



**JB MARKS
LOCAL MUNICIPALITY**

DRAFT PROPERTY RATES POLICY

PROPERTY RATES POLICY

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PROPERTY RATES POLICY

FORMULATED IN TERMS OF SECTION 3 OF THE MUNICIPAL PROPERTY RATES ACT, 2004 (ACT 6 OF 2004), AS AMENDED

1. LEGISLATIVE CONTEXT

- 1.1 This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), which specifically provides that a municipality must adopt a Rates Policy consistent to the MPRA.
- 1.2 The Constitution of the Republic of South Africa, 1996, and the Local Government: Municipal Property Rates Act, Act 6 of 2004, as amended by the provisions of the Local Government: Municipal Property Rates Amendment Act, Act 29 of 2014 (hereinafter referred to as "the MPRA"), empowers the JB Marks Local Municipality (hereinafter referred to as "the Municipality") to impose rates on property.
- 1.3 In terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) a municipality in accordance with -
- (a) Section 2(1), may levy a rate on property in its area; and
 - (b) Section 2(3), must exercise its power to levy a rate on property subject to -
 - (i) Section 229 and any other applicable provisions of the Constitution;
 - (ii) the provisions of the Property Rates Act supra; and the rates policy.
- 1.4 In terms of Section 4(1)(c) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.
- 1.5 In terms of Section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) the Municipal Manager must ensure that the municipality has and implements a rates policy.

2. DEFINITIONS

- 2.1 In this policy, a word or expression derived from a word has a corresponding meaning consistent with the definitions in the Municipal Public Rates Act (MPRA), unless the context indicates that another meaning is intended. The definitions as contemplated in a town planning scheme or a land use scheme may also be applicable if it does not come in conflict with the MPRA.
- 2.2 The "**Act**", meaning the Municipal Property Rates Act, 2004 (Act 6 of 2004), as amended by the Amendment Act 29 of 2014, as well as the related regulations in terms thereof.
- 2.3 "**Agent**", 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.
- 2.4 "**Agricultural**", in relation to the rating category means property that is used primarily for agricultural purposes but, without the derogating from Section 9, of the Act excludes any portion thereof that is used commercially for the hospitality of guests, the use of the property for the purpose of eco-tourism or for the trading in or hunting of game.
- 2.5 "**Building**" means a building as defined in the National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977) as amended, and may also include a structure of any nature or description whatsoever.
- 2.6 "**Business**", in relation to the rating category means property that is zoned primarily for business or commercial uses and, without the derogating from Section 9 of the Act, such portions of property that are used as business/commercial as contemplated in the definition of a land use scheme were applicable.
- 2.7 "**Category**" –
- (a) in relation to rateable property, means a category of properties determined in terms of Section 8 of the Act; and
- (b) in relation to owners of properties, means a category of owners determined in terms of Section 15(2) of the Act.
- 2.8 "**Cultural heritage**" means properties to which the provisions of the National Heritage Resources Act, 1990 (Act 25 of 1999), apply, or an institution that has been declared to be subject to the Cultural Institutions Act, 1998 (Act 119 of 1998) as amended.
- 2.9 "**Date of promulgation**" means the date on which the notice of the approval of the notice was done in the North West Provincial Gazette.
- 2.10 "**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.
- 2.11 "**Dwelling unit**" means a self-contained suite of rooms mutually connected and consisting of habitable room(s), bathroom(s), toilet(s) and not more than one kitchen, and may include outbuilding(s) as an ancillary and subservient use to the dwelling unit.
- 2.12 "**Effective date**" -
- (a) in relation to a valuation roll, means the date on which the valuation roll takes effect in terms of Section 32(1) of the Act *supra*; or
- (b) in relation to a supplementary valuation roll, means the first day following the notice on which a supplementary valuation roll takes effect in terms of Section 78 (4) of the Act *supra*.
- 2.13 "**Exclusion**", in relation to a municipality's rating power, means a restriction of that power as provided for in Section 17 of the Act *supra*.
- 2.14 "**Exemption**", in relation to the payment of a rate, means an exemption granted by a municipality in terms of Section 15 of the Act *supra*.

