services may be used to subsidise community services.
- (10) The provision for working capital and bad debts must relate to the requirements for community services and not to those of trading and economic services.

#### **4. CLASSIFICATION OF SERVICES AND EXPENDITURE**

- (1) The chief financial officer shall, subject to the guidelines provided by the national treasury and the council, and the provisions of sections 84 and 85 of the Municipal Structures Act 1998 relating to the division of functions and powers between the municipality and the Cacadu District Municipality including any proclamation issued by the MEC for local government in this regard, 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 services**

- (i) Air pollution.
    - (ii) Local tourism.
    - (iii) Municipal planning.
    - (iv) Municipal public works, related to the functions of the municipality.
    - (v) Storm water management systems in built-up areas.

- (vi)** Trading regulations.
- (vii)** Billboards and the display of advertisements in public places.
- (viii)** Cemeteries, funeral parlors and crematoria.
- (vix)** Control of public nuisances.
- (xx)** Control of undertakings that sell liquor to the public.
- (xi)** Municipal Planning.
- (xii)** Facilities for the accommodation, care and burial of animals.
- (xiii)** Fencing and fences.
- (xiv)** Licensing of dogs.
- (xv)** Licensing and control of undertakings that sell food to the public.
- (xvi)** Local amenities.
- (xvii)** Local sport facilities.
- (xviii)** Municipal parks and recreation.
- (xix)** Municipal roads.
- (xx)** Noise pollution.
- (xxi)** Pounds.
- (xxii)** Public places.
- (xxiii)** Street trading/street lighting.
- (xxiv)** Traffic and parking.
- (xxv)** Building control.
- (xxvi)** Licensing of motor vehicles and transport permits.
- (xxvii)** Nature reserves.
- (xxviii)** Childcare facilities.

**(xxix)** Pontoons, ferries, jetties and harbors.

**(xxx)** Markets.

**(xxxi)** Cleansing.

**(xxxii)** Beaches and amusement facilities.

**(2)** Expenditure will be classified in the following categories.

**(a) Subjective classification:**

- (i)** Salaries, wages and allowances;
- (ii)** Bulk purchases;
- (iii)** General expenditure;
- (iv)** Repairs and maintenance;
- (v)** Capital charges (interest and redemption/depreciation);
- (vi)** Contribution to fixed assets;
- (vii)** Contribution to funds:
  - (a)** Bad debts;
  - (b)** Working capital; and
  - (c)** Statutory funds.
- (viii)** Contribution to reserves;
- (ix)** Gross expenditure;
- (x)** Less charge-out;
- (xi)** Nett expenditure;
- (xii)** Income; and
- (xiii)** Surplus/Deficit.

**(b) Objective classification:**

- (i)** Cost centers will be created to which the costs associated with providing the service can be allocated as follows:
  - (a)** Department.
  - (b)** Section/service.
  - (c)** Division/service.
- (ii)** The subjective classification of expenditure each with a unique vote will be applied to all cost centres.

- (3) Cost centers will be created to which the costs associated with providing the service can be allocated-
  - (a) by department;
  - (b) by section/service; and
  - (c) by division/service.
- (4) The subjective classification of expenditure each with a unique vote will be applied to all cost centres.

## 5. THE LEVYING OF RATES

- (1) The municipality shall, subject to the provisions of paragraph 5(2), levy rates on all rateable property in the area of jurisdiction of the KOU-KAMMA LOCAL MUNICIPALITY at a rate to be fixed in accordance with the provisions of section 14 of the Act by resolution passed by the council of the municipality.
- (2) No rates shall be levied in respect of -
  - (a) those instances and to the extent referred to in section 17 of the Act;
  - (b) property of which the KOU-KAMMA LOCAL MUNICIPALITY is the owner;
  - (c) public services infrastructure which is the property of a municipal entity to which the municipality is a party;
  - (d) property referred to in section 7(2)(a)(iii) and (iv) of the Act; and
  - (e) property exempted in terms of paragraph 9 hereof.

