

**TSWAING LOCAL MUNICIPALITY**



**DRAFT PROPERTY RATES POLICY**

**2021/2022**

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## 1.LEGISLATIVE BACKGROUND

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**WHEREAS** section 229(1) of the Constitution requires a municipality to impose rates on property and surcharges on fees for the services provided by or on behalf of the municipality;

**AND WHEREAS** section 13 of the Municipal Systems Act read with section 162 of the Constitution requires a municipality to promulgate municipal by-laws by publishing them in the gazette of the relevant province;

**AND WHEREAS** section 6 of the Local Government: Municipal Property Rates Act, 2004 requires a municipality to adopt by-laws to give effect to the implementation of its property rates policy; the by-laws may differentiate between the different categories of properties and different categories of owners of properties liable for the payment of rates;

**NOW THEREFORE IT IS ENACTED** by the Council of the Tswaing Local Municipality, as follows:

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## 2.INTERPRETATION

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2.1 For the purpose of this Policy any word or expression to which a meaning has been assigned in the Act, shall bear that same meaning in this Policy, and unless the context indicates otherwise:

<b>Agent</b>	In relation to the owner of a property, means a person appointed by the owner of the property –  (a) to receive rental or other payments in respect of the property on behalf of the owner; or  (b) to make payments in respect of the property on behalf of the owner.
<b>Agricultural property</b>	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
<b>Agricultural purposes</b>	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
<b>Annually</b>	Means once every financial year
<b>Appeal board</b>	Means a valuation appeal board established in terms of section 56
<b>Assistant Municipal Valuer</b>	Means a person designated as an assistant municipal valuer in terms of section 35 (1) or (2)

<b>Business or commercial property</b>	Means – 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
<b>Category</b>	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)
<b>Communal property</b>	Means – 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; or f) Property excluded from any other category of property.
<b>Child headed Household</b>	Means a household recognized as such in terms of section 137 of the Children’s Amendment Act, 41 of 2007.
<b>Data-collector</b>	Means a person designated as a data collector in terms of section 36
<b>Date of valuation</b>	Means the date determined by a municipality in terms of section 31 (1)
<b>Day</b>	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
<b>District Municipality</b>	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
<b>Dominant use</b>	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 - <ul style="list-style-type: none"> <li>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;</li> <li>b) the dominant use is the highest percentage use of all actual uses determined by gross building area;</li> <li>c) the dominant use category of property will then be applied to the levying of rates</li> <li>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.</li> </ul>
<b>Effective date</b>	<ul style="list-style-type: none"> <li>a) In relation to a valuation roll, means the date on which the valuation roll takes effect in terms of section 32 (1) or</li> <li>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)</li> </ul>
<b>Equitable treatment of ratepayers</b>	Means the fair, just and impartial treatment of all ratepayers
<b>Exclusion</b>	In relation to a municipality's rating power, means a restriction of that power as provided for in Section 17 of the Act
<b>Exemption</b>	In relation to the payment of a rate, means an exemption granted by a municipality in terms of Section 15 of the Act
<b>Financial year</b>	Means the period starting from 1 July in a year to 30 June the next year.
<b>Income Tax Act</b>	Means the Income Tax Act, 1962 (Act No. 58 of 1962)
<b>Indigent</b>	<ul style="list-style-type: none"> <li>a) Means an owner of low-cost property at a value of <b>R 60 000.00</b> who has permanent occupation of a property and qualifies for indigent relief in terms of the Council's Customer Care policy.</li> <li>b) A household with a calculated income not exceeding <b>R3 200.00</b> per month.</li> </ul>
<b>Industrial Property</b>	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 – <ul style="list-style-type: none"> <li>a) the production of raw products on the property;</li> <li>b) the storage and warehousing of products; and</li> </ul>

	c) any office or other accommodation on the same property the use of which is incidental to such activity.
<b>Land reform beneficiary</b>	In relation to a property, means a person who - a) acquired the property through- <ul style="list-style-type: none"> <li>• the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or</li> <li>• The Restitution of Land Rights Act, 1994 (Act No. 22 of 1944);</li> </ul> b) holds the property subject to the Communal Property Associations Act, 1996 (Act No. 28 of 1996); or 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.
<b>Land Tenure right</b>	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)
<b>Legal entity</b>	In law an entity is something which can bear legal rights and obligations, has a distinct separate existence.
<b>Local community</b>	In relation to a municipality means that body of persons comprising- a) the residents of the municipality; b) the ratepayers of the municipality; c) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and 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 Includes, more specifically, the poor and other disadvantaged sections of such body of persons.
<b>Local Municipality</b>	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.
<b>Market Value</b>	In relation to a property, means the value of the property determined in accordance with Section 46 of the Act
<b>MEC for local government</b>	Means the member of the Executive Council of a province who is responsible for local government in that province.
<b>Minister</b>	The cabinet member responsible for local government
<b>MPRA</b>	Municipal Property Rates Act No. 6 of 2004 and the Regulations framed there under.
<b>Multiple purposes</b>	In relation to a property, means the use of a property for more than one purpose, subject to section 9 of the Act;