- 2.15 **"Existing building"** means a building erected in accordance with building plans approved by the local authority or a building considered by the local authority to be lawful and the building operations of which -
- (a) were completed on or before the date of promulgation, or
 - (b) in the opinion of the local government, were commenced within a reasonable time before date of promulgation, but were only completed thereafter, or
 - (c) were completed in accordance with the conditions imposed by the local government when granting its permission.
- 2.16 **"Family"** means -
- (a) a single person who maintains an independent household, or
 - (b) two or more persons who are related in one of the following ways and who maintain a joint household by blood or marriage; adoption or who is a dependent of a family head, the latter being a taxpayer as defined in the Income Tax Act, 1962 (Act 58 of 1962), as amended.
- 2.17 **"Financial year"** means the period starting from 1 July in a year to 30 June the next year.
- 2.18 **"Industrial property "** means the use of a property designed or used as a factory within the meaning of the Factories, Machinery and Building Works Act, 1941 (Act 22 of 1941) and any amendments thereof and includes any office or other building on the same site/property, the use of which is incidental to, or reasonably necessary in connection with the use of such factory.
- 2.19 **"Informal settlement"** means a property on which an approved Surveyor General Diagram/General plan has been drawn up, where occupation and the use of the property occur and where a permission-to-occupy-procedure exists in expectation of formal township establishment.
- 2.20 **"Institution "** means the zoning/use of property as a hospital, nursing home, sanatorium, clinic with associated offices and consulting rooms, whether public or private.
- 2.21 **"Land use scheme"** means the reigning town planning scheme or land use scheme as amended and or promulgated as amended.
- 2.22 **"Local community"**, in relation to a municipality means that body of persons comprising the residents and ratepayers of the municipality, any civic organizations and non-governmental, private sector or labour organizations or bodies which are involved in local affairs within the municipality; 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.
- 2.23 **"Mining Property"** means a property zoned and used for mining operations as defined in the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002), and can include any operation or activity for the purpose of extracting any mineral or deposit on, in or underneath the earth and includes any operation or activity thereto.

- 2.24 **"Multiple purposes"**, in relation to a rating category, means the use of a property for more than one purpose; subject to Section 9 of the Act.
- 2.25 **"Municipality"** -
- (a) as a corporate entity, means a municipality described in Section 2 of the Municipal Systems Act *supra*; i.e. jbmarks local municipality, hereinafter known as the "Council", and
 - (b) as a geographical area means a municipal area demarcated in terms of the Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998).
- 2.26 **"Municipal purposes"** means such purposes as the local government may be authorized to carry out in terms of any law governing Municipalities, including but not limited to the Local Government: Municipal Structures Act and the Local Government Municipal Systems Act.
- 2.27 **"Municipal valuer"** or **"valuer of a municipality"** means a person designated as a municipal valuer in terms of Section 33(1).
- 2.28 **"Newly rateable property"** means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which the 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.
- 2.29 **"Nominal rent"** means an amount of not more than nominal rental as determined by Council from time to time for the leasing of Council property.
- 2.30 **"Office bearer"**, in relation to places of public worship, means the primary person who officiates at services of that place of worship.
- 2.31 **"Official residence"**, in relation to places of public worship, means -
- (a) where a portion of the property is used for residential purposes; or
 - (b) one residential property, if the residential property is not located on the same property as the place of public worship,
- is registered in the name of the religious community or trust established for the sole benefit of a religious community and used as a place of residence for the office bearer of that community.
- 2.32 **"Person"** includes an organ of state.
- 2.33 **"Permitted use"** in relation to a property means the limited purposes for which the property may be used in terms of any restrictions imposed by a condition of title; a provision of a Land Use Scheme or any other legislation applicable to the use of any specific property or properties or any alleviation of such restrictions.

