



ANNEXURE D1



PROPERTY RATES POLICY

2025/2026

TABLE OF CONTENTS

SECTION A: PREAMBLE, DEFINITIONS AND FUNDAMENTAL PRINCIPLES OF THIS POLICY

1. PREAMBLE
2. DEFENITIONS
3. THE PURPOSE OF THE POLICY
4. FUNDAMENTAL PRINCIPLES OF THE POLICY

SECTION B: CATEGORIES OF PROPERTY

5. CATEGORIES OF PROPERTIES FOR THE PURPOSE OF LEVYING DIFFERENT RATES
6. RATING OF MULTIPLE USE PROPERTIES AND VACANT LAND

SECTION C: RELIEF MEASURES FOR RATEPAYES

7. RATES REFIEF GRANTED THROUGH APPLICATION

PENSIONER OWNERS
PROPERTIES OWNEDBY PUBLIC BENEFIT ORGANISATION (PBO)
INDEPENDENT SCHOOL & NON-PROFIT ORGANISATION
AGRICULTURAL PROPERTIES

8. RELIEF MEASURES FOR RATEPAYERS IN TERMS OF THE ACT

RELIEF MEASURES IN TERMS OF SECTION 17 OF THE ACT

PUBLIC SERVICE INFRASTRUCTURE
PLACE OF PUBLIC WORSHIP BY A RELIGIOUS COMMUNITY
PROPERTY OF LAND REFORM BENEFICIARIES

RELIEF MEASURES IN TERMS OF SECTION 15 OF THE ACT

INDIGENT OWNERS
DISASTER MANAGEMENT
MUNICIPAL PROPERTIES
CHILD HEADED HOUSEHOLDS
SPORTING BODIES

SECTION D: RATES INCREASE / DECREASE

9. CRITERIA FOR INCREASING/DECREASING OF RATES

SECTION E: LIABILITY FOR RATES

10. SUPPLEMENTARY VALUATION (SV) EFFECTIVE DATE
11. POWER TO LEVY RATES
12. PAYMENT OF RATES
13. IMPLEMENTATION OF RATES POLICY AND EFFECTIVE DATE
14. SHORT TITLE

SECTION A: PREAMBLE, DEFINITIONS AND PRINCIPLES OF THIS POLICY

1.PREAMBLE

The Municipality needs a reliable source of revenue to provide basic services and perform its functions. Property rates are the most important source of general revenue for the Municipality. Revenue from property rates are used to fund services that benefit the community as a whole as opposed to individual households. These include construction and maintaining of streets, roads, sidewalks, lighting, and storm drainage facilities and building and operating clinics, parks, recreational facilities and cemeteries. Property rates revenue are also used to fund municipal administration, such as computer equipment and stationery, and costs of governance, such as council and community meetings, which facilitate community participation on issues of Integrated Development Plans (IDPs) and Municipal budgets.

Municipal property rates are set, collected, and used locally. Revenue from property rates are spent within a Municipality, where the citizens and voters have a voice in decisions on how the revenue is spent as part of the Integrated Development Plans (IDPs) and budget processes, to which a Municipality invites communities to give input prior to Municipal Council adoption of the budget.

In terms of section 62 of the Local Government: Municipal Finance Management Act (Act 56 of 2003), the Municipal Manager must ensure that the municipality has and implements a rates policy.

The Local Government: Municipal Property Rates Act (Act 6 of 2004) section 2 regulates the powers of municipality to impose rates on property;

This Policy is formulated in terms of Section 3 of the Municipal Property Rates Act (MPRA). When referred to a Section within the Policy it refers to the Municipal Property Rates Act unless otherwise stipulated.

2.DEFINITIONS

Any words in this policy, if included in the definitions as listed in the Local Government Municipal Property Rates Act, Act 6 of 2004, as amended will carry the same meaning unless stated otherwise hereunder.

“Act” means the Local Government: Municipal Property Rates Act (Act 6 of 2004).

“Agricultural property” means-

Property that is used primarily for agricultural purposes but without derogating from section 9 of the Act, excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the trading in or hunting of game.

“Agricultural purpose” means-

A 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 ecotourism or for the trading in or hunting of game

“Annually” means once every financial year.

