

TSWAING LOCAL MUNICIPALITY



DRAFT PROPERTY RATES POLICY

2020/2021

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1.PREAMBLE

WHEREAS section 229 of the Constitution of the Republic of South Africa empowers municipalities to levy property rates, subject to national legislation;

AND WHEREAS section 2 of the Local Government: Municipal Property Rates Act No. 6 of 2004, as amended, is the national legislation that empowers a municipality to levy a rate on property in its area;

AND WHEREAS in terms of section 3(1) of the Act the council of a municipality must adopt a rates policy consistent with the Act on the levying of rates on rateable property in the municipality;

AND WHEREAS section 3(3) of the Act prescribes what issues are to be addressed in the rates policy;

AND WHEREAS any exemptions, rebates or reductions provided for in the Rates Policy must, in terms of section 3(5) of the Act, comply and be implemented in accordance with a prescribed national framework;

NOW THEREFORE the Council of the Tswaing Local Municipality has adopted the Policy as set out hereunder: -

2.DEFINITIONS

Agent	in relation to the owner of a property, means a person appointed by the owner of the property – <ul style="list-style-type: none"> (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;
Agricultural 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 the purpose of eco-tourism or for the trading in or hunting of game
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
Annually	Means once every financial year
Appeal board	Means a valuation appeal board established in terms of section 56
Assistant Municipal Valuer	Means a person designated as an assistant municipal valuer in terms of section 35 (1) or (2)
Business or commercial property	Means – <ul style="list-style-type: none"> a) Property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity; b) Property on which the administration of the business of private or public entities takes place; c) property used for the provision of commercial accommodation; d) property used for education purposes; e) Property used by the State or any organ of State
Category	<ul style="list-style-type: none"> a) In relation to property, means a category of properties determined in terms of section 8 and b) In relation to owners of properties, means a category of owners determined in terms of section 15 (2)
Communal property	Means – <ul style="list-style-type: none"> a) Property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity;

	<ul style="list-style-type: none"> b) Property on which the administration of the business of private or public entities takes place; c) Property used for the provision of commercial accommodation; d) Property used for education purposes; e) Property used by the State or any organ of State; or f) Property excluded from any other category of property.
Child headed Household	Means a household recognized as such in terms of section 137 of the Children's Amendment Act, 41 of 2007.
Data-collector	Means a person designated as a data collector in terms of section 36
Date of valuation	Means the date determined by a municipality in terms of section 31 (1)
Day	Means when any number of days are prescribed for the performance of any act, those days must be reckoned by excluding the first and including the last day, unless the last day falls on a Saturday, Sunday or any public holiday, in which case the number of days must be reckoned by excluding the first day and also any such Saturday, Sunday or public holiday
District Municipality	Means a municipality that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155 (1) of the Constitution as a category C municipality
Dominant use	<p>In relation to a property means a property used for more than one purpose subject to section 9 (1) (b) and the following criteria applies -</p> <ul style="list-style-type: none"> a) A dominant use approach may be applied to developed property located within the area of an approved town planning scheme granted in terms of any planning law; b) The dominant use is the highest percentage use of all actual uses determined by gross building area; c) The dominant use category of property will then be applied to the levying of rates d) Dominant use may not be used for Communal property used for multiple purposes or property used for multiple purposes where there is a large surplus land component, or for property where there are rateable and non-rateable portions.
Effective date	<ul style="list-style-type: none"> a) In relation to a valuation roll, means the date on which the valuation roll takes effect in terms of section 32 (1) or b) In relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect in terms of section 78 (2) (b)