- 2.34 **"Place of public worship"** 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 –
- (a) registered in the name of the religious community;
 - (b) registered in the name of a trust established for the sole benefit of a religious community;
- or
- (c) subject to a land tenure right.
- 2.35 **"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) immovable property registered in the name of Council that were subdivided and sold, pending registration of such subdivided portion(s) in the name of an buyer;
 - (c) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
 - (d) a land tenure right registered in the name of a person or granted to a person in terms of legislation;
 - (e) public service infrastructure; and
 - (f) can include immovable property owned by Council which had been leased for an amount higher than the nominal rate.
- 2.36 **"Public service infrastructure", with acronym PSI** in relation to a rating category means publicly controlled infrastructure of the following kinds: Public roads, service pipes, dams, power stations, railway lines, communication towers, airports, runways, breakwaters and includes rights associated with these as contemplated in the wording of the Act.
- 2.37 **"Public service purposes", with acronym PSP** in relation to a rating category means property owned and used by an organ of state as hospitals or clinics; schools, pre-schools, early childhood development centers or further education and training colleges; national and provincial libraries and archives; police stations; correctional facilities; or courts of law, but excludes property contemplated in the definition of "public service infrastructure".
- 2.38 **"Public benefit organizations", with acronym PBO** in relation to a rating category, means property owned by public benefit organizations and used for an specific benefit activity listed as welfare, humanitarian, health care, education, development as indicated in the ninth schedule to the Income Tax Act.
- 2.39 **"Privately developed township"** means a property on which a township has been established and which is privately owned by means of an single title deed which consists of at least 10 proposed subdivisions/stands, and where infrastructure such as water, sewerage, electricity, paved roads, etc. are installed. Also referred to as the "township owner interest".

- 2.40 **"Rateable property"** means property on which a municipality may in terms of Section 2 of the Act *supra* levy a rate. This may also include property registered in the name of the Council which is let by the municipality for more than a nominal rent or property sold by Council that are awaiting registration thereof in the name of the buyer.
- 2.41 **"Ratio"**, in relation to Section 19, of the Act means the relationship between the Cent amount in the Rand applicable to residential category properties and other 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. Specific rebates as contemplated in Sections 10 and 11 of this policy are additional to this basic ratio.
- 2.42 **"Rebate"**, in relation to a rate payable on a property, means a discount granted in terms of Section 15 of the Act *supra* on the amount of the rate payable on the property.
- 2.43 **"Reduction"**, in relation to a rate payable on a property, means the lowering in terms of Section 15 of the Act *supra* of the amount for which the property was revalued and or reducing the rate applicable to category.
- 2.44 **"Residential"** as a rating category means a permitted use which relates to the zoning category of Residential 1, 2, 3, 4, smaller agricultural properties less than 2ha, and other residential uses or related uses as stipulated in the Land Use Scheme.
- 2.45 **"Rural property"**, means all categories of properties that are located outside the formal urban edge demarcation of the municipality as per the Spatial Development Framework, but which are still within its demarcation area of the greater municipal area.
- 2.46 **"Supplementary valuation roll"** as compiled in terms of Chapter 78 of the Act *supra*.
- 2.47 **"Tariff"** means the Cent in the Rand as determined by Council from time to time.
- 2.48 **"Zoning"** relates to the permitted use as stipulated in the wording of the Act and or per the current Land Use Scheme where applicable.

3. POLICY PRINCIPLES

- 3.1 This policy document guides the setting or revision of property rates. It does not make specific property rates proposals. Details pertaining to the applications of the various property rates are indicated in Annexure A and Annexure B, which are yearly revised and published in the Provincial Gazette and must be read in conjunction with this policy.
- 3.2 Rates are levied in accordance with the Act *supra* as an amount in the Rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll and is payable in monthly instalments.
- 3.3 As allowed for in the Act *supra*, the municipality has chosen to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis, other than by way of an exemption, rebate or reduction provided for in this policy.
- 3.4 There would be no general phasing in of rates based on the valuation roll, except as prescribed by Section 21 of the Act for new rateable property where applicable.

3.5 The Rates Policy of Council is based on the following principles:

3.5.1 Equity: The municipality will treat all ratepayers with similar properties the same.

3.5.2 Affordability: 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 exemptions, reductions or rebates.

3.5.3 Sustainability: Rating of property will be implemented in a way that it supports sustainable local government by providing a stable buoyant revenue source within the discretionary control of the municipality, and supports local and social economic development.

3.5.4 Cost-efficiency: Rates will be based on the value of all rateable properties and the amount required by the municipality to balance the operating budget after taking into account profits generated on trading services (water, electricity) and economic services (refuse removal, sewerage removal) and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.