## 6. CATEGORIES OF PROPERTY

Properties will be categorised as follows:-

- (a) residential properties (single);
- (b) residential properties (multiple use)
- (c) industrial properties;
- (d) business properties;
- (e) farm properties used for agricultural purposes;
- (f) farm properties used for commercial purposes including eco-tourism, game farming and hunting;

- (g)** farm properties generally used for residential purposes as well as agricultural purposes so as to indicate the existence of a residential structure in order to qualify for the exception as set out per section 17(1) (h) of the Rates Act No6 of 2004.
- (h)** farm properties generally used for any other purpose;
- (i)** farm properties not used for any farming purposes.
- (j)** property registered in the name of an agricultural society which is affiliated to the AgriSA;
- (k)** state-owned properties excluding state-owned property assigned to category 6(l);
- (l)** municipal properties, i.e. properties registered in the name of the KOUKAMMA LOCAL MUNICIPALITY or which vest in the Municipality;
- (m)** public service infrastructure;
- (n)** informal settlements, i.e. settlements which occur on land which is not subdivided into residential erven; (Share-Block)
- (o)** property -
  - (i)** acquired through the Provision of Land and Assistance Act, 1993 (Act no 126 of 1993) or the Restitution of Land Rights Act, 1994 (Act no 22 of 1994); or
  - (ii)** which is subject to the Communal Property Association Act, 1996 (Act no 28 of 1996);
- (p)** conservation areas;
- (q)** properties on which national monuments are proclaimed;
- (r)** properties owned by public benefit organizations and used for any specific public benefit activities listed in Part 1 of the Ninth Schedule to the Income Tax Act, no 58 of 1962;
- (s)** properties used for multiple purposes corresponding with the permitted use of the property in terms of the municipality's zoning or land use scheme regulations, and
- (t)** any special geographical area determined by resolution of the Council.
- (u)** Small holdings
- (v)** Formal settlements, i.e. settlements which occur along the coastal area where NO municipal services are performed.

## **7. CATEGORIES OF OWNERS**

- (1)** For the purpose of this policy and in terms of section 15(2) of the Act the following categories of owners will be recognised-
  - (a)** owners who are registered as indigent owners in accordance with the municipality's credit control and debt collection or indigent relief policy, as the case may be;
  - (b)** the owner of a dwelling unit who is 60 years of age or more in the case of a female and 65 years of age or more in the case of a male and where the income of such owner plus the income of his/her spouse is equal to or less than twice the old age grant paid by the State to qualifying beneficiaries as from time to time determined by the Minister of Welfare and Population Development.
  - (c)** owners of property situated within an area affected by-
    - (i)** a disaster within the meaning of the Disaster Management Act, 2002 (No. 57 of 2002);
    - (ii)** any other serious adverse social or economic conditions;
  - (d)** owners of residential properties of which the market value is lower than an amount determined by resolution of the Council as set out in the tariff schedule attached to the annual budget.
- (2)** For purposes of sub-paragraph (1) an indigent owner may include a person temporarily without income.

## **8. DIFFERENTIAL RATES**

- (1)** Property tax calculated at a uniform rate, as determined by a resolution of the council from time to time, shall be payable on all categories of properties, save for the properties referred to hereafter, in respect of which a differential rate shall be payable.
- (2)** The rate at which property tax shall be levied against farming properties shall be equal to the maximum rate as set out per Govt Gazette 32061 dated 27 March 2009 and in respect of the properties mentioned therein.

**Viz.**

- (a) farm properties used for agricultural purposes;
- (b) farm properties generally used for residential purposes as well as agricultural purposes so as to indicate the existence of a residential structure in order to qualify for the exception as set out per section 17(1) (h) of the Rates Act No 6 of 2004.

**9. EXEMPTIONS**

**(1) MUNICIPAL PROPERTIES**

To reduce the rates burden and cost of service charges, all municipal properties are exempted from property tax, including municipal property which is leased.