Equitable treatment of ratepayers	Means the fair, just and impartial treatment of all ratepayers
Exclusion	In relation to a municipality's rating power, means a restriction of that power as provided for in Section 17 of the Act
Exemption	In relation to the payment of a rate, means an exemption granted by a municipality in terms of Section 15 of the Act
Financial year	Means the period starting from 1 July in a year to 30 June the next year.
Income Tax Act	Means the Income Tax Act, 1962 (Act No. 58 of 1962)
Indigent	<p>a) Means an owner of low-cost property (residential) at a value of R100 000.00 who has permanent occupation of a property and qualifies for indigent relief in terms of the Council's Customer Care policy.</p> <p>b) A household with a calculated income not exceeding R3 200.00 per month.</p>
Industrial Property	<p>Means property used for a branch of trade or manufacturing, production, assembly or processing of finished or partially finished products from raw material or fabricated parts in respect of which capital and labour are involved, and includes –</p> <p>a) The production of raw products on the property;</p> <p>b) The storage and warehousing of products; and</p> <p>c) Any office or other accommodation on the same property the use of which is incidental to such activity.</p>
Land reform beneficiary	<p>In relation to a property, means a person who -</p> <p>a) Acquired the property through-</p> <ul style="list-style-type: none"> • 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 1944); <p>b) Holds the property subject to the Communal Property Associations Act, 1996 (Act No. 28 of 1996); or</p> <p>c) Holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to Section 25(6) and (7) of the Constitution be enacted after this Act has taken effect.</p>
Land Tenure right	Means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004 (Act No. 11 of 2004)
Legal entity	In law an entity is something which can bear legal rights and obligations, has a distinct separate existence.
Local community	<p>In relation to a municipality means that body of persons comprising-</p> <p>a) the residents of the municipality;</p> <p>b) the ratepayers of the municipality;</p>

	<p>c) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and</p> <p>d) 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</p> <p>Includes, more specifically, the poor and other disadvantaged sections of such body of persons.</p>
Local Municipality	A municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in Section 155(1) of the Constitution as a category B municipality.
Market Value	In relation to a property, means the value of the property determined in accordance with Section 46 of the Act
MEC for local government	Means the member of the Executive Council of a province who is responsible for local government in that province.
Minister	The cabinet member responsible for local government
MPRA	Municipal Property Rates Act No. 6 of 2004 and the Regulations framed there under.
Multiple purposes	in relation to a property, means the use of a property for more than one purpose, subject to section 9 of the Act;
Municipal Council or Council	A municipal council referred to in Section 18 of the Municipal Structures Act.
Municipal Finance Management Act	The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
Municipal Manager	A person appointed in terms of Section 82 of the Municipal Structures Act;
Municipal owned property	Means property owned by the municipality.
Municipal leases	<ul style="list-style-type: none"> • Means property owned by the municipality and leased to another party. • The municipality reserves the right to recover municipal rates against all properties registered in the name of the municipality over which a portion or all its property is leased either through an existing lease agreement where rates are exclusive or through the provisions of the Act. • Rates payable will be based on the rates category and market value as contained in the Valuation Roll
Municipal Structures Act	The Local Government: Municipal Structures Act, 1988 (Act No. 117 of 1998)
Municipal Systems Act	The Local Government: Municipal Systems Act 2000 (Act No. 32 of 2000)

Municipal valuation	Means a valuation of a rateable property within the municipal area by the Municipal Valuer in terms of the Act.
Municipal Valuer or Valuer of a Municipality	Means a person designated as a municipal valuer in terms of Section 33(1) of the Act;
Newly rateable property	Any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding <ul style="list-style-type: none"> a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and b) a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified.
Office Bearer	In relation to places of public worship, means the primary person who officiates at services at the place of worship
Official residence	In relation to places of public worship: <ul style="list-style-type: none"> 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; c) 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 the office bearer;
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;
Organ of State	An organ of state as defined in Section 239 of the Constitution.
Owner	<ul style="list-style-type: none"> (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; or (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

	<p>of legislation, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:</p> <ul style="list-style-type: none"> (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 lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or (viii) a buyer, in the case of a property that was sold and of which possession was given to the buyer pending registration of ownership in the name of the buyer
Pensioner	<p>Means a person</p> <ul style="list-style-type: none"> • Who is 60 years of age; • Who is the sole owner of the property, or owner jointly with his/her spouse; and • Does not own another property within the municipality.
Permitted use	<p>In relation to a property, means the limited purposes for which the property may be used in terms of –</p>

