

# **NYANDENI LOCAL MUNICIPALITY**

**2019/20**



## **RATES POLICY**

## 1. PREAMBLE

In terms of section 3 of the Municipal Property Rates Act No. 6 of 2004 (MPRA), the Council of the municipality is required to adopt a policy consistent with the provisions of the Act on the levying of rates on rateable property within the municipality.

In order to give effect to the said section 3 of the MPRA, the Council of the municipality adopts the policy contained herein.

To ensure that property rating in Nyandeni Municipality is carried out in a fair, consistent, considerate and controlled manner, this rate policy is developed in accordance with the provisions of the Local Government: Municipal Property Rates Act, (Act 6 of 2004).

This policy is mandatory in terms of section 3 of the MPRA which specifically provides that the Council of a municipality must adopt a Rates Policy consistent with the provisions of the Act on the levying of rateable property in the municipality.

In terms of section 4 (1) (c) of the Municipal Systems Act No. 32 of 2000 read with section 229 of the Constitution, the municipality has the right to finance the affairs of the municipality by imposing, inter alia, rates on property.

## 2. DEFINITIONS:

**“Act”** means the Local Government Municipal Property Rate Act, 2004 (Act No. 6 of 2004);

**“Agricultural Purposes”** in relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game;

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

**“Industrial”** means a branch of trade or manufacturing, production assembling or processing of finished or partially finished products from raw materials or fabricated part, on so large scale that capital and labour are significantly involved.

**“Residential”** means a suite of rooms which forms a living unit that is exclusively used for human habitation purposes, or a multiple number of such units on a property, excluding a hotel, commune, boarding and under taking, hostels and place of instruction.

**“State-owned properties”** means properties owned by the State, which are not included in the definition of public service infrastructure in the Act. These state-owned properties are classified as follows:

- (a) State properties that provide local services.
- (b) State properties that provide regional/municipal district-wide/metro-wide services.
- (c) State properties that provide provincial/national services.

“**Vacant land**” means a land where no immovable improvements have been erected.

### **3. OBJECTIVES OF THE POLICY**

The purpose of this Policy is to comply with the provisions of section 3 of the Municipal Property Rates Act No 6 of 2004, the Act or MPRA, which determines that the Council of a municipality must adopt a policy consistent with the Act on the levying of rates on ratable properties situated in the Municipality to ensure that:

- All ratepayers within a specific category are treated equally and reasonably;
- Ensure that all owners of rate able properties are informed of their liability
- Rates are levied in accordance with the market value of the property;
- To optimally safeguard the income base of the municipality by only approving exemptions, reductions and rebates that is reasonable and affordable
- Encourage property development

### **4. IMPOSITION OF PROPERTY RATES**

The Council shall, as part of each annual operating budget component, impose a rate in the rand on the value of all rateable property recorded in the municipality’s valuation or supplementary valuation roll, provided that properties with a market value below a prescribed valuation level to be determined annually by the Council may be rated at a uniform fixed amount per property, instead of a rate determined on the value thereof as reflected in the applicable valuation roll

Rates are raised in proportion to the market value of the property;

All ratepayers, in a specific category, as determined by the Council from time to time, shall be treated equitably, as required by Section 3 (3) (a) of the Act and, to this end:

- ratepayers with similar properties will pay similar levels of rates;
- the Council shall take into account the ability of ratepayers to pay their rates;
- the Council shall take cognizance of the effect on the rates burden of ratepayers of the migration from a site rating system to a system where the market value of the land, or site together with the improvements thereon, is rated.

## **5. PROPERTIES TO BE RATED:**

All properties contained in the valuation roll shall constitute the subject of rating subject to the provisions of section 17 (1) of the Municipal Property Rates Act. In terms of the sub section described supra, the following exclusions are provided:

## **6. OTHER IMPERMISSIBLE RATES:**

A municipality may not levy a rate-

- (a) on the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll of a municipality to a category determined by the municipality-
  - (i) for residential properties; or
  - (ii) for properties used for multiple purposes, provided one or more companies of the property are used for residential purpose; or
- (b) 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.

## **7. WITHDRAWAL OF EXCLUSIONS:**

Where a property owned by a religious body ceased to be used as a place of worship or as an accommodation used by a full time employee of the religious organization, such a property shall be deemed as a rateable property from the date it ceased to be used as a place of worship or as a residence of a full time employee.

Where a portion of a property owned and utilized by a religious body is leased, rate shall be payable on pro rata basis.

Properties excluded from rating on the basis that they are nature conservation areas or botanical gardens shall be rated effective from the date of deproclamation.

## **8. THE GUIDING PRINCIPLES:**

The policy has been developed on the basis of two principles namely, Equity and Affordability.

## **9. EQUITY:**

All Rate Payers with similar properties shall be treated in a similar way.