"Business or Commercial" means-

- 1) 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;
- 2) Property on which the administration of the business of private or public entities takes place;
- 3) In instances where entry fee is charged to the property;
- 4) Property used for the provision of commercial accommodation;
- 5) Property used for education purposes;
- 6) Property used by the State or any organ of State; or
- 7) Property excluded from any other category of property.

- 8) Office blocks, retail shops, shopping centres, showrooms, petrol filling stations & private hospitals and clinics

“Commercial accommodation” means-

Lodging or board and lodging, together with domestic goods and services, in any house, flat, apartment, room, hotel, motel, inn, guesthouse, bed & breakfast, boarding house residential holiday resort establishment, holiday accommodation, student accommodation, unit, chalet, tent, caravan, properties sectionalised or not with different occupants, camping site or similar establishment which regularly or systematically supply accommodation but excludes a single domicile as well as properties defined under multiple purposes. These properties will be treated as business properties.,

“Constitution”

A body of fundamental principles or established precedents according to which our State is governed and as embodied and promulgated per Act 108 of 1996.

“Category”

- (a) In relation to property, means a category of property determined in terms of section 8 of the Act; and
- (b) In relation to owner of property, means a category of owner determined in terms of section 15 (2) of the Act and this Property Rates policy

“Communal property” means-

A separately registered property, where the property is predominately used for Rural Residential purposes. A communal property may also be used for more than one purpose including agricultural property, public service purpose, state trust land, commercial, industrial, residential, and other non-residential property, etc. and categorized as multiple purposes in terms of 8 (2) (i) which, in the case of a property used for multiple purposes, the use will be assigned to the applicable category of property, the associated value apportioned and rates determined accordingly, as contemplated in section 9 (2) of the Act. A Communal property’s land extent can vary and be adjusted according to the apportioned category and associated land extents as determined from time to time by the municipal Valuer.

“Domicile” means the single residential property where a person has his or her permanent principal home to which he or she returns or intends to return

“Date of valuation” means the date determined by a municipality in terms of section 31(1) of the Act.

“Disaster” means a disaster within the meaning of the Disaster Management Act (Act 57 of 2002) or any other serious adverse social or economic condition as adopted by a Council resolution from time to time.

“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; or
- (b) In relation to a supplementary valuation roll, means the date on which a supplementary roll effects in terms of section 78(2) (b) of the Act.

“Exemption” In relation to the payment of a rate, means an exemption granted by a municipality in terms of section 15 of the Act.

“Completely demolished building” means where the whole building is demolished and cannot be used.

"Industrial" 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:

1. The production of raw products on the property;
2. The storage and warehousing of raw or finished products; and
3. Any office or other accommodation on the same property the use of which is incidental to such activity.
4. Dedicated Workshops used in the repair of vehicles, equipment and plant, tyre fitment and recycling of materials.

“Indigent owner” means a person recorded and listed on the indigent register of the municipality and who qualifies for property rates relief in terms of the municipality’s adopted rates policy.

“Income tax Act” means the Income Tax Act, 1962 (Act No. 58 of 1962).

“Land tenure right”

A land tenure right as defined in section 1 of the Upgrading of Land Tenure Rights Act, 1991 (Act No. 112 of 1991)

“Market value” in relation to a property, means the value of the property determined in accordance with section 46 of the Act

“Mining properties” means a property used for mining operations as defined in the Minerals and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002)

“Multiple Purposes” means the use of a property for more than one purpose, irrespective of the size

"Municipal properties" means those properties of which the municipality is the owner and used by the Municipality

“Municipal Council or Council” means the municipal council of uMhlathuze Local Municipality.

“Municipal Finance Management Act” Means the Local Government: Municipal Finance Management Act 2003 (Act No. 56 of 2003).

“Municipal leases” 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 of its property is leased either through an existing lease agreement where rates are exclusive or through the provisions of the Act. Rates payable will be based on the rates category and market value as contained in the Valuation Roll.

“Municipal valuation” Means a valuation of a rateable property within the municipal area by the Municipal Valuer in terms of the Act.

“Municipal valuer” Means a person designated as a Municipal Valuer in terms of section 33(1) of the Act.