<b>Municipal Council or Council</b>	A municipal council referred to in Section 18 of the Municipal Structures Act.
<b>Municipal Finance Management Act</b>	The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
<b>Municipal Manager</b>	A person appointed in terms of Section 82 of the Municipal Structures Act;
<b>Municipal owned property</b>	Means property owned by the municipality.
<b>Municipal leases</b>	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. a) Rates payable will be based on the rates category and market value as contained in the Valuation Roll
<b>Municipal Structures Act</b>	The Local Government: Municipal Structures Act, 1988 (Act No. 117 of 1998)
<b>Municipal Systems Act</b>	The Local Government: Municipal Systems Act 2000 (Act No. 32 of 2000)
<b>Municipal valuation</b>	Means a valuation of a rateable property within the municipal area by the Municipal Valuer in terms of the Act.
<b>Municipal Valuer or Valuer of a Municipality</b>	Means a person designated as a municipal valuer in terms of Section 33(1) of the Act;
<b>Newly rateable property</b>	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 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.
<b>Office Bearer</b>	In relation to places of public worship, means the primary person who officiates at services at the place of worship
<b>Official residence</b>	In relation to places of public worship: 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;

<b>Occupier</b>	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;
<b>Organ of State</b>	An organ of state as defined in Section 239 of the Constitution.
<b>Owner</b>	<p>(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;</p> <p>(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</p> <p>(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, 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"> <li>(i) A trustee, in the case of a property in a trust excluding state trust land;</li> <li>(ii) An executor or administrator, in the case of a property, in a deceased estate;</li> <li>(iii) A trustee or liquidator, in the case of a property, in an insolvent estate or in liquidation;</li> <li>(iv) A judicial manager, in the case of a property, in the estate of a person under judicial management;</li> <li>(v) A curator, in the case of a property, in the estate of a person under curatorship;</li> <li>(vi) An usufructuary or other person in whose name a usufruct or other personal servitude is registered, in the</li> </ul>



	<p>case of a property that is subject to a usufruct or other personal servitude;</p> <p>(vii) A lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or</p> <p>(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</p>
<b>Pensioner</b>	<p>Means a person</p> <ul style="list-style-type: none"> <li>• Who is 60 years of age;</li> <li>• Who is the sole owner of the property, or owner jointly with his/her spouse; and</li> <li>• Does not own another property within the municipality.</li> </ul>
<b>Permitted use</b>	<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> <ul style="list-style-type: none"> <li>(i) a condition of title;</li> <li>(ii) a provision of a town planning or land use scheme; or</li> <li>(iii) any legislation applicable to any specific property or properties; or</li> </ul> <p>any alleviation of any such restrictions;</p>
<b>Person</b>	Includes an organ of state.
<b>Places of public worship</b>	<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> <ul style="list-style-type: none"> <li>a) registered in the name of the religious community;</li> <li>b) registered in the name of a trust established for the sole benefit of a religious community;</li> <li>or</li> <li>c) subject to a land tenure right;</li> </ul>
<b>Prescribe</b>	Means prescribe by regulation in terms of section 83 of the Act.
<b>Property</b>	<p>means—</p> <p>(a) Immovable property registered in the name of a person, including, in the case of a sectional</p>

	<p>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>
<b>Property Register</b>	A register of properties referred to in Section 23 of the Act.
<b>Protected area</b>	Means an area that is or has to be listed in the register referred to in Section 10 of the Protected Areas Act.
<b>Protected Areas Act</b>	Means the National Environmental Management: Protected Areas Act, 2003
<b>Public Benefit Organization</b>	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.
<b>Publicly controlled</b>	<p>Means owned by or otherwise under the control of an organ of state, including-</p> <ul style="list-style-type: none"> <li>• a public entity listed in the Public Finance Management Act, 1999 (Act No.1 of 1999);</li> <li>• a municipality; or</li> <li>• a municipal entity as defined in the Municipal Systems Act</li> </ul>
<b>Public Service Infrastructure</b>	<p>Means publicly controlled infrastructure of the following kinds:</p> <ol style="list-style-type: none"> <li>a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;</li> <li>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;</li> <li>c) power stations, power substations or power lines forming part of an electricity scheme serving the public;</li> <li>d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;</li> <li>e) railway lines forming part of a national railway system;</li> <li>f) communication towers, masts, exchanges or lines forming part of a communication system serving the public;</li> </ol>

