

Mbizana, South Africa

Rates

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Rates

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Mbizana South Africa

Rates By-law, 2010

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The Municipal Manager of Mbizana Local Municipality hereby, in terms of Section 6 of the local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), publishes the Property Rates By-law for the Mbizana Local Municipality, as approved by its Council as set out hereunder.

PURPOSE OF BY-LAW

To allow Council to exercise its power to value and impose rates on immovable properties located within its area of jurisdiction in such a manner that it will contribute to effective and economic service delivery to the entire community.

1. Definitions

For the purpose of these by-laws any word or expression to which a meaning has been assigned in the Local Government: Municipal Property Rates Act, 2004 ([Act No.6 of 2004](#)) shall bear the same meaning in these by-laws and unless the context indicates otherwise-

- 1.1 "Act" means the Local Government: Municipal Property Rates Act, 2004 ([Act No.6 of 2004](#));
- 1.2 "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;
- 1.3 "Agricultural purpose" in relation to the use of a property, includes the use (of a property for the purpose of aec-tourism or for the trading in or hunting of game);
- 1.4 "Annually" means once every financial year;
- 1.5 "Category"
 - (a) In relation to property, means a category of properties determined in terms of Section 7; and
 - (b) in relation to owners of properties, means a category of owners determined in terms of Section 8.
- 1.6 "Child-headed household" means a household where the main caregiver of the said household is younger than 18 years of age. Child-headed household means a household headed by a child as defined in the section 28(3) of the [Constitution](#).
- 1.7 "Definitions, words and expressions" as used in the Act are applicable to this policy document where ever it is used;
- 1.8 "Industrial Development Zone" is part of The South African Industrial Development Zone Programme, national government's strategy to position the country within the global economy. The aim is to encourage international competitiveness and sustainable economic growth through strategic investments in export manufacturing industries. The Industrial Development Zones (IDZs) are purpose-built industrial estates, linked to an international port or airport, which have been specifically designated for new investment by export oriented industries and related services.

Companies established in an IDZ remain subject to all relevant South African legislation but qualify for an attractive range of industrial and support benefits, including investment incentives offered by government.

- 1.9 **"Land reform beneficiary"**, in relation to a property, means a person who-
- (a) acquired the property through -
 - (i) the Provision of Land and Assistance [Act No. 126 of 1993](#); or
 - (ii) the Restitution of Land Rights [Act No. 22 of 1994](#);
 - (b) holds the property subject to the Communal Property Associations [Act No 28 of 1996](#);
 - (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the [Constitution](#) be enacted after this Act has taken effect;
- 1.10 **"Land tenure right"** means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004;
- 1.11 **"Municipality"** means the Municipality of Mbizana;
- 1.12 **"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 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;
- 1.13 **"Owner"**-
- (a) in relation to a property referred to in paragraph (a) of the definition of "property", means a person in whose name 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 a land tenure right referred to in paragraph (c) of the definition of "property", means a person in whose name the right is registered or to whom it was granted in terms of legislation; 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 a trust excluding state trust land;
 - (ii) an executor or administrator, in the case of a property in a deceased estate;
 - (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in
 - (iv) a judicial manager, in the case of a property in the estate of a person under
 - (v) a curator, in the case of a property in the estate 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 of which possession was given to the buyer pending registration of ownership in the name of the buyer;

1.14 **"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 the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) public service infrastructure.

1.15 **"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;

1.16 **"Protected Areas Act"** means the National Environmental Management: Protected Areas Act, 2003;

1.17 **"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 communications system serving the public;
- (g) runways or aprons at national or provincial airports;
- (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) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i);

1.18 **"Residential property"** means improved property that-

- (a) is used predominantly (60% or more) for residential purposes including 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 rate rebate or valuation reduction purposes.
- (b) is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes.
- (c) is owned by a share-block company and used solely for residential purposes.

- (d) is a residence used for residential purposes situated on property used for or related to educational purposes.
- (e) Retirement schemes and life right schemes used predominantly (60% or more) for residential purposes.

And specifically exclude hostels, flats, old age homes, guest houses and vacant land irrespective of its zoning or intended use.

- 1.19 **"Rural communal settlements"** means the residual portion of rural communal land excluding identifiable and rateable entitles within the property and excluding State Trust Land and land reform beneficiaries as defined in the Act.
- 1.20 **"Special State Owned Properties"** properties that are owned by National and Provincial Government, used for public benefit purposes and as a rule do not trade regularly in a four year valuation cycle.
- 1.21 **"state trust land"** means land owned by the state-
 - (a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;
 - (b) over which land tenure rights were registered or granted; or
 - (c) which is earmarked for disposal in terms of the Restitution of Land Rights.
- 1.22 **"Vacant land"** means land where no immovable improvements have been erected.
- 1.23 In this by-law, words used in the masculine gender include the feminine, the singular includes the plural and vice versa.