	<p>(a) any restrictions imposed by –</p> <p>(i) a condition of title;</p> <p>(ii) a provision of a town planning or land use scheme; or</p> <p>(iii) any legislation applicable to any specific property or properties; or</p> <p>any alleviation of any such restrictions;</p>
Person	Includes an organ of state.
Places of public worship	<p>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—</p> <p>a) registered in the name of the religious community;</p> <p>b) registered in the name of a trust established for the sole benefit of a religious community; or</p> <p>c) subject to a land tenure right;</p>
Prescribe	Means prescribe by regulation in terms of section 83 of the Act.
Property	<p>means—</p> <p>(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;</p> <p>(b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;</p> <p>(c) a land tenure right registered in the name of a person or granted to a person in terms of legislation;</p>
Property Register	A register of properties referred to in Section 23 of the Act.
Protected area	Means an area that is or has to be listed in the register referred to in Section 10 of the Protected Areas Act.
Protected Areas Act	Means the National Environmental Management: Protected Areas Act, 2003
Public Benefit Organization	Means a property where the dominant activity is 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.
Publicly controlled	Means owned by or otherwise under the control of an organ of state, including-

	<ul style="list-style-type: none"> • a public entity listed in the Public Finance Management Act, 1999 (Act No.1 of 1999); • a municipality; or • a municipal entity as defined in the Municipal Systems Act
Public Service Infrastructure	<p>Means publicly controlled infrastructure of the following kinds:</p> <ol style="list-style-type: none"> 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 communication system serving the public; g) 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; h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels; i) any other publicly controlled infrastructure as may be prescribed; or j) a right registered against immovable property in connection with infrastructure mentioned in paragraphs (a) to (i);
Public service purposes	<p>In relation to the use of a property, means property owned and used by an organ of state as</p> <ul style="list-style-type: none"> • hospitals or clinics;

	<ul style="list-style-type: none"> • schools, pre-schools, early childhood development centres or further education and training colleges • national and provincial libraries and archives • police stations • correctional facilities; or • courts of law <p>but excludes property contemplated in the definition of "public service infrastructure"</p>
Rate	Means a municipal rate on property envisaged in section 229 (1) (a) of the Constitution;
Rateable property	Means the property on which a municipality may in terms of Section 2 levy a rate, excluding property fully excluded from the levying of rates in terms of Section 17 of the Act
Rate randage	A rate levied on rateable properties to determine the amount of rates due to the municipality.
Ratio	In relation to section 19, 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
Rebate	In relation to a rate payable on a property, means a discount granted in terms of Section 15 on the amount of the rate payable on the property
Reduction	In relation to a rate payable on a property, means the lowering in terms of section 15 of the Act of the amount for which the property was valued and the rating of the property at that lower amount.
Register	Means to record in a register in terms of – <ul style="list-style-type: none"> • the Deeds Registries Act, 1937 (Act No.47 of 1937) or • the Mining Titles Registration Act, 1967 (Act No. 16 of 1967); and <p>Includes any other formal act in terms of any other legislation to record-</p> <ul style="list-style-type: none"> • a right to use land for or in connection with mining purposes or • a land tenure right <p style="text-align: right;">connection with mining purposes; or</p>
Residential property	Means a property included in a valuation roll in terms of section 48(2)(b) of the Act as residential
Sectional Titles Act	The Sectional Titles Act, 1986 (Act No. 95 of 1986
Sectional Title Scheme	A scheme defined in Section 1 of the Sectional Titles Act;
Sectional title unit	A unit defined in Section 1 of the Sectional Titles Act
Specified public benefit activity	An 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.
State owned Property	Property owned by the state, a legal entity that undertakes commercial activities on behalf of an owner government
State Trust Land	Means Land owned by the state- <ul style="list-style-type: none"> a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure; b) over which land tenure rights were registered or granted; or c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994)
Threshold Value	With reference to impermissible rates and Section (17) (1) (h) of the MPRA a municipality may not levy a rate on the first R15 000 of the market value of a property with a category residential and a Council may increase this value to a higher market value in terms its annual budget and policy review, which is referred to as the threshold value. Tswaing Local municipality's threshold is R100 000.00
Vacant land	Means any unimproved vacant land, which is not agricultural property. Any vacant land outside the area of a scheme for which no development rights have been granted in terms of any planning law must be considered as agricultural property and valued accordingly. <ul style="list-style-type: none"> • The value of vacant land must reflect: <ul style="list-style-type: none"> ▪ the highest and best use permitted by the scheme, including any consent granted in terms thereof, if the land is situated in the area of a scheme; or ▪ the highest and best use permitted in terms of a development approval, if the land does not form part of the area of a scheme, but development rights have been granted in respect of the land.

