

UMZIMVUBU LOCAL MUNICIPALITY



PROPERTY RATES POLICY

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RATES POLICY

1.0 INTRODUCTION:

The municipality needs a reliable source of revenue to provide basic services and perform its functions. Property Rates remain a major source of income to the municipality. The revenue from rates is used to finance services that benefit the community as a whole as opposed to individual households. These include constructing and maintaining streets, roads, lights, storm water drainage, developing and operating parks, recreational facilities and cemeteries. It also provides funds for municipal administration.

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

2.0 DEFINITIONS:

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

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

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

“Dominant Use” In the case of property used for multiple purposes, the use that dominates in terms of area used for such purpose. Where equal sizes are allocated to different uses, the use that commands the highest rate tariff shall be deemed to be the dominant use.

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

“Land reform beneficiary” in relation to a property, means a person who-

a) Acquired the property through-

- The provision of land assistance act, 1993 (Act No. 126 of 1993) or
- The Restitution of Land Rights Act, 1994 (Act No. 22 of 1994)

- b) Holds the property subject to the Communal Property Association 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 in pursuant to section 25(6) and (7) of the constitution be enacted after this Act has taken effect.

“Multiple purpose”, in relation to a property, means the use of a property for more than one purpose.

“Newly ratable property”, means any retable 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.

“Owner”,-

- a) In relation to a property referred to in paragraph (a) of the definition of “property”, means a person in whose 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.
- c) In relation to 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 or
- d) In relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”.

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:

- I. A trustee, in the case of a property in trust excluding state trust land
- II. A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation.
- III. An executor or administrator, in the case of a property in deceased estate.
- 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 state of a person under curatorship
- VI. A 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 by a municipality and which possession was given to the buyer pending registration of ownership in the name of the buyer.

“Permitted use”, in relation to a property, means the limited purpose for which the property may be used in terms of –

- (a) Any restrictions imposed by-
 - A condition of title
 - a provision of a town planning or land use scheme or
 - Any legislation applicable to any specific property or properties, or
- (b) Any alleviation of any such restrictions

“Property”, means-

- (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
- (b) A right registered against immovable property in the name of a person, excluding a mortgage bond registered against property,
- (c) A land tenure right registered in the name of a person or granted to a person in terms of legislation
- (d) Public service infrastructure

“protected area”, means an area that is or has to be listed in the register referred to in section 10 of the Protected Area Act.

“public services infrastructure”, means publicly controlled infrastructure of the following kinds

- (a) National, provincial or other public roads on which goods, services and 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 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 communications system serving the public
- (g) Runways or aprons at national or provincial airports
- (h) Any other publicly controlled infrastructure as may be prescribed
- (i) Rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs(a)to (i)

“rate” means, municipal rate on property envisaged in section 229(i)(a) of the constitution

“Rateable property”, means 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

“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 amount for which the property was valued and the rating of the property at that lower amount.

“Residential property”, means a property included in a valuation roll in terms of section 48 (2) (b) as residential

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

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

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

“Specified public benefit activity”, means 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.

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

3.0 PROPERTIES TO BE VALUED:

All properties shall be valued except those described in section 7(2) (a) (iii) and (iv) of Act 6 of 2004.

Section 7(2) (a) (iii) refers to a right registered against property in the name of a person excluding mortgage bond registered against the property and

Section 7 (2) (a) (iv) refers to properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racially discriminatory laws of practices. This shall include all homestead located on communal land.

4.0 PROPERTIES TO BE RATED:

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

A municipality may not levy a rate-

- (a) on the first 30% of the market value of public service infrastructure;
- (b) on any part of the seashore as defined in the Seashore Act, 1935 (Act No. 21 of 1935);
- (c) on any part of the territorial waters of the Republic as determined in terms of the Maritime Zones Act, 1994 (Act No. 15 of 1994);
- (d) on any islands of which the state is the owner, including the Prince Edward Islands referred to in the Prince Edward Islands Act, 1948 (Act No. 43 of 1948)
- (e) on those parts of a special nature reserve, national park or nature reserve within the meaning of the Protected Areas Act, or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, agricultural or residential purposes;
- (f) on mineral rights within the meaning of paragraph (h) of the definition of “property” in section 1;
- (g) on a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapse ten years from the date on which such beneficiary’s title was registered in the office of the Registrar of Deeds;
- (h) on the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll of a municipality to a category determined by the municipality-
 - (i) for residential properties; or
 - (ii) for properties used for multiple purposes, provided one or more companies of the property are used for residential purpose; or
- (i) on a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

2. (a) The exclusion from rates of a property referred to in subsection (1) (e) lapses if the declaration of that property as a special nature reserve, national park, nature garden, is withdrawn in terms of the applicable Act mentioned in that subsection.

(b) If the property in respect of which the declaration is withdrawn is privately owned, the owner, upon withdrawal of the declaration, becomes liable to the municipality concerned for any rates that, had it not been for subsection (1) (e), would have been payable on the property during the period commencing from the effective date of the current valuation roll of the municipality. If the property was declared as a protected area after the effective date of the current valuation roll, rates are payable only from the date of declaration of the property.

©The amount for which an owner becomes liable in terms of paragraph (h) must be regarded as rates in arrears, and the applicable interest on that amount is payable to the municipality.