3.6 The benefit to the community of granting relief measures will be -

- (a) the promotion of local economic development including attracting business investment, for example small business establishment;
- (b) creation of employment for municipal residents;
- (c) promotion of service delivery, for example by farmers;
- (d) poverty alleviation to the indigents;
- (e) social development and moral development, for example, by religious institutions, sports institutions, schools and other non-governmental organizations which promote health and other benefits to the community; and
- (f) improved local economic growth.

4. IMPOSITION OF RATES

4.1 Council shall endeavour to limit each annual increase to the Consumer Price Index, as per Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) Circular.

4.2 Council shall, in imposing the rate for each financial year, take proper cognisance of the aggregate burden of rates and service charges on representative property owners, in the various categories of property ownership, and of the extent to which this burden is or remains competitive with the comparable burden in other municipalities within the local economic region.

5. CLASSIFICATION OF SERVICES AND EXPENDITURE

5.1 The Municipal Manager or his/her nominee must, subject to the guidelines provided by the National Treasury and Council of the municipality, make provision for the following classification of services:

- 5.1.1 Trading services, e.g.: Water and electricity.
- 5.1.2 Economic services, e.g.: Refuse removal and sewerage disposal.
- 5.1.3 Community and subsidized services, e.g.: firefighting services, municipal planning and regulatory services, building control, licensing control, traffic control; roads and street lighting; local amenities, libraries and museums, etc.
- 5.2 Trading and economic services must be ring-fenced and financed from service charges while community and subsidized services will be financed from profits on trading and economic services, regulatory fees, rates and rates related income.

6. RATING CATEGORIES

Refer to SCHEDULE A

- 6.1 According to Section 8.1 of the Property Rates Act *supra*, a municipality may, in terms of the criteria set out in its rates policy, levy different rates for different categories of rateable property and these categories may be determined according to -
 - (a) use of property;
 - (b) permitted use of property, (zoning);
 - (c) or a combination of the above.
- 6.2 Categories of rateable property that may be determined according to Section 8 (2) of the Act include the following:
 - 6.2.1 Residential.
 - 6.2.2 Business and Commercial.
 - 6.2.3 Industrial.
 - 6.2.4 Mining.
 - 6.2.5 Public service infrastructure.
 - 6.2.6 Properties owned by public benefit organizations and used for specified public benefit activities.
 - 6.2.7 Agricultural.
 - 6.2.8 Properties owned by an organ of state and used for public service purposes.
 - 6.2.9 Multiple Purpose.
- 6.3 The rating classification in terms of Section 8 of the Act, in most cases will be based on the zoning of the property due to the following motivation:
 - 6.3.1 The zoning of properties is according to a legally established and accepted register, i.e. current Land Use Scheme and other relevant rights allocated in terms of other legislation.
 - 6.3.2 The zoning based categories are based on current applications and existing databases and therefore easier to manage.

6.3.3 The valuation process takes into account the differences in value attributes according to the permitted use/zoning as well as cases where discrepancies occur where a property or part of a property are in-consistent with the permitted use, as stipulated in terms of Section 46(2) of the Act *supra*.

6.3.4 Such properties, with inconsistent uses will be rated according to the actual use, as individually entities reflected in the valuation roll

6.4 Multiple Purpose Categories

Rates on multiple purpose categories will be levied according to an individual entry as indicated in the valuation roll by apportionment of the total value with corresponding rates category according to the permitted use/actual use whatever the case may be, according to Section 9 of the act.

6.5 Agricultural category

6.5.1 All rural properties larger than 2ha will be deemed to be an agricultural rating category due to its zoning/allocated rights, unless other rights are allocated or a use in consistent with the permitted use.

6.5.2 All rural properties smaller than 2ha will be deemed to be residential rating category, unless other rights are allocated. Agricultural permitted property will be categorized as such only by application by the owner with the necessary evidence that the property is primarily used for agricultural purposes as contemplated in paragraph 11 of this policy.

7. **DIFFERENTIAL RATING**

7.1 Criteria for differential rating on different categories of properties will be according to -

(a) the nature of the property including its sensitivity to rating, e.g. agricultural properties used for agricultural purposes;

(b) the promotion of social, economic and tourism development of the municipality.

