

# PROPERTY RATES POLICY

## FOR THE FINANCIAL YEAR – 2023/2024



<b>TABLE OF CONTENTS</b>	<b>PAGE NUMBERS</b>
SECTION 1: DEFINITIONS	3
SECTION 2: OBJECT OF THE POLICY	3
SECTION 3: IMPOSITION OF RATES	4
SECTION 4: EQUITABLE TREATMENT OF RATEPAYERS	3
SECTION 5: DISCRETIONARY RESOLUTIONS ADOPTED BY THE MUNICIPALITY WITH RESPECT TO LEVYING OF RATES	4
SECTION 6: CATEGORIES OF PROPERTIES FOR DIFFERENTIAL RATING PURPOSES	5-6
SECTION 7: PROPERTIES USED FOR MULTIPLE PURPOSES	7
SECTION 8: RELIEF MEASURES ON PROPERTY RATES	7-13
SECTION 9: GENERAL	13
SECTION 10: REVIEW OF THIS POLICY	14
SECTION 11: SHORT TITLE	14
SECTION 12 IMPLEMENTATION OF THIS POLICY	14

## PROPERTY RATES POLICY FOR THE 2023/2024 FINANCIAL YEAR

### 1. DEFINITIONS

- 1.1 “Act” means the Local Government: Municipal Property Rates Act, 2004 (No. 06 of 2004)
- 1.2 “By-Law” means the City of Mbombela Municipal Property Rates By-Law promulgated in terms of section 6 of the Act
- 1.3 “Municipality” means the City of Mbombela

### 2. OBJECT OF THE POLICY

- 2.1 The object of this policy is to provide a guiding framework for the application and levying rates property in accordance with the Act, 2004 read with Council resolution adopted in terms of section 14 of this Act by:
  - 2.1.1 Treating persons liable for rates equitably;
  - 2.1.2 Determining the criteria for levying different rates for different categories of properties determined in terms of section 8 of the Act;
  - 2.1.3 Determining the criteria for exempting of a specific category of owners of properties or the owners of specific category of properties, from payment of a rate on their properties;
  - 2.1.4 Determining the criteria for granting to a specific category of owners of properties or the owners of specific category of properties, rebate on or reduction in rate payable in respect of their properties;
  - 2.1.5 Determining the criteria for categorization of properties for the purpose of levying different rates as stipulated in 2.1.2;
  - 2.1.6 Determine how the municipality’s powers must be exercised in relation to multiple use properties;
- 2.2 To identify on the basis as may be determined, all ratable properties in the municipality that are not rated in terms of section 7 (2) of the Act.

### **3. IMPOSITION OF RATES**

3.1 The Council shall as part of each annual operating budget cycle, impose a rate in the rand on the market value of all rateable properties as recorded in the municipality's valuation roll and supplementary valuation roll. Rateable properties include only those properties on which the municipality may in terms of section 2 of the Act levy a rate.

3.2 The Council pledges itself to limit the annual increase if financially viable of the rate in the rand in accordance with the National Treasury guidelines and/or the approved integrated development priorities.

### **4. EQUITABLE TREATMENT OF RATEPAYERS**

4.1 This municipality is committed to treating all ratepayers on an equitable basis. "Equitable" does not necessarily mean "equal" treatment of ratepayers. 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.

4.2 Any differentiation in the levying of rates must not constitute unfair discrimination.

### **5. DISCRETIONARY RESOLUTIONS ADOPTED BY THE MUNICIPALITY WITH RESPECT TO LEVYING OF RATES**

5.1 It is recorded that the Municipality has adopted the following resolutions:

5.1.1 To levy rates on all ratable property in its area of jurisdiction;

5.1.2 To determine the 2<sup>nd</sup> of February 2023 as the date of valuation for the valuation roll to be implemented on 1 July 2023;

5.1.3 To levy different cents in the rand for different categories of ratable property;

5.1.4 That the categories of properties for the purpose of differential rating are those specified in this policy and the Property Rates By-Law;

5.1.5 That the criteria for the categorization in terms of section 8(1) of the Act shall be actual use where a property is improved and vacant land shall be categorized according to the permitted use of the property.