“Owner” includes the meaning(s) included in the Act and that the persons mentioned below, will for the purposes of this policy be regarded as the owner of a property:

- 1) A trustee, in the case of a property in a trust excluding state trust land;
 - (a) in relation to a time sharing interest contemplated in the Property Time-sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the Property Time-sharing Control Act, 1983, and published in Government Notice R327 of 24 February 1984;
 - (b) in relation to a share in a share block company, the share block company as defined in the Share Blocks Control Act, 1980 (Act No. 59 of 1980);
 - (c) in relation to buildings, other immovable structures and infrastructure referred to in section 17(1) (f), means the holder of the mining right or the mining permit;
- 2) The administrator of the body corporate of the sectional title scheme in the case of common property in a sectional title scheme where there are no elected trustees of the body corporate;
- 3) An executor or administrator, in the case of a property in a deceased estate;
- 4) A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- 5) A judicial manager, in the case of a property in the estate of a person under judicial management;
- 6) A curator, in the case of a property in the estate of a person under curatorship;
- 7) 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;
- 8) A lessee, in the case of a property that is registered in the name of a municipality and is leased by it;

- a) a lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right; (PTO's etc. on ITB land) or
- 9) A buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;
- 10) The administrator, where the owner of the building is a mental health care user as defined in section 1 of the Mental Health Act, 2002 (Act No. 17 of 2002);
- 11) The managing agent, where the owner of the building is absent from the Republic of South Africa or where the Municipality has, after reasonable attempts, not been able to determine his or her whereabouts;
- 12) Every person who is entitled to occupy or use a building, or who does occupy or use a building, where –
 - a) The owner of the building is absent from the Republic of South Africa;
 - b) The Municipality has, after reasonable attempts, not been able to determine the whereabouts of the owner of the building; and
 - c) There is no managing agent;
 - d) Trustees and beneficiaries jointly, in the case of property in a trust;
 - e) Ingonyama Trust, in respect of the land vested in the Ingonyama Trust by virtue of the Ingonyama Trust Act of 1994;
 - f) A right registered against immovable property in the name of a person means a person in whose name the right is registered; or
 - g) An owner of the property in the name of any other juristic person not mentioned in this definition of an owner;

“Partially demolished building” means-

If fifty percent (50%) or more of a building is affected or demolished.

“Pensioner” Means a person that:

- (a) must be 60 years of age;

- (b) who is the sole owner of the property, or owner jointly with his/her spouse;

“Permitted use” means-

In relation to a property, means the limited purposes for which the property may be used in terms of -

- (a) Any restrictions imposed by:
- i. a condition of title;
 - ii. a provision of a town planning or land use scheme; or
 - iii. any legislation applicable to any specific property or properties; or
- (b) Any alleviation of any such restrictions.

“Places 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;

"Prescribed Form" means any document that may be prescribed by law or approved by Council or required by the CFO from time to time;

“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/legal entity;
- (b) a right registered against immovable property in the name of a person/legal entity, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person/legal entity or granted to a person/legal entity in terms of legislation; or
- (d) public service infrastructure.

“Primary Property” means the residential property on which the owner permanently resides.

"Public Benefits Organization" means-

An organization conducting specified public benefit activities 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 and registered for tax reductions because of those activities.

“Public Benefits Organization Property” means-

Property owned by PBO and used for any specified public benefit activities 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., and to which a MPRRR applies.

“Public service infrastructure” means-

Publicly controlled infrastructure of the following kinds:

- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
- (b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- (e) railway lines forming part of a national railway system;
- (f) communication towers, masts, exchanges or lines forming part of a communication system serving the public;
- (g) runways, aprons and the air traffic control unit at national or provincial airports, including the vacant land known as the obstacle free zone surrounding these, which must be vacant for air navigation purposes;
- (h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids,

buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;

- (i) any other publicly controlled infrastructure as may be prescribed; or
- (j) a right registered against immovable property in connection with infrastructure mentioned in paragraphs (a) to (i).

“Public service purposes”, in relation to the use of a property, means property owned and used by an organ of state as—

- (a) hospitals or clinics;
- (b) schools, pre-schools, early childhood development centres or further education and training colleges;
- (c) national and provincial libraries and archives;
- (d) police stations;
- (e) correctional facilities; or
- (f) courts of law, but excludes property contemplated in the definition of public service infrastructure’

“Ratio” In relation to section 19 of the Act, 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;

“Ratepayer” means a person or entity that is liable in terms of the MPRA for payment of rates on property levied.