7.2 Differential rating among the various property categories will be done by way of the set rate for each property category and by way of reductions, rebates according to Section 8 of the Act, *supra*.

7.3 The Municipality will determine a rate for residential category and will apply the rate ratios in relation to non-residential property, which may be promulgated from time, as per Section 19 (1) (b) of the Act *supra*.

7.4 These rates are effective rates except were additional rebates and reductions are applicable in terms of Section 15 of the Act, *supra*.

8. **IMPERMISSABLE RATES IN TERMS OF SECTION 17 OF THE ACT SUPRA**

8.1 No rating on a special nature reserve, national park or nature parks within the meaning of the National Environmental Management Protected Areas Act, 2003 (Act 57 of 2003), *supra*, or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004 (Act 10 of 2004), which are not developed or used for commercial, business, agricultural or residential purposes.

8.2 On the first R15 000 as prescribed in the act, **or other higher amount indicated in Schedule B as determined from time to time by Council** of the value of a property assigned in the valuation roll or supplementary valuation roll for residential category.

8.3 No rating on a property registered in the name of and used primarily as a place of public worship by a religious community, including the official residence registered in the name of that community which is occupied by the office-bearer of that community who officiates at services at that place of worship.

9. RATE EXEMPTIONS

9.1 The following rating categories or property types not mentioned in Sections 16 and 17 of the Act *supra* will be exempted from rates:

9.1.1 Municipal owned properties

The municipality must exempt the following municipal owned properties from paying rates as this will increase the rates burden or service charges to property owners or consumers:

(a) Properties registered in the name of the Council and which are let to the employees of the Council for residential purposes, where it is compulsory due to operational work requirements and or agreement during employment; or

(b) Property registered in the name of another municipality if such property is used in connection with the supply of electricity, water, gas or sewerage services to that municipality.

10. RATE REDUCTIONS

Refer to Schedule B

10.1 A reduction in the rates terms of Section 15(2)(d) of the Act *supra* may be granted where the property is affected by:

(a) a disaster within the meaning of the Disaster Management Act, 2002 (Act 57 of 2002); or

(b) any other serious adverse social or economic condition(s).

10.2 Criteria for granting reductions

(a) A reduction in the municipal valuation may be done in terms of Section 78 (1)(d) if the value of a property is materially affected/damaged due to such disaster; and/or

(b) a reduction in the rates (indicated in Schedule B) will be granted for a certain period only, not exceeding 1 year at a time.

10.3 Reductions will be subject to the following conditions

(a) All categories of owners can apply for a reduction of the rates.

(b) All applications must be addressed in writing to the municipality in the prescribed manner or application form, with evidence attached.

(c) The Municipal Manager or his/her nominee must approve all applications.

- (d) The municipality reserves the right to refuse reductions if the details supplied in the application form were incomplete, incorrect or false.

11. **RATE REBATES**

Refer to Schedule B

11.1 Council grant rebates in recognition of the following factors:

11.1.1 The general difficulty of residential category owners to pass on the burden of rates, as opposed to the ability of owners of businesses, commercial, industrial and certain other rating category properties to recover such rates as part of the expenses associated with the goods or services which they produce.

11.1.2 The need to accommodate registered indigents.

11.1.3 The services provided to the community by public service organizations.

11.1.4 The value of agricultural activities to the local economy coupled with the limited municipal services extended to such activities and also taking into account the services provided to residents who are employed in such activities.

11.1.5 The need to preserve the cultural heritage of the local community.

11.1.6 The need to encourage the expansion of public service infrastructure.

11.2 **Categories of property that may qualify for rebates**

11.2.1 Business, commercial and industrial category

The municipality may grant rebates to rateable enterprises that promote local, social, tourism and economic development in its area of jurisdiction, based on its Local, Social and Economic Development Policy. The following criteria will apply:

- (a) Rebates will be granted on application subject to a business plan submitted in respect of the owner indicating how the local, social and economic development objectives of the municipality are going to be met with reference to Job creation in the municipal area, social upliftment of the local community; and creation of infrastructure for the benefit of the community.
- (b) An implementation plan submitted and certified by auditors of the company stating that the objectives have been met in the first year after establishment and how the business entity plans to continue to meet the objectives.
- (c) An assessment by the Municipal Manager or his/her nominee indicating that the company/entity qualifies and that all other legal prerequisites are adhered to.
- (d) Approval of the application by a municipal council resolution.