## **10. AFFORDABILITY:**

The ability of a person to pay rates shall be taken into consideration. Consequently, Municipality shall provide relief in the form of Reduction, Rebate and Exemptions.

**11. DIFFERENT CATEGORY OF PROPERTY:**

For the purpose of administering property rating within the local authority area, the municipality shall categorize property by their use. In this regard, property is categorized as Residential, Agricultural, Industrial, Commercial and Government. Vacant land shall be categorized on the basis of their zoning.

Where a residential property is used for any purpose other than private resident, it shall be considered as belonging to the category of use.

**12. GOVERNMENT:**

Government properties are further divided into those for local use, District/Regional use and National use.

**13. DIFFERENTIAL RATING:**

Different rates shall be applied to different category of property. The choice of rate shall take into consideration socio economic objectives of the municipality. Rates shall be charged at the following ratios.

Residential	1:3
Agricultural	1:0,25
Commercial	1:5
Government	1:5
Public Service Infrastructure	1: 0.25

**14. MULTIPLE USE PROPERTIES:**

Properties used for multiple purposes shall be rated on the basis of their dominant use.

**15. PAYMENT OF RATES:**

Rate shall be payable on all property at the applicable rates based on the values reflected in the valuation roll except where the municipality grants reduction, rebate or exemption.

**16. GRANTING RELIEF FROM THE PAYMENT OF RATES:**

Relief shall be granted on the basis of reduction, rebate and exemption.

**17. REDUCTION:**

Reduction shall be granted only in the event of a natural disaster resulting in total or partial destruction of the property. The municipality shall on receipt of application from the affected Ratepayer, grant a reduction on the value of the property.

The reduction granted shall be a proportion of the value of the property equivalent to the ratio of the damage to the total value of the property. Such a relief shall be granted for the unexpired term of the financial year.

The property shall immediately be placed on the list for the next additional valuation. The valuation shall be carried out if even the property is repaired.

**18. REBATES:**

Residential properties shall be granted a rebate of first 15 000 of the property market value.

**19. EXEMPTION:**

A person registered as an indigent by the municipality shall be exempted from payment of rates. Properties owned by community benefit organizations located in the municipality for the benefit of people in the municipality only shall be granted exemption. Indigent households qualifying as such shall be exempted from paying rates for the period in which the household is indigent. Indigence shall be reviewed on an annual basis to determine relevance thereof.

**20. PAYMENT OF FLAT RATE:**

Owners of low cost houses may be levied a flat amount, which amount shall not exceed the amount they would have been paid after the R15 000 exclusion if a flat rate has not been applied.

Notwithstanding the above, any low cost houses leased or improved shall be excluded from the flat rate and be treated as if it is not a low cost property.

**21. PERIOD OF RATE:**

Rate shall be imposed on annual basis and it shall be from 1<sup>st</sup> July to 30<sup>th</sup> June of the following year.

**22. RATES:**

Rate shall be an amount of cents in a rand. A rate is levied by municipality by resolution passed by the Municipal Council with a supporting vote of a majority of its members.

**23. PUBLICATION OF RESOLUTION:**

The Municipality shall publish the rate tariff in the provincial gazette. Whenever council passes resolution with regard to rate tariff, the Municipal Manager shall without delay conspicuously display copies of the resolution for a period of 30 days at the

Municipalities head and satellite offices and libraries. Municipality shall publish in a newspaper circulating in the municipal area stating that:

- (i) a resolution levying rate on property has been passed by the council and
- (ii) the resolution is available at the municipality head and satellite offices and libraries for public inspection during official hours.
- (iii) Municipality shall place a copy of resolution on the official website.

## **24. MUNICIPAL PROPERTIES**

- (a) The municipality is exempted from the payment of rates on municipal properties used for municipal purposes on the basis that the imposition of rates on such properties will increase the rates burden on or service charges payable by property owners or consumers provided that this exemption shall not apply in respect of leased or alienated rateable municipal properties in respect of which the lessee or purchaser thereof shall be responsible for the payment of assessed rates thereon in accordance with the applicable policy of the municipality.
- (b) Where a municipal property has been sold to a non-profit organisation subject to the right of resumption in favour of the Council on the occurrence of a specified event or upon the lapse of a specified period of time, such property shall be regarded as a municipal property and the owner of such property shall be exempted from the payment of assessed rates thereon.

## **25. BY-LAWS TO GIVE EFFECT TO THIS RATES POLICY**

The Council shall adopt by-laws to give effect to the implementation of this 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.

## **26. COMMUNICATION PROCESS**

- This policy shall be published onto the Municipality's website.
- This policy shall be presented to the community in the ratepayers meetings
- The municipality will at its own cost make this policy brochure available to the community. Any amendments may be communicated in a newsletter from time to time.

## **27. REVIEW OF THE POLICY**

This Property Rates Policy shall be reviewed on an annual basis. This policy is effective immediately after its adoption by the Council of Nyandeni Local Municipality.