



THULAMELA LOCAL MUNICIPALITY

MUNICIPAL PROPERTY RATES POLICY

2017/18 FINANCIAL YEAR

PREAMBLE

WHEREAS Section 96(a) of the Local Government Municipal Systems Act, No.32 of 2000 (hereinafter referred to as the (“**Systems Act**”), obliges Thulamela Local Municipality (hereinafter referred to as (“**Municipal Council**”) to collect all money that is due and payable to it, subject to the provisions of that Act and any applicable

legislation, including the Local Government: Municipal Property Rates Act No. 6 of 2004 (hereinafter as referred to as the (“**Act**”).

WHEREAS the Act makes it compulsory for municipalities to adopt a policy consistent with it on levying of rates on ratable properties within the Municipal Council’s area of jurisdiction.

NOW THEREFORE the following is adopted as the Rates Policy of Municipal Council (hereinafter referred to as (“**this policy**”) as set out hereunder.

1 **DEFINITIONS**

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

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|-----|-----------------------------|--|
| 1.1 | “Account” | means any account rendered for municipal rates and other services provided by the Municipal Council; |
| 1.2 | “Act” | means the Local Government: Municipal Property Rates Act, 2004 (Act NO.6 of 2004), as amended from time to time; |
| 1.3 | “Applicable charges” | means the rate, charge, tariff, flat rate or subsidy determined by the Municipal Council; |

- 1.4 **“Base Interest Rate”** means prime rate;
- 1.5 **“Category of properties”** means a category of properties determined according to the use of the property, permitted use of the property, or the geographical area in which the property is situated;
- 1.6 **“Category of owners”** means a category of owners that may include indigent owners, owners dependent on pensions or social grants for their livelihood, owners temporarily without income, owners of property situated in an area affected by disaster, owners with property where the market value is below a certain value determined by the municipal and owners of agricultural property who are *bona fide* farmers;
- 1.7 **“Commercial customer”** means any customer other than household and indigent customers, including without limitation, business, government and institutional customers;
- 1.8 **“Customer”** means a person who owns property within the area of jurisdiction of the Municipal Council;
- 1.9 **“Defaulter”** means a customers who owes the

Municipal Council in respect of rates and taxes for a period not exceeding 45 (forty five) days from the date of account;

- 1.10 **“Exemption”** in relation to the payment of rates, means an exemption from the payment of rates, granted by the Municipal Council;
- 1.11 **“Interest”** means a levy equal to service levies and is calculated at a rate determined by the Municipal Council on all service levies in arrears;
- 1.12 **“Household customer”** means a customer that occupies a dwelling, structure or property primarily for residential purposes;
- 1.13 **“Household”** means a traditional family unit consisting of a maximum of 08 (eight) persons (being a combination of four persons over the age of eighteen and four persons eighteen years or younger);
- 1.14 **“Indigent Customer”** means a household customer qualifying and registered with the Municipal Council as an indigent in accordance with the Indigent Policy of the Municipal Council;

- 1.15 **“Land reform beneficiary”** in relation to a property, means a person who acquired the property 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); and a person who holds the property subject to the Communal Property Associations Act, 1996 (Act No. 28 of 1996); or a person who holds or acquires property in terms of such other land tenure reform legislation as may, pursuant to section 25(6) and (7) of the Constitution, be enacted after the Act has taken effect;
- 1.16 **“Market value”** in relation to a property, means the amount a property would have realized if sold on the date of valuation in the open market by a willing seller to a willing buyer;
- 1.17 **“Municipality”** means the ThulamelaLocal Municipality or its successors-in-title;
- 1.18 **“Municipal Council”** means the municipal council as Referred to in section 157(1) of the Constitution, 1996 (Act No. 108 of 1996)
- 1.19“Municipal Manager”** means the person appointed by the Municipal Council as the municipal manager of the municipality in terms of

section 82 of the Local Government Municipal Structures Act, 1998 (Act No. 117 of 1998) and includes any person acting in such position; and to whom the municipal manager has delegated a power, function or duty in respect of such a delegated power, function or duty;