**(2) PUBLIC BENEFIT ORGANISATIONS**

The following properties which have been assigned to the category contemplated in paragraph 6(r) will be exempt from property tax on submission of a valid certificate issued by the SA Revenue Services as proof that the organisation which owns such a property, is registered for tax exemption in terms of the Income Tax Act and provided that the organisation concerned, on a yearly basis on or before 30 September of each year applies on a form to be prescribed for this purpose to be exempt from the payment of property tax for the ensuing financial year:-

- (a)** property registered in the name of a Public Benefit Organisation (welfare and humanitarian) which is used for the following public benefit activities -
  - (i)** the care or counseling of, or the provision of educational programs relating to abandoned, abused, neglected, orphaned or homeless children;
  - (ii)** the care or counseling of poor and needy persons where more than 90 per cent of those persons to whom the care or counseling is provided are over the age of 60;
  - (iii)** the care or counseling of, or the provision of educational programmers relating to physically or mentally abused and traumatised persons;
  - (iv)** the provision of disaster relief;
  - (v)** the rescue or care of persons in distress;
  - (vi)** the provision of poverty relief;

- (vii)** rehabilitative care or counseling or education of prisoners, former prisoners and convicted offenders and persons awaiting trial;
- (viii)** the rehabilitation, care or counseling of persons addicted to a dependence-forming substance or the provision of preventative and educational programs regarding addiction to such substance;
- (ix)** conflict resolution, the promotion of reconciliation, mutual respect and tolerance between the various peoples of South Africa;
- (x)** the promotion or advocacy of human rights and democracy;
- (xi)** the protection of the safety of the general public;
- (xii)** the promotion or protection of family stability;
- (xiii)** the provision of legal services for poor and needy persons;
- (xiv)** the provision of facilities for the protection and care of children under school-going age of poor and needy parents;
- (xv)** the promotion or protection of the rights and interest of, and the care of asylum seekers and refugees;
- (xvi)** community development for poor and needy persons and anti-poverty initiatives, including:
  - the promotion of community-based projects relating to self-help, empowerment, capacity building, skills development or anti-poverty;
  - the provision of training, support or assistance to community based projects contemplated in the previous paragraph; or
  - the provision of training, support or assistance to emerging micro enterprises to improve capacity to start and manage businesses, which may include the granting of loans on such conditions as may be prescribed by the Minister by way of regulation; and
- (xvii)** the promotion of access to the media and a free press.



- (b)** property registered in the name of a Public Benefit Organisation (cultural) which is used for the following public benefit activities -

  - (i)** the advancement, promotion or preservation of the arts, culture or customs;
  - (ii)** the promotion, establishment, protection, preservation or maintenance of areas, collections or buildings of historical or cultural interest, national monuments, national heritage sites, museums, including art galleries, archives and libraries; and
  - (iii)** the provision of youth leadership or development programs.
- (c)** property registered in the name of a Public Benefit Organisation (sport) which is used for the administration, development, co-ordination or promotion of sport or recreation in which the participants take part on a non-professional basis as a pastime.
- (d)** property registered in the name of a Public Benefit Organisation (conservation, environmental and animal welfare) which is used for the following public benefit activities -

  - (i)** engaging in the conservation, rehabilitation or protection of the natural environment, including flora, fauna or the biosphere;
  - (ii)** the care of animals, including the rehabilitation, or prevention of the ill-treatment of animals; and
  - (iii)** the promotion of and the provision of educational and training programs relating to environmental awareness, greening, clean-up or sustainable development projects.
- (e)** property registered in the name of a Public Benefit Organisation (health care) which is used for the following public benefit activities -

  - (i)** the provision of health care services to poor and needy persons;
  - (ii)** the care or counseling of terminally ill persons or persons with a severe physical or mental disability, and the counseling of their families in this regard;
  - (iii)** the prevention of HIV infection and the provision of preventative and educational programs relating to HIV / AIDS;

- (iv) the care, counseling or treatment of persons afflicted with HIV/AIDS including the care or counseling of their families and dependents in this regard;
- (v) the provision of blood transfusion, organ donor or similar services; and
- (vi) the provision of primary health-care education, sex education or family planning.