	<p>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;</p> <p>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;</p> <p>i) any other publicly controlled infrastructure as may be prescribed; or</p> <p>j) a right registered against immovable property in connection with infrastructure mentioned in paragraphs (a) to (i);</p>
<b>public service purposes</b>	<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"> <li>• hospitals or clinics;</li> <li>• schools, pre-schools, early childhood development centres or further education and training colleges</li> <li>• national and provincial libraries and archives</li> <li>• police stations</li> <li>• correctional facilities; or</li> <li>• courts of law</li> </ul> <p>but excludes property contemplated in the definition of "public service infrastructure"</p>
<b>Rate</b>	Means a municipal rate on property envisaged in section 229 (1) (a) of the Constitution;
<b>Rateable property</b>	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
<b>Rate randage</b>	A rate levied on rateable properties to determine the amount of rates due to the municipality.
<b>Ratio</b>	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
<b>Rebate</b>	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
<b>Reduction</b>	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.
<b>Register</b>	Means to record in a register in terms of – <ul style="list-style-type: none"> <li>• the Deeds Registries Act, 1937 (Act No.47 of 1937) or</li> <li>• the Mining Titles Registration Act, 1967 (Act No. 16 of 1967); and</li> </ul> Includes any other formal act in terms of any other legislation to record- <ul style="list-style-type: none"> <li>• a right to use land for or in connection with mining purposes or</li> <li>• connection with mining purposes; or</li> <li>• a land tenure right</li> </ul>
<b>Residential property</b>	Means a property included in a valuation roll in terms of section 48(2)(b) of the Act as residential
<b>Sectional Titles Act</b>	The Sectional Titles Act, 1986 (Act No. 95 of 1986
<b>Sectional Title Scheme</b>	A scheme defined in Section 1 of the Sectional Titles Act;
<b>Sectional title unit</b>	A unit defined in Section 1 of the Sectional Titles Act
<b>Specified public benefit activity</b>	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.
<b>State owned Property</b>	Property owned by the state, a legal entity that undertakes commercial activities on behalf of an owner government
<b>State Trust Land</b>	Means Land owned by the state- <ol style="list-style-type: none"> <li>a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;</li> <li>b) over which land tenure rights were registered or granted; or</li> <li>c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994)</li> </ol>
<b>Threshold Value</b>	With reference to impermissible rates and Section (17) (1) (h) of the MPRA a municipality may not levy a rate on the first <b>R15 000</b> 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 <b>R 60 000</b>
<b>Vacant land</b>	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. <ol style="list-style-type: none"> <li>a) The value of vacant land must reflect: <ol style="list-style-type: none"> <li>i. the highest and best use</li> </ol> </li> </ol>

	<p>permitted by the scheme, including any consent granted in terms thereof, if the land is situated in the area of a scheme; or</p> <p>II. 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.</p>
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### 3.AIM AND PURPOSE

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3.1 This policy constitutes the policy as contemplated in terms of the provisions of section 3(1) of the MPRA and the aim and purpose of this policy is as set out in the provisions of section 3(3) of the MPRA.

3.2 The aim of this policy is to:

- (a) Ensure that all owners of rateable property are informed about their liability for rates,
- (b) Specify relief measures for ratepayers who may qualify for relief or partial relief in respect of the payment of rates through exemptions, reductions and rebates as contemplated in terms of the provisions of section 15 of the Municipal Property Rates Act;
- (c) Empower the Municipality to specify a threshold at which rating in respect of residential properties may commence as provided for in terms of the provisions of section 15(1)(a) of the MPRA, which it is authorised to do;
- (d) Set out the criteria to be applied by the Municipality when it:
  - (i) Increase or decreases rates
  - (ii) Levies differential rates on different categories of property;
- (e) Provide for categories of public benefit organisations, approved in terms of the provisions of section 30(1) of the Income Tax Act, Act 58 of 1962 (hereinafter referred to as “the Income Tax Act”), which are ratepayers, and who may apply to the Municipality for relief from rates;
- (f) Recognise the State, organs of state and the owners of public service infrastructure as property owners;
- (g) Encourage the development of property;
- (h) Ensure that all persons liable for rates are treated equitably as required by the MPRA; and

- (i) Provide that any rebate is to benefit the owner in occupation of the property.

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#### 4.GUIDING PRINCIPLES

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##### 4.1 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.

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#### 5.KEY FOCUS OF THE ACT

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- 5.1 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.
- 5.2 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.

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#### 6.STRATEGIC FOCUSS

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- 6.1 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.
- 6.2 In setting its rates for **2021/2022 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.