“Rebate” In relation to a rate payable on a property, means a discount granted in terms of section 15 of the Act on the amount of the rate payable on the property.

“Reduction” In relation to a rate payable on a property, means the lowering in terms of section 15 of the Act of the amount for which the property was valued and the rating of the property at that lower amount.

"Residential Property" means a property included in a valuation roll in terms of section 48 (2) (b) as residential;

- 1) Used for residential purpose only, with not more than two dwelling units per property, and includes any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. (Any such grouping shall be regarded as one residential property for rates rebate or valuation reduction purposes), or
- 2) A unit registered in terms of the Sectional Title Act, used primarily for residential purposes.
- 3) The following properties are specifically excluded from the definition and will be treated as business properties:

Hotels, communes, boarding and undertakings, old age homes, guesthouses, retirement villages, life right schemes, commercial accommodation and residential properties with other permitted use.

“Residential Investment Properties” mean property with more than 2 living units sectionalised or not where the purpose is for investment or profit making. These properties will be treated as business properties.

“Threshold value” Means, with reference to impermissible rates and Section (17) (1) (h) of the Act, a municipality may not levy a rate on the first R15, 000 of the market value of a property with a category residential and a Municipal 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.

"Vacant land" means land on which any improvement/development is incomplete, and a Permanent Electricity Connection Certificate and/or Occupation Certificate have not been received from the owner.

3.THE PURPOSE OF THE POLICY

- 1) The purpose of this policy is to comply with the provisions of the Act, specifically with section 3 thereof;
- 2) Give effect to the principles outlined hereunder;
 - a) Ensure the equitable treatment of persons liable for rates;
 - b) Determine the basis for valuation and to prescribe procedures for the implementation of the Act;
 - c) Determine criteria for different property use categories to apply differential rates;
 - d) Determine or provide criteria for the determination of categories of owners of properties;
 - e) Determine criteria to be applied for granting relief in the form of exemptions, rebates and reductions to categories of properties and categories of owners;
 - f) Identify which categories of properties the municipality has elected not to rate as provided for in section 7 of the Act.

4. FUNDAMENTAL PRINCIPLES OF THE POLICY

- 1) Rates are levied in accordance with the MPRA as a cent in the rand, commonly known as the rates tariff and will be based on the property value contained in the Valuation roll of 2013 or any ensuing supplementary valuation roll.
- 2) Council may differentiate between various categories of properties and owners of property. Some categories of properties and categories of owners will receive a statutory relief from rates in accordance with certain provisions in the MPRA.
- 3) No relief will be granted in respect of payments for rates to any specific 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 Rates Policy.
- 4) All ratepayers, in a specific category, as determined by Council from time to time, will be treated equitably.
- 5) The rate will be based on the value of all rateable properties and the amount required by the municipality to balance the operating budget. This will include the consideration of any profits generated on trading and economic services and the

amounts required to finance exemptions, rebates and grants-in-aid of rates as approved by Council from time to time.

- 6) Property rates will be used to finance community and subsidised services and not used to subsidise trading and economic services.
- 7) The provision for working capital for community and subsidised services must be adequate and based on the non-payment of rates.
- 8) The income base of the municipality will be protected by limiting exemptions, grants and rebates.

SECTION B: CATEGORIES OF PROPERTY

5.CATEGORIES OF PROPERTIES FOR THE PURPOSE OF LEVYING DIFFERENT RATES

5.1 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, determined in sub-section (2) and (3), which must be determined according to the-

- a) the use of the property
- b) the permitted use of the property
- c) a combination of (a) and (b)

5.2 In terms of section 8 (1) (a) and subject to section 19, the category of property will be based on (a) the use of the property, also referred to as actual use of the property, and any change in actual use of a property may result in a change to the category of property.

5.3 It is the responsibility of the designated Municipal Valuer to determine the category of property in terms of its adopted rates policy.

For the purpose of sec 8(2) of the Act with section 9 the following are the determined categories of rateable properties by the Municipality:

- a) Residential Properties;

- b) Business and Commercial Properties;
- c) Industrial Properties;
- d) Agricultural Properties;
- e) Public Service Purposes (Owned and used by State);
 - i. health;
 - ii. education, including libraries;
 - iii. police stations;
 - iv. prisons; or
 - v. courts of law,
- f) Public Service Infrastructure;
- g) Public benefit Organisation;
- h) Mining properties;
- i) Vacant Land;

In order for the Municipal Valuer to categorise properties as a PBO property, an application for a change in the property rating category must be made, in the prescribed form.