- 1.20** **“Multiple purposes”** in relation to a property, means the use of a property for more than one purpose;
- 1.21** **“Occupier”** means any person in actual occupation of the land or premises without regard to the title under which he/she occupies, and, in the case of premises subdivided and let to lodgers or various tenants, shall include the person receiving the rent payable by lodgers or tenants whether for his own account or as an agent for any person entitled thereto or interested therein;
- 1.22** **“Owner”** means:
- 1.22.1** the person who from time to time is vested with the legal title to the premises;
- 1.22.2** in a case where the person in whom the legal title to premises is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration and

control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;

1.22.3

in any case where the Municipal Council is unable to determine the identity of such person, a person who is entitled to the benefit of the use of such premises or a building or buildings thereon;

1.22.4

in the case of premises for which a lease agreement of 30 (thirty) years or longer has been entered into, the lessee thereof;

1.22.5

in relation to-

1.22.5.1

a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act, 1996 (Act No. 95 of 1996), the developer or the body corporate in respect of the common property, or

1.22.5.2

a section as defined in the Sectional Titles Act, 1986 (Act No. 95 of 1986), the person in whose name such section is registered under a sectional title deed and includes the lawfully appointed agent of such a person, or

- 1.22.5.3** a person occupying land under a register held by a tribal authority;
- 1.22.5.4** any legal person including but not limited to:-
- 1.22.5.5** a company registered in terms of the Companies Act, 1973 (Act No. 61 of 1973), Trust *inter vivos*, Trust *mortis causa*, a Close Corporation registered in terms of the Close Corporation Act, 1984 (Act No. 69 of 1984), or a Voluntary Association;
- 1.22.5.6** any Department of State;
- 1.22.5.7** any Councilor Board established in terms of any legislation applicable to the Republic of South Africa;
- 1.22.5.8** any Embassy or other foreign entity.
- 1.23** **“Newly rateable property”** means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which the Property Rates Act took effect, excluding:- a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date and a property

identified by the Minister by notice in the *Gazette* where the phasing-in of a rate is not justified;

- 1.24** **“Permitted use”** in relation to a property, means the limited purposes for which the property may be used in terms of any restrictions imposed by a condition of title, a provision of a town planning or land use scheme, any legislation applicable to any specific property or properties or any alleviation of any such restrictions;
- 1.25** **"Person"** means any natural person, local government body or like authority, a company or close corporation incorporated under any law, a body of persons whether incorporated or not, a statutory body, public utility body, voluntary associations or trust;
- 1.26** **"Ratable property"** means property on which a Municipal Council may levy a rate, excluding property fully exempted from the levying of rates;
- 1.27** **"Rebate"** in relation to a rate payable on a property, means a discount granted on the amount of the rate payable on the property;

- 1.28 "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 at that lower amount.

PART 1: IMPLEMENTATION OF THE POLICY

2. OBJECTIVES OF THIS POLICY

2.1 The objectives of this policy are to:-

2.1.1 Ensure certainty and clarity as to the amounts payable in respect of the Property rates towards its community in terms of service delivery;

2.1.2 Contribute towards accountability of the Municipal Council;

2.1.3 Contribute towards financial sustainability of the Municipal Council;

2.1.4 Provide for overdue interest on rates;

3. PURPOSE OF THIS POLICY

3.1 This policy shall be implemented by those officials whose duties relate to the rendering of accounts and collection of money payable to the Municipal Council in respect of rates, and who have contracts with members of the public in relation to payment to the Municipal Council for rates (hereinafter referred to as the "Officials").

3.2 The Municipal Council shall, as part of its annual operating budget, impose a cent amount in the Rand on the market value of all ratable immovable property recorded in the valuation roll and supplementary valuation roll/(s) of the Municipality. Ratable property shall include all land and buildings, right of way, easements and servitudes and shall exclude any bonds registered against the property.

3.3. Poverty alleviation and the burden of rates on the poor must be the primary consideration of the Municipal Council with the determination of the rate tariff. The Municipal Council should also consider the cost and maintenance of the services it is rendering to the community, as well as services that do not generate any income from the Municipal Council.