6.3 Council has taken careful cognisance of the key principles set out in the Act:

- a) Ensuring that rates allocated to properties are basically fair.
- b) Ensuring that rates and tariffs levied are basically fair.
- c) Making sure that the very poor are assisted.
- d) Encouraging a better quality of life for residents.
- e) Promoting growth and investment in the municipality of Tswaing.
- f) Ensuring the long-term viability of Tswaing Local Municipality.
- g) Developing a rating system that is cost efficient to administer.
- h) The Municipality will treat ratepayers with similar properties in the same manner.
- i) 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.

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## 7. EXEMPTIONS, REDUCTIONS AND REBATES

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7.1 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.

7.2 The Tswaing Municipality Council recognises that sustainable economic growth in Tswaing Municipality is vital to alleviate poverty, reduce unemployment and generally create a more equitable living environment for all its citizens. The Council also recognises the hardship suffered by pensioners and has introduced policies to alleviate these burdens.

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## 8. IMPLEMENTATION OF THIS POLICY AND EFFECTIVE DATE

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8.1 This policy takes effect from **1 July 2021**, 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.

8.2 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.

8.3 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.

8.4 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.

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## 9.EQUITABLE TREATMENT OF RATE PAYERS

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- 9.1 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.
- 9.2 The municipality must adopt measures to ensure equitable and fair treatment of ratepayers.
- 9.3 Any differentiation in the levying of rates must not constitute unfair discrimination.

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## 10.DIFFERENT CATEGORIES OF PROPERTY

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- 10.1 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.
- 10.2 The designated Municipal Valuer of a municipality is responsible for determining the category of property in terms of its adopted rates policy.
- 10.3 For the purposes of section 8 of the Act read with section 9, 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

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## 11 ESTABLISHMENT OF BASE PROPERTY CATEGORY FOR THE PURPOSE OF DIFFERENTIATION

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- 11.1 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.

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## 12.CRITERIA FOR DIFFERENTIAL RATING FOR DIFFERENT CATEGORIES OF PROPERTIES

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- 12.1 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.
- 12.2 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.
- 12.3 The designated Municipal Valuer of a municipality is responsible for determining the category of property in terms of its adopted rates policy.
- 12.4 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

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### 13.CRITERIA FOR RATING MULTIPLE USE PROPERTY

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- 13.1 Rates on properties used for multiple purposes will be levied on properties used for-
- a) a purpose corresponding with the permitted use of the property, if the permitted use of the property is regulated;

- b) a purpose corresponding with the dominant use of the property;
- or
- c) by apportioning the market value of a property to the different purposes for which the property is used; and
- d) applying the relevant cent amount in the rand to the corresponding apportioned market value.
- e) applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments.

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#### 14. DIFFERENT CATEGORIES OF OWNERS OF PROPERTIES

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- 14.1 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 60 000.00
  - f) owners of agricultural properties who are bona fide farmers.

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#### 15. WEIGHTING

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

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#### 12. CRITERIA FOR EXEMPTION, REBATES AND REDUCTIONS

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- 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 **R 60 000.**
  - h) Availability of services funded by rates for a property.

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## 17. EXEMPTIONS, REDUCTIONS AND REBATES

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- 17.1 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.
- 17.2 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.
- 17.3 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.
- 17.4 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.

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

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## **18.CONSOLODITATION AND APPORTIONMENT OF PAYMENT**

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18.1 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.

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## **19.COMMUNITY PARTICIPATION**

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19.1 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

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## **20.IDENTIFICATION AND QUANTIFICATION OF COSTS AND BENEFITS**

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20.1 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

- 20.2 The municipality also includes:
- a) Exclusions and
  - b) Rates on properties that must be phased in terms of Section 21 of the Act.

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## 21. NEWLY RATED PROPERTY

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21.1 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%

21.2 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%

21.3 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

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## 22. MUNICIPAL/COUNCIL OWNED PROPERTIES

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22.1 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.

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## **23.PAYMENT OF RATES**

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

23.2 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.

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## **24.PAYMENTS OF RATES CLEARANCE CERTIFICATE**

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24.1 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.

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

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## **25.GENERAL VALUATION ROLL AND SUPPLEMENTARY ROLL**

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25.1 A valuation roll takes effect from the start of the financial year following completion of the public inspection period required by the present Act, and 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.

25.2 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.

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

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## **26.REGISTER OF PROPERTIES**

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

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## **27.ANNUAL INCREASE**

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27.1 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.

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## 28.POLICY APPROVAL

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28.1 This policy, after adoption by the Council of Tswaing Local Municipality, will become effective from **1 July 2021**

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