### **(3) ORGANISED AGRICULTURE**

Property registered in the name of an agricultural society affiliated to or recognised by the AgriSA or similar national body and which is used for the purposes of such a society (and which has been assigned to the category: agricultural purposes in terms of paragraph 6(j)) shall be exempt from property tax

### **(4) OTHER**

- (a) properties which have been assigned to the category: informal settlements in terms of paragraph 6(n);
- (b) properties which have been assigned to the category: conservation areas in terms of paragraph 6(p), or that portion of a property in the category: multiple purposes which in terms of section 9 of the Act has been apportioned for conservation area purposes in accordance with paragraph 6(s), and
- (c) properties which have been assigned to the category public service infrastructure in terms of paragraph 6(m).

## **10. REBATES**

### **Categories of properties**

#### **(1) INDUSTRIAL PROPERTIES**

The municipality may grant rebates in a percentage or amount determined by resolution of the council to rateable industrial enterprises that promote local, social and economic development in its area of jurisdiction, based on its Local, Social and Economic Development Policy. The following criteria will apply:-

- job creation in the municipal area;
- social upliftment of the local community; and

- creation of infrastructure for the benefit of the community.

For purposes hereof, an industrial enterprise shall be deemed to be an enterprise which is lawfully conducted from premises situated on land which is zoned for industrial purposes in terms of the municipality's zoning scheme and which ordinarily employs at least 25 or more full-time employees.

Rebates must be phased out within five years from the date that the rebate was granted for the first time. Rebates will be granted upon application subject to:

- (a) the submission to the municipality of an acceptable business plan issued by the directors of the company indicating how the local, social and economic development objectives of the municipality will be met;
- (b) the submission to the municipality of an acceptable continuation plan issued by the directors of the company and certified by the auditors thereof stating that the aforementioned objectives have been met in the first year after the company's establishment and how the company plans to continue to meet the identified objectives;
- (c) an assessment by the municipal manager indicating that the company qualifies for the rebate in terms of the council's requirements; and
- (d) a council resolution.

**(2) PUBLIC BENEFIT ORGANISATIONS (Excluded from 9.2 above)**

The municipality will, only at a later stage, consider any rebates set out in a percentage or amount determined by resolution of the council on property tax payable in respect of the under-mentioned properties which have been assigned to the category: Public Benefit Organisation (education and development) contemplated in paragraph 6(l) upon submission of a valid certificate issued by the SA Revenue Service as proof that the organisation which owns and uses such property for the aforementioned purposes, is registered for tax exemption in terms of the Income Tax Act and provided further that the organisation concerned, on a yearly basis on or before 30 September of each year, applies on a form to be prescribed for this purpose, for a rebate on tax payable for the ensuing financial year:

- (i) the provision of education by a "school" as defined in the South African Schools Act, 1996, (Act No. 84 of 1996);

- (ii)** the provision of “higher education” by a “higher education institution” as defined in terms of the Higher Education Act, 1997, (Act No. 101 of 1997);
- (iii)** “adult basic education and training”, as defined in the Adult Basic Education and Training Act, 2000, (Act No 52 of 2000), including literacy and numeracy education;
- (iv)** “further education and training” provided by a “public further education and training institution” as defined in the Further Education and Training Act, 1998, (Act No. 98 of 1998);
- (v)** training for unemployed persons with the purpose of enabling them to obtain employment;
- (vi)** the training or education of persons with a severe physical or mental disability;
- (vii)** the provision of bridging courses to enable educationally disadvantaged persons to enter a higher education institution as envisaged in subparagraph (ii);
- (viii)** the provision of educare or early childhood development services for pre-school children;
- (ix)** training of persons employed in the national, provincial and local spheres of government, for purposes of capacity building in those spheres of government;
- (x)** the provision of school buildings or equipment for public schools and educational institutions engaged in public-benefit activities contemplated in subparagraphs (i) to (viii);
- (xi)** career guidance and counseling services provided to persons for purposes of attending any school or higher education institution as envisaged in subparagraphs (i) and (ii);
- (xii)** the provision of hostel accommodation to students of a public benefit organisation, institution, board of body;
- (xiii)** programs addressing needs in education provision, learning, teaching, training, curriculum support, governance, whole school development, safety and security at schools, pre-schools or educational institutions as envisaged in subparagraphs (i) to (vii);
- (xiv)** educational enrichment, academic support, supplementary tuition or outreach programs for the poor and needy.