5.4 The Municipality does not value Real Rights except:

- a) Public Service Infrastructure;
- b) Municipal Leases and Developers Rights of Extension in Sectional Title Schemes
- c) Registered Leases within identified rural areas of the Municipality
- d) Exclusive use
- e) Usufruct or right of habitation will be regarded the owner
- f) Where a Real Right is registered, a person who has entered into a contract is contractually liable for the rates and regarded as the owner.
- g) Rights of extension will be valued and the holder of the Rights will be rated.

6. RATING OF MULTIPLE USE PROPERTIES & VACANT LAND

6.1 The municipality rate multiple use properties in terms of Section 9(1)(c):

A rate levied on a property assigned in terms of [subsection \(1\)\(c\)](#) to a category of properties used for multiple purposes must be determined by—

- a) apportioning the market value of the property, in relation to the different purposes for which the property is used; and
- b) Where a property is used for multiple purposes, the Municipality will assign the appropriate categories listed in clause **1.3** above, to the different purposes for which the property is used.

6.2 Vacant Land

Prior to properties being eligible for a developed rate or rebate, a **Permanent** Electricity and/or Occupancy Certificate must have been issued in respect thereof by the relevant Council National Building Regulations concerned to City Development Laws and Regulations.

If a Real Right is developed and not yet registered as a unit, the development will be valued and charged on the current owner unit.

SECTION C: RELIEF MEASURES FOR RATEPAYERS

Introduction

The municipality has considered the need and desire to grant relief to specific categories of owners of properties and owners of specific categories of properties with a view to providing appropriate measures to alleviate the rates burden on them. The Municipality therefore grants Exemptions, Rebates and Reductions, on categories of owners, based on local conditions and circumstances. No category of owner shall qualify for multiple rebates.

The municipality will not grant relief in respect of the payment of rates other than by way of an exemption, rebate or reduction provided for in this policy and granted in terms of section 15 of the Act to:

- a) A specified category of property; or

- b) A specified category of owner of property as provided for hereunder.

The Municipality has determined the following **categories of owners (of property)** COOP with criteria for relief measures.

- a) Indigent Owner
- b) Pensioner Owner (disability grantees or medically boarded persons);
- c) Property owned by public benefit organisation;
- d) Agricultural properties;
- e) Properties owned by Non-Profit organisation;
- f) Independent Schools; and
- g) Owners of properties affected by disaster.

7. RELIEF MEASURES GRANTED THROUGH APPLICATION

- 1) The Municipality grants exemptions and rebates on categories of owners based on local conditions and circumstances. Unless determined otherwise in the policy a writing application must be submitted in the prescribed format and within the prescribed period.
- 2) All exemptions and rebates are subject to an amount determined by a resolution of Council at its annual budget.
- 3) Accounts that are in arrears will not qualify for any exemptions or rebates.

7.1 PENSIONER OWNERS

All pensioners may be granted a rebate on their **primary** residential property. Which is currently a further rebate of R 310 000 on the market value of the property of the approved tariff.

In order to qualify as a pensioner owner, the owner must meet these requirements:

CRITERIA:

- a) The primary property must be registered in the name of a natural person who own and permanently occupy that property. This includes co-owners who are

married to each other, executors or administrators of deceased estates, Liquidators and Trustees are excluded from the rebates;

- b) The applicant must be a ratepayer of 60 years or older;
- c) He/she must be the owner or “deemed owner” of the domicile property;
- d) Rebate will be granted only on one property.

REQUIREMENTS:

- a) Make a written application to council in the prescribed format for the financial year.
- b) A certified copy of the applicant’s bar-coded RSA identity document or a Smart ID card must accompany the application; and
- c) Not be in receipt of an indigent subsidy (targeted approach) at time of application.

The same provisions applicable to old aged pensioners apply to disability grantees, except that they must produce a **certified copy of a letter**, issued by the **Department of Social Welfare**, confirming receipt of a disability grant.

If disability grant is temporary the letter must reflect the date and period of grant, period of grant must fall within period that rebate will be given.