4. CATEGORIES OF RATEABLE PROPERTIES

4.1 In terms of Section 19 of the Municipal Property Rates Act, Act 6 of 2004, the municipality will levy different rates for the different categories of rateable properties as set out below. The categories include the following:-

- residential properties;
- industrial properties;
- business and commercial properties;
- farm properties used for agricultural purposes, other purposes and agricultural purposes, residential purposes and other purposes;
- small holdings used for agricultural purposes, residential purposes, industrial purposes, business and commercial purposes or other purposes;
- state-owned properties;
- municipal properties;
- public service infrastructure;
- privately owned towns serviced by the owner;
- formal and informal settlements;
- communal land;
- state trust land;
- properties acquired through provision of the Communal Land Rights Act, 1993, (No. 126 of 1993 of the restitution of land rights or which is subject to the Communal Property Associations Act, 2004;
- protected areas;
- properties on which national monuments are proclaimed;
- properties owned by public benefit organisations and used for any specific public benefit activities; and
- Properties used for multiple purposes.

PART 2: APPLICABLE CHARGES

5. APPLICABLE CHARGES FOR RATES

5.1 All applicable charges payable in respect of rates or any additional charges or interests will be set by the Municipal Council in accordance with:-

5.1.1 itsTariff policy

5.1.2 any Policy in respect thereof; and

5.1.3 any regulation in terms of national or provincial legislation

5.2 Applicable charges may differ between different categories of properties, customers, infrastructure requirements and geographic areas.

6. AVAILABLE CHARGES FOR RATES

The Municipal Council may, in addition to the tariffs or charges prescribed for by Council, levy a monthly fixed charge, annual fixed charge or once-off fixed charge where categories of properties are available

7. EXEMPTIONS, REBATES AND REDUCTIONS ON RATES

7.1 In terms of Section 15(1) of the Municipal Property Rates Act, Act 6 of 2004, the Municipality may:-

7.1.1 Exempt a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate levied on their property; or

7.1.2 Grant to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.

7.1.3. Determine any possible exemptions, rebates or reductions as part of annually budget process.

7.1.4 Determine any possible exemptions, rebates or as part of the budget process of the Municipality.

7.3 In determining any exemptions, rebates or reductions the Council shall consider:-

- 7.3.1 The financial sustainability of the municipality and the cost of services to be provided from assessment rates income;
 - 7.3.2 The inability of residential property owners to pass on the burden of rates, as opposed to the ability of the owners of business, commercial, industrial and certain other properties to recover such rates as part of the expenses associated with the goods or services which they produce.
 - 7.3.3 Assessment rate rebate of 100% is granted to property owners who are indigents.
 - 7.3.4 The services provided to the community by public service organisations.
 - 7.3.5 The value of agricultural activities to the local economy coupled with the limited municipal services extended to such activities, but also taking into account the municipal services provided to municipal residents who are employed in such activities.
 - 7.3.6 The need to preserve the cultural heritage of the local community.
 - 7.3.7 The need to encourage the expansion of public service infrastructure.
 - 7.3.8 The indispensable contribution which property developers (especially in regard to commercial and industrial property development) make towards local economic development, and the continuing need to encourage such development.
- 7.4 The municipal manager shall ensure that the revenues forgone in respect of the foregoing rebates are appropriately disclosed in each annual operating budget component and in the annual financial statements and annual report, and that such rebates are also indicated on the rates accounts submitted to each property owner.
- 7.5 All exemptions, rebates and reductions projected for a financial year must be reflected in the municipality's budget for that year as:-
- 7.5.1 Income on the revenue side; and

- 7.5.2 Expenditure on the expenditure side.
- 7.6 In terms of Section 17 of the Municipal Property Rates Act, Act 6 of 2004, the Municipality shall further grant the following exemptions from rates:
- 7.6.1 The first **R60 000** of the market value of residential properties and properties used for multiple purposes of which one or more components is used for residential purposes, where, in the case of residential properties, the properties referred to shall be vacant or improved properties and shall be zoned as residential and where, in the case of properties used for multiple purposes and of which one or more components is used for residential purposes, the first **R60 000** shall be applicable to the property as a whole, provided that one or more components of the property are used for residential purposes. In addition, this section shall also be applicable to all residential properties in villages and the former R293 towns where no town planning scheme is in place.
- 7.6.2 The first 30% of the market value of public service infrastructure where public service infrastructure refers to infrastructure such as public roads, railway lines, Telkom and similar communication networks, electricity networks and water infrastructure.
- 7.6.3 Protected areas, where these areas refer to nature reserves, botanical gardens or national parks provided that the specific area/s is declared as a "Protected area" in the Register or Protected Area to be compiled and updated by the Department of Environmental Affairs and Tourism.
- 7.6.4 Mineral rights, where mineral rights refer to structures under the surfaces of the earth related to mineral extraction.
- 7.6.5 Property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds (see also 6.2 below).