### **(3) SOCIAL RESPONSIBILITY REBATES**

Subject to lodging of application for standard social rebate of 30% in respect of specific qualifying farmers/businesses, land owners who provide services and social responsibility to its community. The following qualifying criteria will be applied in assessing the application lodged on a case by case basis:-

- Treatment and/or disposal of sewerage
- Disposal of solid waste
- Providing housing of a permanent structure
- Supplying water to the abovementioned occupiers of houses
- Supplying electricity to the abovementioned occupiers of houses
- Salaries and wages paid to the workers in line with the average of the sector and equal or above the minimum wage rate set by the Department of Labour
- Provision of education or transport for education to the dependents of the farm workers
- Providing basic medical care in a structured and recordable format

### **(4) AREAS NOT SERVICED BY THE MUNICIPALITY**

A 30% rebate for not receiving services from the municipality..

- These services is broken down as follows:
  - A rebate of 10% for no potable water supplied by the municipality.
  - A rebate of 10% if no maintenance to roads is done by the municipality.
  - A rebate of 5% if no water borne sewerage is made available by the municipality.
  - A rebate of 5% if no waste disposal services are made available by the municipality.

### **(5) EERSTERIVIER SHAREBLOCK AND STORMSRIVER VILLAGE**

- (a)** A standard rebate of 50%

### **(6) PROPERTY OWNERS WHO ARE ELDERLY AND/OR DISABLED AND WITHIN CERTAIN INCOME GROUPS**

Rebates on property tax payable for the ensuing financial year shall be granted in a percentage or amount determined by resolution of the Council to owners of dwelling units assigned to the category as contemplated by paragraph 7(1)(b) provided such owners comply with

the under-mentioned requirements and, on or before 30 September of each year, apply for such rebates on the form to be prescribed for this purpose:

- he/she must be the registered owner of the property;
- the income of the owner together with the income of his/her spouse must be equal to or less than two times the old age pension as determined by the Minister of Welfare payable by the state to qualifying beneficiaries;
- the owner must be 60 years of age;
- the owner must occupy the property;
- in the case of a semi-detached house of which a section is rented out the rebate will only apply to the tax that is payable on that portion occupied by the owner;
- no age requirement will apply if the owner is a disabled person in receipt of a disability pension.

Applications must be accompanied by the following details:

- a certified copy of the identity document of the owner or any other acceptable proof of the owner's age;
- sufficient proof of income of the owner and his/her spouse subject to the condition that the municipality may require an affidavit in this regard; and
- if the owner is a disabled person, satisfactory proof of a disability pension payable by the state must be supplied to the municipality.

**(7) PROPERTY OWNERS WHO ARE REGISTERED AS INDIGENTS**

Rebates on property tax payable for the ensuing financial year shall be granted on the full amount provided such owners comply with the under-mentioned requirements and, on or before 30 September of each year, apply for such rebates on the form to be prescribed for this purpose:

- he/she must be the registered owner of the property;

**(8) REBATE ON SETTLEMENT OF ALL DEBT AS AT JUNE EACH FINANCIAL YEAR**

- Settlement of all outstanding debt before due date of June accounts each financial year will be entitled to a 10% rebate on rates on the following financial year.

## **11. APPLICATIONS FOR EXEMPTION/REBATES**

Where it is, in terms of paragraphs 9 and 10 of this policy, required that application made for exemption from tax or the granting of a rebate on tax, such applications must be made on a prescribed form which may be obtained from the chief financial officer.