11.2.2 Agricultural category

- (a) Agricultural properties may be granted a rebate subject to the owner providing the municipality with an application with required information in an affidavit. A rebate may be granted to agricultural property that contributes to job creation, delivers basics services and social needs to farm workers etc.

- (b) Qualifying requirements are that the owner should provide proof that he is registered as a *bona fide* farmer with SARS, or
- (c) Where the owner is not taxed as farmer, proof is required that his basic income is derived from farming activities on the subject property and land.
- (d) Rebates may be granted on the following as outlined in Schedule B which, as may be amended by Council from time to time.

11.2.3 Rural property

The inability of Council not being able to deliver the same quality of community services in the rural areas as to those in the urban areas. To compensate a rural rebate will be applicable to all rating categories.

11.2.4 Nature Reserves/Conservancy

Rebates may be granted on merit by Council resolution after written application to Council.

11.2.5 Historical or heritage properties

Only if open to the general public and operated not for financial gain.

11.2.6 Public Service Infrastructure

A rebate will be granted to Public Service Infrastructure as they provide essential services to the community. Certain PSI are exempted in terms of sect 17 (a) of the act.

11.3 **Categories of owners**

11.3.1 Indigent persons

According to Council's By-laws pertaining to Credit Control, Debt Collection Indigents and related policies. Owners of all rating category may apply on the prescribed format for the specific rebates indicated in Schedule B.

11.3.2 Public Benefit Organizations

The following Public Benefit Organizations may apply for a rebate of property rates subject to producing a tax exemption certificate issued by the South African Revenue Service (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (Act 58 of 1962).

- (a) All applications must be addressed in writing to the municipality in the prescribed manner or application form;
- (b) a SARS tax exemption certificate must be attached to all applications;
- (c) the Municipal Manager or his/her nominee must approve all applications; and
- (d) applications must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought.

12. COMPULSORY PHASING IN OF RATES

- 12.1 All newly rateable property will be phased in over a period of three financial years according to Section 21 of the Act, *supra*.
- 12.2 Rates on property belonging to a land reform beneficiary or his/her heirs, dependents or spouse.
- 12.3 The exclusion of property belonging to a land reform beneficiary or his/her heirs' dependents or spouse from levying of rates will lapse ten years from the date on which such beneficiary's title was registered in the Office of the Registrar of Deeds. The ten year exclusion period must be applied for with proof of the land reform beneficiary.
- 12.4 After the exclusion period has lapsed, rates payable on the properties concerned will be phased-in over a period of three financial years as Section 21 of the Act, *supra*.

13. SPECIAL RATING AREAS (ABRIDGED)

- 13.1 A municipality may by a resolution of its Council, determine an area within that municipality as a special rating area, levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area, and differentiate between categories of properties when levying such additional rate as per Section 22(1) – (5) of the Act, *supra*.
- 13.2 The levying of an additional rate may not be used to reinforce existing inequities in the development of the municipality, and any determination of a special rating area must be consistent with the objectives of the municipality's IDP as per Section 22(4) of the Act.

14. DISCLOSURE OF EXEMPTION, REDUCTIONS, REBATES AND PHASING IN

The Municipal Manager shall ensure that the revenues forgone in respect of the rebates and reductions, are appropriately disclosed in each annual operating budget component and in the annual financial statements and annual report, and that such rebates and reductions are also clearly indicated on the rates accounts submitted to each property owner, as per Section 15(3) of the Act, *supra*.

15. RATES AMENDMENTS

The municipality may consider to either increase, decrease or not change rates annually during the budget process in terms of the guidelines issued by National Treasury or according to Section 12(3) of the Act, *supra*.

16. NOTIFICATION OF RATES

All changes in property rates will be communicated to the local community in terms of the municipality's policy during its community participation process and the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) and related Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) national treasury regulations.