2. Principles

- 2.1 Rates will be levied in accordance with the Act 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.
- 2.2 The municipality will differentiate between various categories of property and categories of owners of property as contemplated in clause 5 and 6 of this by-law.
- 2.3 Some categories of property and categories of owners will be granted relief from rates.
- 2.4 The municipality will 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.
- 2.5 There will be no phasing in of rates based on the new valuation roll, except as prescribed by legislation and in accordance with clause 14 of this by-law.
- 2.6 The municipality's rates policy will be based on the following principles:
 - (a) Equity - The municipality will treat all ratepayers with similar properties the same.
 - (b) 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 and cross subsidy from the equitable share allocation.
 - (c) Sustainability - Rating of property will be implemented in a way that:
 - (i) it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality;
 - (ii) Supports local social economic development;and

- (iii) Secures the economic sustainability of every category of ratepayer.
- (d) Cost efficiency - Rates will be based on the value of all rateable property and will be used to fund community and subsidised services after taking into account surpluses generated on economic (refuse removal) services and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.

3. Application of By-law

- 3.1 Where this by-law contradicts national legislation, such legislation has preference over this by-law. The Municipal Manager shall bring such conflicts immediately to the attention of the municipality once he becomes aware of such conflicts and will propose changes to the municipality's by-laws to eliminate such conflicts.
- 3.2 If there is any conflict between this by-law and the Property Rates policy of the municipality, this by-law will prevail.
- 3.3 In imposing the rate in the rand for each annual operating budget component, the municipality shall grant exemptions, rebates and reductions to the categories of properties and categories of owners.

4. Principles applicable to financing services

- 4.1 The municipal manager or his/her nominee must, subject to the guidelines provided by the National Treasury and Executive Committee of the municipality, make provision for the following classification of services:-
 - (a) Economic services
 - (i) Refuse removal.
 - (b) Community and subsidised services - These include all those services ordinarily being rendered by the municipality that benefit the community as a whole, excluding those mentioned in 4.1 (a).
- 4.2 Economic services as referred to in clauses (a) must be ring fenced and financed from service charges while community and subsidised services referred to in clause (b) will be financed from surpluses on trading and economic services, regulatory fees, rates and rates related income.

5. Categories of property

- 5.1 Different rates may be levied in respect of the categories of rateable properties as determined annually by the municipality's rates policy.
- 5.2 Such rates will be determined on an annual basis during the compilation of the municipality's budget.
- 5.3 In determining the category of a property referred to in 5.1 the municipality shall take into consideration the dominant use of the property regardless the formal zoning of the property;
- 5.4 Properties used for multiple purposes shall be categorised and rated as provided for in section 9 of the Act and as more fully described in clause 7 of this by-law.

6. Categories of owners

- 6.1 For the purpose of granting exemptions, reductions and rebates in terms of clause 9, 10 and 11 respectively the following categories of owners of properties are determined:
 - (a) Those owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality;

- (b) Pensioners who do not qualify as indigents in terms of the adopted indigent policy of the municipality but whose total monthly income is less than the amount annually determined by the municipality in its budget;
- (c) Owners of property situated within an area affected by-
 - (i) a disaster within the meaning of the Disaster Management Act, 2002 ([Act No. 57 of 2002](#)); or
 - (ii) serious adverse social or economic conditions;
- (d) Owners of residential properties with a market value below the amount as determined annually by the municipality in its budget;
- (e) Owners of agricultural properties as determined by the municipality's rates policy; and
- (f) Child headed families where any child of the owner or child who is a blood relative of the owner of the property, is responsible for the care of siblings or parents of the household.

7. Properties used for multiple purposes

- 7.1 Rates on properties used for multiple purposes will be levied by the "dominant use of the property".

8. Differential rating

- 8.1 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 and economic development of the municipality.
- 8.2 Differential rating among the various property categories will be done by way of setting different cent amount in the rand for each property category; and
- 8.3 by way of reductions and rebates as provided for in the municipality's rates policy document.

9. Exemptions and Impermissible Rates

- 9.1 Categories of property and categories of owners as determined by the municipality's rates policy on an annual basis will be exempted from paying rates.
- 9.2 Conditions determined by the rates policy will be applied accordingly.
- 9.3 Exemptions will automatically apply where no applications are required.
- 9.4 Rates may not be levied by the municipality on properties prescribed in Section 17(1) of the Municipal Property Rates Act, 2004.
- 9.5 Public Benefit Organisations performing a specific public benefit activity and registered in terms of the Income Tax Act, 1962 (No 58 of 1962) for tax reduction because of those activities, may apply for exemption of property rates, on conditions as determined by the municipality's rates policy.
- 9.6 The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- 9.7 The extent of the exemptions implemented will annually be determined by the municipality and it must be included in the annual budget.