- 5.1.6 In case of a property used for multiple-purposes the categories shall be determined according to the different uses and rated according to the apportioned market value.
- 5.1.7 To rate public service infrastructure (excluding municipal public service infrastructure) that is identifiable and to which a market value can be determined with the proviso that the municipality may extend this annually to include other identifiable entities as the data set is developed; and
- 5.1.8 In terms of section 7(2) (a) (i) of the Act, no rates will be levied on properties owned by the City of Mbombela, except where leased to a third party.

## **6. CATEGORISATION OF PROPERTIES FOR DIFFERENTIAL RATING PURPOSES**

- 6.1 Differential rating among the below determined categories of properties is done by way of setting different rates in the rand for each property category.
- 6.2 The criteria for weighting the categories determined above, for the purpose of determining cent in a rand amount (rates tariff) for each category, must take account of the following :
- 6.2.1 The reliance or otherwise of the owners of specific categories of property on the type of services supplied by the Municipality;
- 6.2.2 The strategic importance of a category of property with reference to the aims and objectives of the municipality and the Government of the Republic of South Africa as a whole (such as social, economic and developmental issues);
- 6.2.3 The nature of the category of property, including its sensitivity to rating (for example agricultural properties used for agricultural purposes);
- 6.2.4 Agricultural holdings and farm portions used for residential shall be categorized as residential for rating purposes, unless the owner can prove that he/she is a bona fide farmer. Agricultural/farming property not predominantly used for bona fide farming purposes, shall be rated according to the category of the actual use thereof.
- 6.2.5 The activities that take place on business, commercial, industrial and government properties have been identified as the cost drivers for community services
- 6.3 The principles in section 6.2 above shall be applied for the determination of the cents

in the rand and Council shall determine tariff ratios in relation to residential property for the purpose of differential rating on the deferent categories of properties as listed in 6.4

#### 6.4 Determined categories properties, ratios and tariffs

CATEGORY	RATIO	TARIFF
Residential Property	1 : 1	0.00825
Industrial Property	1 : 2.25	0.01856
Business and Commercial Property	1 : 2.25	0.01856
Agricultural Property	1 : 0.25	0.00206
Municipal Property	1 : 0	0.00000
State/ Government Owned Property and used for Public Service Purposes	1 : 2.75	0.02269
Public Service Infrastructure	1 : 0.25	0.00206
Public Benefit Organization Owned Property and Used for Specified Public Benefit Activities	1 : 0.25	0.00206
Mining Property	1 : 2.25	0.01856
Places of Public Worship	1 : 0	0.00000
Protected Areas	1 : 0	0.00000
Multiple Use Property	As per apportionment of the market value of the property according to the different uses.	N/A

## **7. PROPERTIES USED FOR MULTIPLE PURPOSES**

7.1 A property used for a multiple purposes must, for rates purposes, be assigned to a category determined in terms of section 5 of this policy read with the By-Laws for the properties used for multiple purpose in terms of section 8 (2)(i) of the Act.

## **8. RELIEF MEASURES ON PROPERTY RATES**

8.1 The Municipality recognizes the need and desirability to grant relief to a specific category of owners of properties and owners of a specific category of properties with a view to providing for appropriate measures to alleviate the impact of the rates burden on them.

### **8.2 EXEMPTION AND EXCLUSION**

8.2.1 The first R 15000.00 of a market value of a residential property shall be excluded from levying of property rates in terms of the Act;

8.2.2 100% of the market value on public service infrastructure shall be excluded from levying of property rates in terms of the Act;

8.2.3 A municipal property shall be 100% exempted from levying of property rates;

8.2.4 A place of worship, including an official residence registered in the name of the community shall be excluded for levying of property rates in terms of the Act; and

8.2.5 Other properties stated in terms of section 17(b), (c), (d), (e), (f) and (g) of the Act shall be excluded from levying of property rates.