- 7.6.6 Properties registered in the name of and primarily used for religious purposes, including the official residence occupied by the officiating office bearer. The exclusion from rates shall lapse if the property:-
- is disposed of by the religious community owning it;
 - is no longer used primarily as a place of worship by a religious community;
- 7.7.7 Referring to the official residence is no longer used as an official residence.
- 7.7.8 When the exclusion from rates of the property used as an official residence lapses, the religious community owning the property becomes liable for the rates that would have been payable on the property during the period of one year preceding the date on which the exclusion lapses. The amount for which the religious community shall then become liable for, shall be regarded as rates in arrear and the applicable interest shall be levied and shall be payable to the municipality.
- 7.8 Commercial properties will not qualify for exemptions.

8. PHASING IN OF RATES

- 8.1 The rates to be levied on newly rateable property shall be phased in equally over a period of three financial years.
- 8.2 The rates to be levied on newly rateable property belonging to a land reform beneficiary or his or her heirs, shall be phased in over a period of three financial years, which three years shall commence after the exclusion period of ten years following the date on which the title was registered in the name of the beneficiary or his/her heirs at the Registrar of Deeds, has lapsed.
- 8.3 The rate levied on newly rateable property owned and used by organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for those activities, shall be phased in equally over a period of four financial years.
- 8.4 The phasing-in discount on the above mentioned properties shall be as follows:-

- First year : 75% of the rate for that year otherwise applicable to the property;
- Second year : 50% of the rate for that year otherwise applicable to the property; and
- Third year : 25% of the rate for that year otherwise applicable to the property.

8.5 No rates shall be levied on newly rateable properties that are owned and used by organisations conducting activities that are beneficial to the public and that are registered in terms of the Income Tax Act for those activities, during the first year. Thereafter, the phasing-in discount on these properties shall be as indicated in paragraph 6.4 above.

9 SPECIAL RATING AREAS

9.1 The municipality may from time to time, as provided for in Section 22 (1) to (3) (d) of the Municipal Property Rates Act, Act 6 of 2004 and as to be depicted in its annual budget and by resolution of the Council, determine a certain area within the boundaries of the municipality, as a special rating area.

9.2 Before determining a special rating area, the municipality shall:

- consult the community on the proposed boundaries of the area;
- inform the community regarding the proposed improvement or upgrading to be affected in the area; and
- obtain the consent of the majority of the members of the local community in the proposed special rating area who will be liable for paying the additional rate.

9.3 An additional rate, as will be depicted in the annual budget, shall be levied on the properties in the identified area, for the purpose of raising funds for improving or upgrading of the specified area.

- 9.4 The municipality may differentiate between categories of properties when levying the additional special rate.
- 9.5 The municipality shall establish separate accounting and other record-keeping systems for the identified area.
- 9.6 The municipality shall establish a committee, composed by representatives from the specific area, to act as a consultative and advisory forum. This committee shall be a sub-committee of the ward committee/s in the area. Gender representivity shall be taken into consideration with the establishment of the committee.

10. AUTHORITY TO RECOVER ADDITIONAL COSTS AND FEES

- 10.1 The municipality has the authority to, notwithstanding the provisions of any other clause/ section contained in the policy, recover any additional cost incurred in respect of implementing this policy against the account of the customer, including, but not limited to:-
- 10.1.1 all legal costs, including Attorney and own client costs incurred in the recovery of amounts in arrears shall be against the arrears account of the customer, and/or
- 10.1.2 the average cost incurred relating to any action taken in demanding payments from the customer or reminding the customer, by means of telephone, fax, email, letter or otherwise.

PART 3: PAYMENT

11. LIABILITY FOR AND RECOVERY OF RATES

- 11.1 The owner of a property shall be liable for the payment of the rates levied on the property.
- 11.2 Joint owners of a property shall be jointly and severally liable for the payment of the rates levied on the property.

11.3 In the case where an agricultural property is owned by more than one owner in undivided shares and these undivided shares were allowed before the commencement date of the Subdivision of Agricultural Land Act, 1970, Act No. 70 of 1970, the municipality shall hold any joint owners liable for all rates levied in respect of the agricultural property concerned or hold any joint owners only liable for that portion of rates levied on the property that represents that joint owner's undivided share in the property.