ALL PENSIONER OWNERS FROM PREVIOUS FINANCIAL YEAR:

Previously approved pensioners will go through internal verification to assess whether they still fit the requirements for the next financial year.

The rebate will lapse-

- a) on death of the applicant if applicant owns 100% of property;
- b) When an application for a Revenue Clearance Certificate results in the alienation of the property;
- c) when the Applicant ceases to reside permanently on the domicile property;
- d) when the Trustee/s no longer meet the qualifying criteria;
- e) when the holder of the personal servitude no longer meets the qualifying criteria.

Rebates granted in error or due to false/incorrect information supplied by the applicant, will be reversed immediately from date of inception of the rebate.

7.2 PROPERTIES OWNED BY PUBLIC BENEFIT ORGANISATIONS (PBO)

Property Rates will be levied in accordance with the Amendment of the Municipal Property Rates Regulations as published in Government Notice Number R. 363 of 27 March 2009.

Public Benefit Organisations performing a specific public benefit activity and registered in terms of the Income Tax Act, Item 1, 2 and 4 of part 1 of the Ninth Schedule, for tax deduction because of those activities, must provide to the satisfaction of the Chief Financial Officer or his delegate that they comply with the criteria and requirements.

Criteria:

- a) The properties above shall not be owned by the state.
- b) Owners of properties meeting the criteria shall pay the Public benefit Organisations tariff as published annually.
- c) The applicant must be the Registered property owner and the relevant property must be used for PBO Activities as described above, thus excluding any Vacant Land;
- d) The use of any land or buildings, or part thereof, shall not be for private use;
- e) If any individual, whether as a shareholder in a company or otherwise receiving a pecuniary benefit, the applicant shall not qualify;
- f) If during the current financial year, any such land or building is used for any purpose other than the purpose for which it was so exempted, the Municipality shall impose rates thereon or on such portion so used, at a rate proportionate to the period of such use;

Requirements:

- a) A written application must be submitted on or before 31 May;

- b) A Tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Item 1, 2 and 4 of Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962) must be submitted together with the application for PBO and a certified copy of registration;
- c) Submit an affidavit stating that the property is being used for public benefit activities;
- d) Submit a tax clearance certificate for PBOs confirming that they are in good standing for the year preceding the year of application.

The Municipality retains the right to refuse to exempt properties if the details supplied in the application form are incomplete, incorrect or false.

Owners of properties meeting the criteria shall pay the Public benefit Organisations tariff as published annually.

7.3 INDEPENDENT SCHOOLS AND NON-PROFIT ORGANISATION

A rebate may be granted to Independent Schools and Non-Profit organisation that qualify for a rebate as determined hereunder. This extent of the rebate will be determined annually during the budget review process.

The qualifying applicant will be granted 20% percent rebate on the market value of the property

Applicants must provide credible proof to the satisfaction of the Chief Financial Officer or his delegate that they comply with the criteria and requirements. The following criteria and requirements will apply:

CRITERIA:

- a) The applicant must be the owner and occupier of the relevant property;
- b) The use of any land or buildings, or part thereof, shall not be for private use; Written applications must be submitted on or before 31 May for each financial year in the prescribed format;
- c) If during the current financial year, any such land or building is used for any purpose other than the purpose for which it was so exempted, the

Municipality shall impose rates thereon or on such portion so used, at a rate proportionate to the period of such use.

REQUIREMENTS:

- a) Applicant provides a copy of the NPO's registration certificate.
- b) A Tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Item 1, 2 and 4 of Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962) must be submitted together with the application for relief;
- c) **Independent schools** must have a uniquely allocated education management information system (emis) number and must for the previous financial year provide proof that it received a subsidy from the relevant provincial department of education (at least the majority, 60% and more, of the sources of funding be from a combination of one or more government grants);
- d) Written applications must be submitted on or before 31 May for each financial year in the prescribed format;
- e) The Municipality retains the right to refuse to exempt properties if the details supplied in the application form are incomplete, incorrect or false.