3. PRINCIPLES

3.1 The principles of the Act are to regulate the power of a municipality to impose rates on property; to exclude certain properties from rating in the national interest; to make provision for municipalities to implement a transparent and fair valuation method of properties; to make provision for an objection and appeal process.

3.2 The principles of the policy are to ensure that:

- (a) The power of the municipality to impose rates on property within its area will not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities or the national mobility of goods, services, capital or labour as prescribed in terms of section 229 of the Constitution;
- (b) All ratepayers will be treated equitably;
- (c) Property rates will be assessed on the market value of all rateable properties within the jurisdiction of the municipality;
- (d) Property rates will not be used to subsidize trading and economic services; The property rates policy will consider relief measures to address the social and economic needs of the community;
- (e) This policy will be developed in consultation with the community and in compliance with a process of community participation in terms of Chapter 4 of the Municipal Systems Act.

3.3 Key Focus of the Act

- (a) All property owners are liable for the payment of rates. Therefore, all property owners including commercial, residential (homes), agriculture, government, etc, are included in the definition of property, Land tenure rights such as Permission to Occupy (PTOs) commonly found in communal areas, are also included in the definition of properties.
- (b) The Act prescribes that property values must be the market values of properties. This is the value that a willing buyer and willing seller is prepared to pay for a property.

3.4 Strategic focus

- a) In formulating the rating policy, Council has taken into account the impact of the rates structure on key parameters including Council's strategic direction, the IDP, business planning and budget documents. This framework allows Council to develop a rates structure that takes into consideration both the strategic focus and service delivery of Council.
- b) In setting its rates for **2020/2021 financial year**, Council will consider the amount of revenue required to fund the delivery of services and activities set out in the budget to meet the goals and objectives of Council's strategic directions. Council will take into account other sources of revenue and how the rate burden is distributed amongst various categories of rate payers including residential, businesses, industrial etc.
- c) Council has taken careful cognisance of the key principles set out in the Act:
 - Ensuring that rates allocated to properties are basically fair.
 - Ensuring that rates and tariffs levied are basically fair.

- Making sure that the very poor are assisted.
- Encouraging a better quality of life for residents.
- Promoting growth and investment in the municipality of Tswaing.
- Ensuring the long-term viability of Tswaing Local Municipality.
- Developing a rating system that is cost efficient to administer.
- The Municipality will treat ratepayers with similar properties in the same manner.
- Rates should always be based on the ability to pay principle. The ability of a person to pay rates will be taken into account by the Municipality. In dealing with the poor/indigent ratepayers the Municipality will provide relief measures through.

3.5 Exemptions, reductions or rebates

- a) Council is also cognisant of Government's industrial policy reform to increase export competitiveness and develop small, medium and micro enterprises (SMMEs). This is supported by a national campaign to boost small and medium firm development, the strengthening of competition policy and the development of industrial cluster support programmes. Small business development is a key element of government's strategy for economic growth and job creation. The promotion of direct foreign investment in South Africa remains a significant element of Government's national economic policies.
- b) The Tswaing Municipality Council recognises that sustainable economic growth in Tswaing Municipality is vital in order to alleviate poverty, reduce unemployment and generally create a more equitable living environment for all of its citizens. The Council also recognises the hardship suffered by pensioners and has introduced policies to alleviate these burdens.