(d) Paragraphs (b) and (c) apply only if the declaration of the property was withdrawn because of –

(i) a decision by the private owner for any reason to withdraw from the agreement concluded between the private owner and the state in terms of the Protected Areas Act, and in terms of which the private owner initially consented to the property being declared as a protected area;
or

(ii) a decision by the state to withdraw from such agreement because of a breach of the agreement by the private owner.

3. If the threshold set in terms of Section 17(1)(h) is increased by the Minister in the course of this financial year, such changes shall take effect from the next financial year.

(a) If the Minister by notice in the Gazette, lower the percentage referred to in subsection (1)(a) in the course of this financial year. Such a change shall be effected during the next financial year.

4. (a) The exclusion from rates of a property referred to in subsection (1)(i) lapses if the property-
- (i) is disposed of by the religious community owning it; or
- (ii) is no longer used primarily as a place of public worship by a religious community or, in the case of an official residence contemplated in that subsection, is no longer used as such as official residence.
- (b) If the exclusion from rates of a property used as such by an official lapses, the religious community owning the property becomes liable to the municipality concerned for any rates that, had it not been for subsection (1)(i), would have been payable on the property during the period of one year preceding the date on which the exclusion lapsed.

© The amount for which the religious community becomes liable in terms of paragraph (b) must be regarded as rates in arrears, and the applicable interest on that amount is payable to the municipality.

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

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

6.0 THE GUIDING PRINCIPLES:

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

6.1 EQUITY:

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

6.2 AFFORDABILITY:

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

7.0 DIFFERENT CATEGORY OF PROPERTY:

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

7.1 GOVERNMENT:

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

7.2 DIFFERENTIAL RATING:

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

Special Residential	1.0
General Residential	1.0
Industrial	1.1
Agricultural land for Farming	1.0
Agricultural land for Eco-Tourism	1.1
Agricultural land for Trading	1.1
Business	1.2
Government property used by local people only	1.0
Government property serving communities in	1.1
Emalahleni and neighboring municipalities	
Government properties that serves national interest	1.2

7.3 MULTIPLE USE PROPERTIES:

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

8.0 PAYMENT OF RATES:

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

9.0 GRANTING RELIEF FROM THE PAYMENT OF RATES:

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

9.1 REDUCTION:

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

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

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

9.1.4 In determining the ratio of damage to the total value of the property, the Municipal Manager may on receipt of request delegate the Head of Technical Services to inspect and report if the damage is substantial to recommend reduction to the value of the property.

9.1.5 If the Municipal Manager is satisfied that the damage warrants the granting of reduction, he shall request the Municipal Valuer to determine and advice on the reduction to be granted to the Ratepayer.

9.1.6 If the disaster affects more than one property, the Municipal Manager may extend inspection and subsequent granting of reduction to all properties affected which are within his knowledge.

9.1.7 Notwithstanding the provisions of paragraph 9.1.6 above, it shall remain the responsibility of the owner of the property to apply for reduction.

9.2 REBATES:

Rebate shall be granted to the indigent and the unemployed. Where a person is declared as an indigent in terms of the indigent policy, the person shall on application to the council, be granted a rebate on a sliding scale. The Scale shall be as follows:

Rebate shall be granted to all properties not enjoying all municipal services as indicated below:

Refuse removal	7.5 %
Water	20 %
Electricity	7.5 %
Street	7.5 %

Where the facility is available but has not been connected by the Ratepayer, the facility shall be deemed to be on the property.

Where as a result of a natural disaster the infrastructure of the area is damaged, council may grant rebate to the property owner equivalent to the rebate granted for the non existence of such a service.

Public benefit organizations operating from the municipality for the benefit of people in other municipal areas shall be granted rebate on a sliding scale. The size of rebate shall be determined by the extent to which people in the municipal area benefits from their operations vis-à-vis service to other areas.

9.3 EXEMPTION:

Properties owned by community benefit organizations located in the municipality for the benefit of people in the municipality only shall be granted exemption.

9.4 PAYMENT OF FLAT RATE:

Owners of low cost houses may be levied a flat amount, which amount shall not exceed the amount they would have been paid after the R15000 exclusion if a flat rate has not been applied.

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

10.0 PERIOD OF RATE:

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

11.0 RATES:

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

12.0 PUBLICATION OF RESOLUTION:

The Municipality shall publish the rate tariff in the provincial gazette. Whenever council passes resolution with regard to rate tariff, the Municipal Manager shall without delay conspicuously display copies of the resolution for a period of 30 days at the Municipalities head and satellite offices and libraries. Municipality shall publish in a newspaper circulating in the municipal area stating that:

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

13.0 SPECIAL RATING AREA:

Municipality may from time to time create special rating areas to raise funds to address infrastructure needs. Before declaring any part of the municipality as a special rating area for the purpose of levying additional rates, the municipality shall consult the local community and agree on the boundary delimiting the special rating area and the improvement or service to be provided.

The municipality shall during consultation, obtain the consent of majority of the members of the local community in the proposed special rating area. The municipality shall keep separate accounting records on funds raised through additional rating.

The municipality may establish a committee made up of representatives of the affected community to form consultative body to assist the municipality in implementing the improvement programme.

Rates may be recovered from Tenants or Agents in terms of section 28 and 29 of the Municipal Property Rates Act. OR

Municipality may exercise the option of attaching properties of defaulting property owners after due legal processes.

14.0 EXTRACTS OF THE ROLL:

Any person may apply for extracts from the valuation roll on the payment of R1.50 per page where the property belongs to the applicant and R3.00 per page if the page does not reflect a property belonging to the owner.