7.4 AGRICULTURAL PROPERTIES

Council may apply an additional rebate on Agricultural land. When considering the criteria to be applied in respect of rebates on properties used for agricultural purposes, Council will take into account:

- a) The extent of services provided by the municipality in respect of such properties;
- b) the contribution of agriculture to the local economy;
- c) the extent to which agriculture assists in meeting the service delivery and development obligations of the municipality;
- d) the contribution of agriculture to the social and economic welfare of farm workers;

- e) The rebate will be determined annually during the budget review process.
- a) Written applications must be submitted for each financial year before 31 May of each year;
- b) The portion of the property that is used exclusively for bona fide agricultural purposes;
- c) The agricultural portion must exceed two (2) hectares in extent;
- d) The owner must be taxed by SARS as a farmer and the last tax assessment must be provided as proof;
- e) Where the owner is not taxed as farmer, proof is required that income from farming activities exceeds 40% of the household income; and
- f) Agricultural land used for other activities than bona fide agricultural purposes do not qualify for any rebates or valuations reductions.

The qualifying applicant will be granted 5% rebate on the market value of the property.

8. RATES RELIEF GRANTED IN TERMS OF THE ACT

8.1 RELIEF MEASURES IN TERMS OF SECTION 17 OF THE ACT

It is recorded that the municipality may not, in terms of section 17 of the Act levy a rate on:

1. the first 30% of the market value of public service infrastructure;
2. the first R15 000.00 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 –
 - (a) for residential properties; or
 - (b) for properties used for multiple purposes, provided one or more components of the property are used for residential purposes.
3. A 100% rates exemption will be applied to places of worship in the following instances:

- a) On a property registered in the name of and used primarily for the purpose of congregation, excluding a structure that is primarily used for educational instruction by a religious community, including one official residence registered in the name of that community which is occupied by an office bearer of that community who officiates services at that place of worship in terms of section 17(1)(i)
 - b) This also applies to a vacant property registered in the name of and used primarily as a place of worship by a religious community.
 - c) Properties that does not meet the definition of Place of worship will be rated under other categories determined in the policy.
4. A 100% relief will be granted on property rates belonging to a land reform beneficiary in terms of section 17(g)(i)(ii) of the Act.

These properties must have been acquired through the Provision of Land and Assistance Act, 1993 (no. 126 of 1993) or the Restitution of Land Rights Act, 1994 (No 22 of 1994) or subject to the communal Property Associations Act, 1996 (Act No 28 of 1996) or Communal land as defined in section 1 of the Communal Land Rights Act 2004 (Act No. 11 of 2004).

5. Furthermore, Council grants an additional rebate(FORGONE) above the impermissible value to residential properties that are valued at R 600 000 and below. These properties qualify for an additional rebate of R 185 000 on the market value of the property at the approved tariff.

8.2 RELIEF MEASURES IN TERMS OF SECTION15 OF THE ACT

8.2.1 INDIGENT OWNERS

- a) In terms of the Act, measures to alleviate the rates burden of the destitute have to be taken;
- b) Relief as contained in the UMhlathuze Municipality Indigent Policy will be applied as prescribe by the indigent Management policy.;

- c) Council may grant an additional amount in value above the impermissible value as stipulated in the MPRA on which no rates will be applied. This determination will be made annually during the budget review process and
- d) The reduction will be applied only to a property that is developed and used solely for residential purposes.
- e) Qualifying owners of property will receive 100% exemption on property rates.

8.2.2 DISASTER MANAGEMENT

- a) A reduction in the municipal valuation as contemplated in section 15(1)(d) of the Act will be granted where the value of a property is affected by a disaster within the meaning of the Disaster Management Act (57 of 2002) or any other adverse social or economic conditions as may be determined by council.
- b) The reduced valuation will be applied from the start of the financial year following the evaluation.
- c) The reduction will be in relation to the certificate issued for this purpose by the Municipal Valuer.
- d) Rebate is subject to a written application within the prescribed format and time.
- e) The split in which rebate will be granted must come from the Valuer.
- f) If more than 50% of a property is deemed as capable of occupation/operations, then the owner will qualify for the partial rates rebate at the discretion of council.

Properties completely demolished will qualify for the 100% rates rebate.

When a property is destroyed, a supplementary valuation will be made in respect of the property in terms of Section 78 of the Act. This may give rise to the following

- i) a change in the market value of the property;
- ii) a rating category change in respect of the property.

The Municipal Valuer has the discretion to determine which category of property the property will fall into.