4. IMPLEMENTATION OF THIS POLICY AND EFFECTIVE DATE

- 4.1 This policy takes effect from **1 July 2020**, being the effective date of valuation roll prepared by the municipality in terms of the Act and must accompany the municipality's budget for the financial year.
- 4.2 The rates policy must be reviewed annually, and if necessary, amended by the Council, such amendments must be effected in conjunction with the municipality's annual budget in terms of sections 22 and 23 of the Municipal Finance Management Act.
- 4.3 The municipality must adopt by-laws to give effect to the implementation of its rates policy and such by-laws must be read in conjunction with this policy.
- 4.4 The adopted by-laws must also be reviewed annually, and if necessary be amended by the Council, in conjunction and in accordance with the rates policy.

5.EQUITABLE TREATMENT OF RATE PAYERS

- 5.1 The municipality is committed to treating all ratepayers on an equitable basis. The circumstances of each category of owner or category of property will be considered in a fair manner and within the limitations set out in the Act.
- 5.2 The municipality must adopt measures to ensure equitable and fair treatment of ratepayers.
- 5.3 Any differentiation in the levying of rates must not constitute unfair discrimination.

6.DIFFERENT CATEGORIES OF PROPERTY

- 6.1 Section 8 of the Act provides that a municipality may, subject to section 19 of the Act and in terms of criteria set out in its rates policy, levy different rates for different specified categories of rateable property.
- 6.2 The designated Municipal Valuer of a municipality is responsible for determining the category of property in terms of its adopted rates policy.
- 6.3 Different rates may be levied in respect of the following categories of rateable properties and such rates will be determined on an annual basis during the compilation of the annual budget:
- a) Residential properties;
 - b) Industrial properties
 - c) Business and commercial properties
 - d) Farm properties used for:
 - i. Agricultural purposes
 - ii. Other business and commercial purposes
 - iii. Residential purposes or
 - iv. Purposes other than those specified in sub-paragraphs (i) to (iii)
 - e) Farm properties not used for any purposes
 - f) Small holdings used for:
 - i. Agricultural purposes
 - ii. Residential purposes
 - iii. Industrial purposes
 - iv. Business and commercial purposes or
 - v. Purposes other than those specified in sub-paragraphs (i) to (iv)
 - g) State-owned properties
 - h) Municipal properties
 - i) Public service infrastructure
 - j) Private owned towns serviced by the owner
 - k) Formal and informal settlements
 - l) Communal land as defined in section 1 of the Communal Land Rights Act, 2004
 - m) State trust land
 - n) Properties:
 - i. Acquired through the Provisions 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 Associations Act, 1996 (Act No.28 of 1996)
 - o) Protected areas

- p) Properties on which national monuments are proclaimed
- q) Properties owned by public benefit organisations and used for any specific public benefit activities listed in Part 1 of the Ninth Schedule to the Income Tax Act, or
- r) Properties used for multiple purposes, subject to section 9

7. ESTABLISHMENT OF BASE PROPERTY CATEGORY FOR THE PURPOSE OF DIFFERENTIATION

- The Tswaing Municipality Council has nominated the Residential category as the base category against which the rate randage of all other categories will be measured.