The following particulars must be supplied on such prescribed form:-

- personal particulars of the applicant;
- postal address of the applicant;
- erf or lot number of the property in respect of which application is made, as depicted in the municipality's valuation records;
- a description of the purpose for which such property is used, and
- any other particulars which the municipality may from time to time deem necessary.

All applications for exemption of rates or a rebate on rates must be considered by the council.

The council may refuse approval of an application for exemption or a rebate on rates if -

- the particulars furnished on the application form are incomplete, incorrect or false; and
- the application form is not received on or before the due date determined for such applications.

## **12. REDUCTIONS**

### **Categories of owners**

- (1)** A reduction in the municipal valuation as contemplated in section 15(1)(b) of the Act will be granted where the value of a property is affected by fire damage, flood, lightning, storms and/or other artificial or natural disasters.
- (2)** The reduction will be subject to a certificate issued for this purpose by the municipal valuer.

- (3) Any reduction granted in terms of this paragraph shall be authorised by a council resolution.

### **13. RATE ADJUSTMENTS**

- (1) The council pledges itself to limit each annual increase as far as practicable to the increase in the consumer price index over the period preceding the financial year to which the increase relates, except when the approved integrated development plan or budget plans and or policies of the municipality provides for a greater increase.
- (2) The municipality will adjust rates annually during the budget process prescribed in terms of the Municipal Finance Management Act, 2003.
- (3) Rate adjustments will be used to finance operating costs of community services.
- (4) Relating to community services, the following annual adjustments will be made:-
  - (i) all salary and wage adjustments as agreed upon at the Local Government Bargaining Council;
  - (ii) an inflation adjustment for general expenditure, repairs and maintenance and contributions to funds; and
  - (iii) additional depreciation costs or interest and redemption on loans associated with the assets created during the previous financial year.
- (5) Extraordinary expenditure not foreseen during the previous budget period and approved by the council during a budget review process will be financed by an adjustment in property rates.
- (6) All adjustments to property rates will be communicated to the local community as part of the budget consultative processes of the municipality.

### **14. MULTI PURPOSE USE OF PROPERTIES**

Property rates on properties which have been assigned to the category: multiple purposes shall be levied at the applicable rate as contemplated by section 9(2) of the Act.

### **15. COSTS OF EXEMPTIONS, REBATES, REDUCTIONS, PHASING-IN OF PAYMENT OF RATES**



- (1) All NEW ratepayers are entitled to a 3 year phase-in of rates. In other words in year one, they would only pay 25% of the amount (after exemptions, reductions, rebates) payable, in year two, 50% and then in year three, 75%. This would mean that in year four they would be paying their full rates (after exemptions, reductions, rebates)
- (2) During the budget process, the chief financial officer must inform council of all the costs associated with the recommended exemptions, rebates, reductions, phasing-in of rates and grants in lieu of rates.
- (3) All rebates granted in terms of this policy will be inclusive of any phasing-in discount referred to in the Act.

## **16. PAYMENT ARRANGEMENTS**

### **(a) Payment of rates**

- In terms of Section 26(1)(a) rates are recovered on a monthly basis, but in terms of Sect 26(1)(b) it may be annually after an agreement has been reached with the owner. In this case the owner must make the necessary application. Annual payments are due on 30 October of each year.

### **(b) The following matters pertaining to the payment and recovery of property rates are regulated in the municipality's credit control and debt collection policy and related by-laws:**

- interest on rates in arrear; and
- actions against defaulters.

## **17. USE UTILIZATION OF PROPERTY**

Where it becomes necessary in accordance with the provisions of this policy, to determine for what purpose a property is used, the permitted use of such a property, as contemplated by section 8(1) (b) of the Act, shall be decisive.

## **18. SAVINGS**

In the event of conflict between a provision of this policy and a corresponding provision in the Act or any regulation promulgated in terms of the Act, the provisions of the Act and such regulation will prevail.

## **19. SHORT TITLE**

This policy is the Property Rates Policy of the KOU-KAMMA LOCAL MUNICIPALITY.