8.2.3 MUNICIPAL PROPERTIES

- a) Municipal properties will be Valued, rated and exempted in accordance with sec 7(2) of MPRA.
- b) Municipal properties that are leased or rented out will be categorized by the actual use and rated in accordance with the provisions of the MPRA.

8.2.4 CHILD HEADED HOUSEHOLDS

Child headed households will be handled in terms of the Municipal Indigent Policy, 100% rebate on all services.

8.2.5 COMMERCIAL ACCOMMODATION

In case of the owner, occupying one unit in a multi-unit complex whether sectionalised or not, an application can be submitted to the Municipality for one unit to be rated as residential, limited to one unit in the case of multiple owners/trustees. All other units will be treated as business properties.

8.2.6 SPORTING BODIES

- a) Sporting bodies shall, be rated on the value of the improved area;
- b) The improved area shall exclude change rooms and store rooms necessary for the sport; and
- c) Vacant land registered in the name of a Sporting Body will be rated and charged accordingly
- d) Applicants must produce a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (Act 58 of 1962).

SECTION D: RATES INCREASE / DECREASE

9. CRITERIA FOR INCREASING / DECREASING OF RATES

- 1) Council will consider increasing rates annually during the budget process in terms of the guidelines issued by National Treasury from time to time.
- 2) The following may be taken into account for the purpose of increasing / decreasing rates:
 - a) Priorities of a Municipality reflected in its Integrated Development Plan;
 - b) Rate increases will be used to finance the increase in operating costs of community and subsidised services.

SECTION E: LIABILITY FOR RATES

10. SUPPLEMENTARY VALUATION (SV) EFFECTIVE DATE

If the date of an SV is prior to the latest date of registration, the Deeds Office registration date will be used as an effective date.

Although the MPRA sect. 78(4) determines the effective date of the supplementary valuation, a property transferred after the effective date of the supplementary valuation, will be billed for rates as from the date of the most recent registration in the Deeds Office

11. POWER TO LEVY RATES

- a) The Local Government: Municipal Property Rates Act (Act 6 of 2004) regulates the power of a municipality to impose rates on property;
- b) In terms of the Municipal Property Rates Act a municipality:
 - i. may levy a rate on property in its area; and
 - ii. must exercise its power to levy a rate on property, subject to:
 - (a) section 229 and any other applicable provisions of the Constitution
 - (b) the provisions of the Municipal Property Rates Act; and
 - (c) its rates policy;

In terms of section 4 of the Local Government: Municipal Systems Act (Act 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, inter-alia, rates on property; and

In terms of section 62 of the Local Government: Municipal Finance Management Act (Act 56 of 2003), the Municipal Manager must ensure that the municipality has and implements a rates policy.

12. PAYMENT OF RATES

- 1) Notice will be given of all rates approved at the annual budget meeting, at least 30 days prior to the date that the rates become effective.
- 2) A notice stating the purport of the Municipality's resolution and the date on which the new rates become operational will be displayed by the Municipality on the notice boards and where possible, at places utilized for that purpose.
- 3) **Method and time of Payment:**
 - a) Rates must be paid in monthly instalments on the due date stipulated on the statement of each month.
 - b) The Municipality may recover annual property rates on or before 30 September of each financial year. Application to pay rates yearly must be submitted in writing before 30 June of each financial year.
 - c) All rates that remain unpaid after the due date stipulated on the account will be collected through the provisions contained in the Credit Control policy or any applicable legislation.
- 4) Joint owners of a property, including joint owners of agricultural property are jointly and severally liable for the amount due for rates on that property.
- 5) A person liable for payment of rates whether or not that person has received a written account in terms of sec 27 of the Act. If account is not received, that person must make the necessary inquiries from the municipality.

13.IMPLEMENTATION OF RATES POLICY AND EFFECTIVE DATE

The rates policy takes effect from the date of the General Valuation Roll, dated 1 July 2013. Any amendment during the budget review process in the ensuing years, will apply from the 1st day of the new financial year.

The rates policy will be reviewed on annually and if necessary amended by council. The amendments must be effected in conjunction with the budget process as mandated by section 22 and 23 of the Municipal Finance Management Act.to ensure that it complies with the Municipality's strategic objectives, with legislation and will take into account public comments and inputs.

14. SHORT TITLE

This policy is the Property Rates Policy of the uMhlathuze Municipality.