8. CRITERIA FOR DIFFERENTIAL RATING FOR DIFFERENT CATEGORIES OF PROPERTIES

- 8.1 The criteria for weighting the categories listed in Section 2 of this policy for the purpose of determining rate randages for each category. Cognisance should be taken of the following:
- a) The general economic and financial strength or weakness of owners of a category compared to other categories.
 - b) The reliance on services supplied by the Municipality.
 - c) The weighting adopted by other Municipalities of similar structure, size and value as Tswaing Local Municipality.
 - d) The strategic importance of a category with reference to the aims and objectives of Tswaing Municipality Council and Government.
 - e) The nature of the property including its sensitivity to rating for example agricultural properties used for agricultural properties
 - f) Vacant land will be rated higher (in terms of a Cent in the Rand and first reduction won't be implemented) as the Municipality is encouraging owners to develop it and also to discourage speculation by owners.
 - g) Differential rating among the various property categories will be done by way of setting different Cents in the Rand for each property category rather than by way of reductions and rebates. This is much simpler for citizens to understand and thus promotes the principle of transparency.
- 8.2 Section 8 of the Act provides that a municipality may, subject to section 19 of the Act and in terms of criteria set out in its rates policy, levy different rates for different specified categories of rateable property.
- 8.3 The designated Municipal Valuer of a municipality is responsible for determining the category of property in terms of its adopted rates policy.
- 8.4 For the purposes of section 8 of the Act read with section 9 of the Act, the following categories of rateable property have been determined, being:
- a) Residential property;
 - b) Business, commercial and industrial property;
 - c) Agricultural property;
 - d) Agricultural smallholding properties;
 - e) Public service infrastructure;
 - f) Places of public worship;
 - g) State Owned Property;
 - h) Communal Property;
 - i) Protected areas;

- j) Properties used for multiple purpose, subject to section 9;
- k) Municipal properties;
- l) Vacant land;
- m) Public Benefit Organisation Property

9.CRITERIA FOR RATING MULTIPLE USE PROPERTY

9.1 Rates on properties used for multiple purposes will be levied as follows: -

- (a) In accordance with the “permitted use of the property”.
- (b) In accordance with the “dominant use of the property” if (a) cannot be applied;
or
- (c) In accordance with the “different uses” by apportioning the market value of a category of property to the different purposes for which the property is used if both (a) and (b) above cannot be applied.

10.DIFFERENT CATGORIES OF OWNERS OF PROPERTIES

10.1 The municipality will not grant relief to the owners of property on an ad hoc or individual basis. For the purposes of rates policy, the Municipality has determined the following categories of owners (of property) with criteria for relief measures included under Part 10:

- a) indigent owners;
- b) owners dependent on pensions or social grants for their livelihood including owners of properties within the income group of pensions or social grants
- c) owners temporarily without income;
- d) owners of property situated within an area affected by a disaster or any other serious adverse social or economic conditions;
- e) owners of residential properties with a market value lower than an amount determined by the municipality; which is R 100 000.00
- f) owners of agricultural properties who are bona fide farmers.

11.WEIGHTING

The difference in rate randage between the various categories of properties will be determined by Council on an annual basis.

12.CRITERIA FOR EXEMPTION, REBATES AND REDUCTIONS

12.1 The criteria used for the purpose of rates exemption, rebates and reductions is as follows:

- a) Indigent status of the owner of a property;
- b) Sources of income of the owner of a property;
- c) Pensioner's ability to pay;
- d) Disable Owner;
- e) Child Headed Household;
- f) Social or economic conditions of the area where the owners of property are located for example an area declared by the National or Provincial Government to be a disaster area within the meaning of Disaster Management Act, 2002 to the extent that the significantly negatively affected.
- g) Market value of residential property below a determined threshold of **R100 000.00**
- h) Availability of services funded by rates for a property.

13.EXEMPTIONS, REDUCTIONS AND REBATES

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

- a) exempt a specific category of owners of properties, or the owners of a specific category of properties, from payment of the rate levied on their property; or
- b) grant to a specific category of owners, or to the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.
- c) In granting exemptions, reductions and rebates in respect of owners or categories of properties, a municipality may determine such categories in accordance with Section 8 of the Act, and when granting exemptions, reductions or rebates in respect of categories of owners of properties, such categories may include:
 - indigent owners;
 - owners dependent on pensions or social grants for their livelihood including owners of properties within the income group of pensions or social grants
 - owners temporarily without income;
 - owners of property situated within an area affected by a disaster or any other serious adverse social or economic conditions;
 - owners of residential properties with a market value lower than an amount determined by the municipality; and
 - owners of agricultural properties who are bona fide farmers.