17. PAYMENT OF RATES

- 17.1 Rates will be levied monthly in twelve equal instalments according to Council's Policy, and becomes payable in terms of Section 13 of the Act and/or in the case of an supplementary valuation, in terms of Section 78 (4) of the Act *supra*.

- 17.2 Interest on arrears rates shall be calculated in accordance with the interest rate as determined by Council and its Debtors Policy.
- 17.3 If a property owner, who is responsible for the payment of property rates in terms of this policy, fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of Council's By-laws pertaining to Credit Control, Debt Collection and Indigents and in terms of Sections 28 and 29 of the Act *supra*. Rates in arrear shall be recovered from tenants, occupiers and agents of the owner, in terms of Section 28 and 29 of the Act *supra*.
- 17.4 Pertaining to the rates levied in a supplementary valuation on a particular property were the value had changed due to an: omission; exceptional reason or correction as per Section 78 (4)(a), such taxing must only be effected from the first day of the month following the "review" notice as contemplated in Section 78(5) of the Act *supra*.
- 17.5 Pertaining to the rates levied in a supplementary valuation on a particular property were the value had changed due to an: new inclusion; sub division; consolidation; substantially increased or decreased due to alterations, upgrading of buildings, rezoning etc.; or a change in rating category as per Section 78 (4) (b-e) of the act *supra*; such taxing must be effective from the day that such occurrence had happened.
- 17.6 Pertaining to rates levied on a value adjustment based on false information or any contravention on the part of the owner, such taxing shall be payable and appropriately adjusted back to the date on which the transgression had happened.
- 17.7 Rebates and exemptions as contemplated in Sections 10 and 11 of this policy will only be granted and effective from the date of receiving the application by Council, after it has been approved in the normal manner, and then made taxable taking paragraphs 17.4 and 17.5 into consideration were applicable.

18. **REVIEW PROCESSES**

The rates policy must be reviewed on an annual basis in terms of Section 5 of the Act, *supra* to ensure that it complies with the Municipality's strategic objectives and with legislation.

19. **SUPPLEMENTARY VALUATION ROLL**

The Council must establish a supplementary valuation roll at least once a year.

20. **SHORT TITLE**

This policy is the Property Rates Policy of the JB Marks Local Municipality.

21. **ENFORCEMENT/IMPLEMENTATION**

This policy has been approved by the Municipality in terms of Resolution _____ dated and comes into effect from _____.

SCHEDULE A/...

SCHEDULE A

RATING CATEGORY (Sect 8 of MPRA)	Zoning, permitted uses or other categorization.	
RESIDENTIAL	1	Residential 1, 2, 3, 4.
	2	Rural property, smaller than 2ha.
	3	Privately developed townships
	4	Private Road
	5	Private open space
	6	Informal settlements.
	7	Special land classification or permitted uses for primarily residential uses
	8	Recreational
COMMERCIAL	1	Business 1, 2, 3.
	2	Commercial
	3	Office
	4	Parking
	5	Public Garage
	6	Special land classification or permitted uses for primary commercial or business related uses
INDUSTRIAL	1	Industrial
	2	Special land classification with related industrial uses.
AGRICULTURAL	1	Agricultural
	2	All rural farms, agricultural holdings larger than 2 ha, taking into consideration multiple uses application of this policy.
	3	Special land classification or permitted uses for primarily agricultural.
PUBLIC SERVICE INFRASTRUCTURE (P.S.I)	1	National , provincial roads
	2	Water or sewer pipes, dams, reservoirs, water pumps and schemes
	3	Power stations and electricity power lines
	4	Gas or fuel pipe lines
	5	Railway lines forming part of a national grid

	6	Communication masts and exchanges forming part of a national grid
	7	Runways, aprons, control towers at national or provincial airports
	8	Any other public controlled infrastructure
	9	Public rights of way and easement in connection with above infrastructure
PUBLIC SERVICES (P.S.P)	1	Municipal
	2	Public open space
	3	Government
	4	Institutional
	5	Educational
	6	Special classification for primarily municipal purposes
	7	All <u>related zonings of property owned and used by an organ of state</u> as: hospitals, clinics, 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 or law
	8	Recreational
PUBLIC BENEFIT ORGANIZATION (P.B.O)	1	All related zonings of property <u>owned and used</u> by an <u>Public Benefit Entity / Organization</u>
	2	Special land classification or permitted uses for primarily Public Benefit purposes.
MINING	1	Property used for mining operations as defined in the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002), subject to multiple purpose application
	2	Quarries with related operations
MULTIPLE PURPOSE	1	All property with more than one primary zoning / permitted use , or were the actual use is of a higher category than the zoning / permitted use, subject to multiple purpose application as indicated in this policy
PLACE OF WORSHIP (P.O.W)	1	All zoning and categories of properties that can be placed under the definition of “place of public worship” as indicated in the definition of this policy.