### **8.3 REDUCTIONS**

8.3.1 The reductions shall be granted to the category of specific properties as provided for in this rates policy as follows:



<b>(a) Residential Properties</b>	
<b>Qualification criteria</b>	Property should be categorized as such i.e. Residential Property
<b>Reduction granted</b>	A further R 110 000 on the market value of the property.
<b>(b) Properties Affected by a Disaster or other Serious Adverse Social or Economic Conditions</b>	
<b>Qualification criteria</b>	<p>The owner of any category of property may make application for the consideration of a reduction in the municipal valuation of the property as contemplated in section 15 of the Act, where it is contended that the market value of the property is being affected by:</p> <ol style="list-style-type: none"> <li>a. A disaster within the meaning of the Disaster Management Act (57 of 2002); or</li> <li>b. Any other serious adverse social or economic conditions as may be defined and determined by the Council.</li> </ol>
<b>Reduction granted</b>	<ul style="list-style-type: none"> <li>• The relief provided will be in the form of a reduction in the municipal valuation of the property in relation to a certificate issued for this purpose by the municipal valuer.</li> <li>• The resultant reduction in the quantum of the rates payable will be for the current financial year only and calculated on a pro-rata basis from the date of the disaster or adverse</li> </ul>



	<p>conditions to the end of the financial year.</p> <ul style="list-style-type: none"> <li>Should the applicant consider that the conditions resulting in the granting of relief remain unaltered at the conclusion of the financial year in question, a further application may be lodged for the new financial year</li> </ul>
--	--

## 8.4 REBATES

8.4.1 The rebates shall be granted to the category of specific owners of properties as provided for in this rates policy as follows:

<b>(a) Indigent household and child headed household</b>													
<b>(b) Retired people, disabled and medically boarded</b>													
<b>Criteria</b>	<ul style="list-style-type: none"> <li>Make application in writing in a prescribed form;</li> <li>Applicant must be the registered owner of the property;</li> <li>Permanently reside on the property;</li> <li>Be at least 60 years of age.</li> <li>Medically boarded must provide proof.</li> </ul>												
<b>Rebate</b>	<p>Annual Income Threshold % Rebates</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">R 0</td> <td style="width: 33%;">R 157 900</td> <td style="width: 33%;">100 %</td> </tr> <tr> <td>R 157 901</td> <td>R 176 563</td> <td>75 %</td> </tr> <tr> <td>R 176 564</td> <td>R 220 704</td> <td>50 %</td> </tr> <tr> <td>More than</td> <td>R 220 705</td> <td>25 %</td> </tr> </table>	R 0	R 157 900	100 %	R 157 901	R 176 563	75 %	R 176 564	R 220 704	50 %	More than	R 220 705	25 %
R 0	R 157 900	100 %											
R 157 901	R 176 563	75 %											
R 176 564	R 220 704	50 %											
More than	R 220 705	25 %											
<b>(c) Owners of bed and breakfast, guest houses and lodges</b>													
	<ul style="list-style-type: none"> <li>Make application in writing in a prescribed form;</li> </ul>												

<p><b>Qualification criteria</b></p>	<ul style="list-style-type: none"> <li>• Own and utilize the property solely for B &amp; B, Guest house and /or Lodge and owner occupied;</li> <li>• Turnover of <i>less</i> than R 350,000</li> <li>• Must not exceed 9 (nine) rooms available to guests</li> <li>• Proof of registration with the South African Grading Council; and</li> <li>• Be in a position to submit most recent annual financial statements.</li> <li>• For student accommodation must prove accreditation by the institution of higher learning and be permitted in terms SPLUMA</li> </ul>
<p><b>Rebates</b></p>	<p>Additional rebate of 35% shall be granted on property rates.</p>
<p><b>(d) Owner of a property in estates/ complexes</b></p>	
<p><b>Qualification criteria</b></p>	<ul style="list-style-type: none"> <li>• Make an application in writing in a prescribed form;</li> <li>• The cost of rendering and maintaining of internal community services should be incurred by residents or Home owners Associations;</li> <li>• The property owner's account should be up to date.</li> </ul>
<p><b>Rebates</b></p>	<ul style="list-style-type: none"> <li>• Additional rebate of 25% on small holdings where the municipality does not provide maintenance of the internal community services.</li> <li>• Additional rebate of 10% on properties situated in an area/township where the municipality does not provide maintenance of the internal community services.</li> <li>• In the case of properties within a CID, the city will reimburse the CID at a rate of 10% for all services rendered on behalf of the city. The 10% is calculated on the</li> </ul>