15.2 The municipal manager must annually table in the council:

- a) a list of all exemptions, reductions and rebates granted by the municipality during the previous financial year; and
- b) a statement reflecting the income, which the municipality has forgone during the previous financial year by way of such exemption, reductions and rebates,

exclusions referred to in the Act, and the phasing in discount granted in terms of Section 21.

15.3 All exemptions, reductions and rebates projected for a financial year must be reflected in the municipality's annual budget for that year as income on the revenue side and expenditure on the expenditure side. In terms of the Constitution, a municipality may not exercise its power to levy rates on property in a manner that materially and unreasonably prejudices national economic policies, economic activities across its boundaries, or the national mobility of goods, services, capital and labour.

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

15.5 No property will be permitted two rebates at the same time unless approved by the council

14. CONSOLIDATION AND APPORTIONMENT OF PAYMENT

14.1 Separate accounts of persons liable for payment to the municipality for either rates or services may be consolidated in one account and any appropriation of payments will be done in accordance with the municipality's credit control policy.

15. COMMUNITY PARTICIPATION

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

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

website; and inviting the local community to submit comments and representations to the municipality within a period specified in the notice, but which period shall not be less than 30 days. The council must take all comments and representations made to it into account when it considers the draft rates policy

16.IDENTIFICATION AND QUANTIFICATION OF COSTS AND BENEFITS

16.1 Section 3(3)(e) of the Act states that a municipality must identify and quantify in terms of cost to the municipality and any benefit to the local community:

- a) Exemptions
- b) Rebates and
- c) Reductions

16.2 The municipality also includes:

- a) Exclusions and
- b) Rates on properties that must be phased in terms of Section 21 of the Act.

17.NEWLY RATED PROPERTY

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

The phasing-in discount on properties referred to in point 17.1 shall be as set out in the following table:

Year	Percentage Rates Payable
First	75%
Second	50%
Third	25%

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

The phasing-in discount on properties referred to in point 17.2

Year	Percentage Rates Payable
First	0%
Second	75%
Third	50%

Fourth	25%
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17.3 A rate levied on newly rateable property may not be higher than the rate levied on similar property or categories of property in the municipality

18.MUNICIPAL/COUNCIL OWNED PROPERTIES

18.1 All Council owned property must be valued. All lessees and purchasers who are required to pay rates in terms of their respective agreements of lease/sale will be subject to payment of rates based on the usage of the property.

19.PAYMENT OF RATES

19.1 Payment and recovery of rates shall be governed by the Municipality's Credit Control and Debt Collection Policy.

19.2 Rates payable on an annual basis, excluding annual rates levied on state owned properties, will be subject to a discount of 5% if paid in full on or before 30 October of each year.

20.PAYMENTS OF RATES CLEARANCE CERTIFICATE

20.1 With the sale of a property within the municipal jurisdiction, the council shall withhold rates clearance certificate until all rates, services and sundry costs attached to the property is paid and an amount equal to four months rates and service charges will be collected in advance as part of the rates clearance process.

20.2 The clearance certificate remains valid for 120 days (4 months) from the date of issuing, however if the 4 months period ends after the 30th of June, a new rate will apply.

21.GENERAL VALUATION ROLL AND SUPPLEMENTARY ROLL

21.1 A valuation roll:

- a) takes effect from the start of the financial year following completion of the public inspection period required by section 49, and
- b) remains valid for that financial year or for one or more subsequent financial years, as the municipality may decide, but in total not for more than four financial years.

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

21.3 Supplementary valuations may be done on a continual basis but at least on an annual basis.

22.REGISTER OF PROPERTIES

22.1 The Chief Financial Officer must draw up and maintain a register of properties as contemplated in section 23 of the Act.

23.ANNUAL INCREASE

23.1 After considering all the factors, the municipality has decided to levy **0%** increase in rates. In reaching this decision, the municipality has been mindful of the affordability of ratepayers.

24.POLICY APPROVAL

24.1 This policy, after adoption by the Council of Tswaing Local Municipality, will become effective from **1 July 2020**