11.4 Rates levied on property in sectional title schemes, shall be payable by the owner of each unit.

11.5 Rates levied on property in sectional title schemes, where the Body Corporate is the owner of any specific sectional title unit, shall be payable by the Body Corporate.

12 METHOD OF DETERMINING AMOUNTS DUE AND PAYABLE

12.1 The municipality Council must in respect of municipal rates prepare a new valuation roll every 4 (four) years and supplementary valuation rolls every six months, subject to sub-clause (2).

12.2 The first valuation roll prepared in terms of the Property Rates Act, Act 6 of 2004, shall take effect from the start of the financial year following completion of the public inspection period.

13. FULL AND FINAL SETTLEMENT OF AN ACCOUNT

13.1 Where an account is not settled in full, any lesser amount tendered to and accepted shall not be deemed to be in full and final settlement of such an account.

13.2 Sub-clause (1) shall prevail notwithstanding the fact that such lesser payment was tendered and/ or accepted in full and final settlement, unless the Municipal Manager or the delegated official made such acceptance in writing.

PART 4: ACCOUNTS

14. ACCOUNTS

14.1 Accounts will be tendered monthly to customers at the address last recorded with the municipality. The customer may receive more than one account for different properties owned by that customer if they are located in separate areas.

14.2 Failure to receive or accept an account does not relive a customer of the obligation to pay any amount due and payable.

14.3 The Municipality shall, if administratively possible, issue a duplicate account to a customer on request.

14.4 Accounts must be paid not later than the last date for payment specified in such account, which date will be at least 21 (twenty one) days after the date of the account.

15 CONSOLIDATED DEBITS

15.1 If one account is rendered for more than one property provided the amount due and payable by a customer constitutes a consolidated debt, and any payment made by a customer of an amount less than the total amount due, will be allocated in reduction of the consolidated debt in the following manner:-

15.1.1 towards payment of the current account;

15.1.2 towards payment of the arrears ; and

15.1.3 towards payment of interests.

15.2 If an account is rendered for only one property any payment made by customer of an amount less than the total amount due, will be allocated in the following order:-

15.2.1 towards payment of the current account;

15.2.2 towards payment of arrears; and

15.2.3 towards payment of interests.

15.3 A customer may not elect how an account is to be settled if it is not settled in full or if there are arrears.

PART 5: ARREARS

16. ARREARS

16.1 Arrears will be dealt with in accordance with the Council Approved Credit control and debt collection policy.

17. CLAIM ON RENTAL FOR RATES IN ARREARS

The Municipality may apply to Court for the attachment of any rent, due In respect of ratable

Property, to cover in part or full any amount outstanding in respect of assessment rates for a period

Longer than three months after the fixed date.

18. RATES PAYABLE ON MUNICIPALITY PROPERTY

18.1 The lessee of municipal property is responsible for the payment of any general rates on the

Property for the duration of the lease, as if the lessee is the owner of such property.

18.2 The municipal may elect to include the rates in respect of municipal property in the rent

Payable by the lessee, instead of billing separately as in the case of owners of properties.

19. AVAILABILITY OF POLICY

19.1 A copy of this policy shall be included in the municipality's Municipal Code as required in Terms of legislation.

19.2 The municipality shall take reasonable steps to inform customers of the contents of the Credit control policy.

19.3 A copy of this policy shall be available for inspection at the municipal offices at all reasonable times.

19.4 A copy of this policy may be obtained from the official website of the municipality.

20. CONFLICT OF LAW

20.1 When interpreting a provision of this policy, any reasonable interpretation which is Consistent with the purpose of the Act, the interpretation of the Act must be preferred over any alternative interpretation which is inconsistent with the purpose.

20.2 If there is any conflict between this policy and any other policies of the Municipal Council, this policy will prevail.

21. REPEAL OF EXISTING MUNICIPAL RATES POLICY

The provisions of any policy relating to rates by the municipality are hereby repealed insofar as they relate to matters provided for in this policy; provided that such provisions shall be deemed not to have been repealed in respect to any such policy which has been repealed any which is not Repugnant to this policy on the basis as determined by the relevant policy.