	payments received from all property owners within the CID.
<b>(e) Owner of properties in townships establishment (Private township developers/ Township owners)</b>	
<b>Qualification criteria</b>	<ul style="list-style-type: none"> <li>• Make an application in writing in a prescribed form;</li> <li>• Provide Service Level Agreement entered into with the municipality;</li> <li>• The full cost of infrastructural development of the township should be incurred by the owner(s);</li> <li>• The property owner's account should be up to date.</li> </ul>
<b>Rebates</b>	<ul style="list-style-type: none"> <li>• 100% rebates shall be granted as from proclamation date of the township and shall not exceed a period of twenty four (24) months.</li> <li>• Thereafter a rebate of 75% year 1, 50% year 2 and 25% year 3 shall apply and /or terminated when a transfer to the third party takes place and / or certificate of occupation is issued, whichever comes first.</li> <li>• If after the phase in period the developer still holds unsold stock, they can petition the municipality for further relief;</li> <li>• Such relief will be at the discretion of Council.</li> </ul>
<b>(f) Residential and small business properties situated in a proclaimed townships within informal settlement.</b>	
<b>Qualification criteria</b>	Location and category (residential and small

	business) of the property of the owner;
<b>Rebates</b>	Rebates of 100% shall be granted on property rates
<b>(g) Owners of properties within Kruger National Park</b>	
<b>Qualification criteria</b>	<ul style="list-style-type: none"> <li>• Own properties within the Kruger National Park;</li> <li>• Property shall be used for any purposes other than nature reserves and national environmental management.</li> </ul>
<b>Rebates</b>	Additional rebates of 25% on property rates shall be granted.
<b>(h) Properties Owned by Public Benefit Organizations' which includes;</b>	
<ul style="list-style-type: none"> <li>• <b>Properties used for any specified public benefit 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></li> <li>• <b>Any other properties that Council may deem to be owned and exclusively used for public benefit activities for the purpose of rebates.</b></li> </ul>	
<b>Qualification criteria</b>	<ul style="list-style-type: none"> <li>• Make an application in writing in a prescribed form;</li> <li>• Provide proof of ownership of the property and registration as a Non-Profit Organization in terms of the Income Tax Act or registration as a Public Benefit Organization in terms of the Income Tax Act conducting one or more of the above specified public benefit activities listed in Part 1 of the 9<sup>th</sup> Schedule;</li> <li>• Submit an affidavit signed by the head of the organization before a Commissioner of Oaths that the property is used primarily for the specified public benefit activities and purposes of the organization;</li> <li>• hat no private pecuniary profit is made</li> </ul>

	<p>from the property; and that no rent is received by the applicant for any use of the property by other persons; and</p> <ul style="list-style-type: none"> <li>• Be in a position to submit audited annual financial statements.</li> </ul>
<b>Rebates</b>	<ul style="list-style-type: none"> <li>• Rebates of 100% shall be granted on property rates.</li> </ul>

8.4.2 The rebates shall be granted to the category of specific properties as provided for in this rates policy as follows:

<b>(a) The following rebates are unconditionally granted to the category of the specific properties as listed below to leverage the rates burden and/ or negative impact on the local economic.</b>	
State Trust and Communal property	Rebates of 100% on property rates shall be granted to this category only on residential properties.
Public Service Infrastructure Property	Phase-out Rebate of 100% on property rates shall be granted to this category.

## 9. GENERAL

9.1 The property rates are zero-rated in terms of Value Added Tax Act.

9.2 Interest on property rates in arrears shall be calculated and charged at prime lending rate as determined by the South African Reserve Bank which shall be applicable at 30 June 2023 plus one percent fixed over the twelve months period of the 2023/2024 financial year.

9.3 The municipal property valuation roll is valid for the period as determined by council.

9.4 Any valuation query arising from the current valuation roll made after the period of objections as provided for will attract an administration fee as determined by council from time to time.

9.5 Student accommodation with effect from 1 July 2023 will be categorized as business and commercial property for rating purposes.

9.6 This policy is adopted in term of section 3 of the Act and shall be read with the City of Mbombela Municipal Property Rates By-Laws.

## **10. REVIEW OF THIS POLICY**

10.1 The policy shall be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives and Municipal Budget and Medium Term Expenditure Framework.

## **11. SHORT TITLE**

11.1 This policy shall be known as Property Rates Policy.

## **12. IMPLEMENTATION OF THIS POLICY**

12.1 This policy shall be effective from 1 July 2023