SCHEDULE B/...

SCHEDULE: B

SCHEDULE OF REDUCTIONS AND REBATES IN TERMS OF SECTION 15 OF MPRA

TYPE	AMOUNT/ PERCENTAGE
Reduction on Residential category	First R50 000 on value
Rebates on Public Service Infrastructure	100% percent on tax amount
Rebates on Public Benefit Organizations	75% percent on tax amount
Rebates on properties affected within an Disaster Area	75% percent on tax amount
Registered indigents	50% percent on tax amount
Credit Control, Debit Collection on Indigents	50% percent on tax amount
General rebate on all rural property	25% percent on tax amount
Social rebate on agricultural category: Provision of permanent housing to farm labourers.	5% percent on tax amount
Social rebate on agricultural category: Provision of potable water to residences of farm labourers.	5% percent on tax amount
Social rebate on agricultural category: Provision of electricity to residences of farm labourers.	5% percent on tax amount
Social rebate on agricultural category: Avail land or buildings for recreational purposes to farm labourers.	5% percent on tax amount



**JB MARKS
LOCAL MUNICIPALITY**

NEW DRAFT PROPERTY RATES BY-LAW

JB Marks Local Municipality hereby, in terms of Section 6 of the Local Government: Municipal Property Rates Act, 2004, has by way of (No of the resolution) adopted the Municipality's Property Rates By-law set out hereunder.

MUNICIPAL PROPERTY RATES BY-LAW(S)

PREAMBLE

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 require 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 BE IT ENACTED by the Council of JB Marks Local Municipality as follows:

1. DEFINITIONS

In this by-law, any word or expression to which a meaning has been assigned in the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004), shall bear the same meaning unless the context indicates otherwise.

1.1 “**Municipality**” means the JB Marks Local Municipality:

1.2 “**Property Rates Act**” means the Local Government: Municipal Property Rates Act, 2004 (Act no 5 of 2004);

1.3 “**Rates Policy**” means the policy on the levying of rates on rateable properties of the JB Marks Local Municipality, contemplated in chapter 2 of the Municipality Property Rates Act.

2. OBJECTS

The object of this by-law is to give effect to the implementation of the Rates Policy as contemplated in Section 6 of the Municipal Property Rates Act.

3. ADOPTION AND IMPLEMENTATION OF RATES POLICY

3.1 The Municipality shall adopt and implement its Rates Policy consistent with the Municipal Property Rates Act on the levying of rates on rateable property within the jurisdiction of the municipality; and

3.2 The Municipality shall not be entitled to levy rates other than in terms of its Rates Policy.

4. CONTENTS OF RATES POLICY

The Rates Policy shall, *inter alia* -

- (a) apply to all rates levied by the Municipality pursuant to the adoption of its Annual Budget;
- (b) comply with the requirements for:
 - (i) the adoption and contents of a rates policy specified in Section 3 of the Act;
 - (ii) the process of community participation specified in Section 4 of the Act; and
 - (iii) the annual review of a Rates Policy specified in Section 5 of the Act;
- (c) provide for principles, criteria and implementation measures that are consistent with the Municipal Property Rates Act for the levying of rates which the Council may adopt; and
- (d) provide for enforcement mechanisms that are consistent with the Municipal Property Rates Act and the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

5. ENFORCEMENT OF THE RATES POLICY

The Municipality's Rates Policy shall be enforced through the Credit Control and Debt Collection Policy and any further enforcement mechanisms stipulated in the Act and the Municipality's Rates Policy.

6. SHORT TITLE AND COMMENCEMENT

This By-law is called the Municipal Property Rates By-law and takes effect on _____.

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