10. Reductions

- 10.1 Reductions as contemplated in section 15 of the Act will be considered on an ad-hoc basis in the event of the following:
 - 10.1.1 Partial or total destruction of a property.
 - 10.1.2 Disasters as defined in the Disaster Management Act, 2002 ([Act 57 of 2002](#)).
- 10.2 The following conditions shall be applicable in respect of 10.1:-
 - 10.2.1 The owner referred to in 10.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the municipality that his property has been totally or partially destroyed. He/she will also have to indicate to what extent the property can still be used and the impact on the value of the property.
 - 10.2.2 Property owners will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 ([Act No. 57 of 2002](#)).
 - 10.2.3 A maximum reduction determined annually by the municipality will be allowed in respect of both 10.1.1 and 10.1.2.
 - 10.2.4 An ad-hoc reduction Will not be given for a period in excess of 6 months, unless the municipality gives further extension on application.
 - 10.2.5 If rates were paid in advance prior to granting of a reduction the municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.

11. Rebates

- 11.1 Categories of property
 - 11.1.1 The municipality may grant rebates to categories of property as determined annually in the municipality's rates policy.
- 11.2 Categories of owners
 - 11.2.1 The municipality may grant rebates to categories of owners as determined annually in the municipality's rates policy.
- 11.3 Conditions determined by the rates policy will be applied accordingly.
- 11.4 Applications for rebates must reach the municipality before the date determined by the property policy, preceding the start of the new municipal financial year for which relief is sought.
- 11.5 The municipality retains the right to refuse rebates if the details supplied in the application form were incomplete, incorrect or false.
- 11.6 Properties with a market value below a prescribed valuation level of an amount determined annually by the Municipality may, instead of a rate being determined on the market value, be rated a uniform fixed amount per property.
- 11.7 The extent of the rebate in terms of 11.1, 11.2 and 11.6 will annually be determined by the municipality and it must be included in the annual budget.

12. Payment of rates

- 12.1 Council may levy assessment rates: -
 - (a) On a monthly basis or less regular as determined by the Municipal Finance Management Act, (No. 56 of 2003) or

- (b) Annually, as agreed with the owner of the property.
- 12.2 The municipality shall determine the due dates for payments in monthly installments and the single annual payment and this date shall appear on the accounts forwarded to the owner/ tenant/ occupants/ agent.
- 12.3 Rates payable on an annual basis, excluding annual rates levied on state owned properties, will be subject to a discount of 5% if paid in full on or before 30 September of each year.
- 12.4 Interest on arrears rates, whether payable on or before 30 September or in equal monthly instalments, shall be calculated in with the provisions of the Credit Control and Debt Collection Policy of the Municipality.
- 12.5 If a property owner who is responsible for the payment of property rates in terms of the rates policy, fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control and Debt Collection By-law of the Municipality.
- 12.6 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act and the Municipality's credit control en debt collection by-law.
- 12.7 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.
- 12.8 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

13. Accounts to be furnished

- 13.1 The municipality will furnish each person liable for the payment of rates with a written account, which will specify:
 - (i) the amount due for rates payable,
 - (ii) the date on or before which the amount is payable,
 - (iii) how the amount was calculated,
 - (iv) the market value of the property, and
 - (v) rebates, exemptions, reductions or phasing-in, if applicable.
- 13.2 A person liable for payment of rates remains liable for such payment, whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he/she must make the necessary enquiries with the municipality.
- 13.3 In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

14. Phasing in of rates

- 14.1 The rates to be levied on newly rateable property shall be phased in as explicitly provided for in section 21 of the Act.
- 14.2 The phasing-in discount on the properties referred to in section 21 shall be as follows:

- First year: 75% of the relevant rate;
 - Second year: 50% of the relevant rate; and
 - Third year: 25% of the relevant rate.
- 14.3 No rates shall be levied on newly rateable properties that are owned and used by organisations conducting activities that are beneficial to the public and that are registered in terms of the Income Tax Act for those activities, during the first year. The phasing-in discount on these properties shall be as indicated below:-
- First year: 100% of the relevant rate;
 - Second year: 75% of the relevant rate;
 - Third year: 50% of the relevant rate; and
 - Fourth year: 25% of the relevant rate.

15. Frequency of valuation

- 15.1 The municipality shall prepare a new valuation roll every 4 (four) years.
- 15.2 The municipality, under exceptional circumstances, may request the MEC for Local Government and Housing in the province to extend the validity of the valuation roll to 5 (five) years.
- 15.3 Supplementary valuations will be done at least on an annual basis to ensure that the valuation roll is properly maintained.

16. Community participation

- 16.1 Before the municipality adopts the rates by-law, the municipal manager will follow the process of community participation envisaged in chapter 4 of the Municipal Systems Act and comply with the following requirements:
- 16.1.1 Council must establish appropriate mechanisms, processes and procedures to enable the local community to participate and will provide for consultative sessions with locally recognised community organisations and where appropriate traditional authorities.
 - 16.1.2 Conspicuously display the draft rates by-law for a period of at least 30 days (municipality to include period decided on) at the municipality's head and satellite offices and libraries (and on the website)
 - 16.1.3 Advertise in the media a notice stating that the draft rates by-law has been prepared for submission to council and that such by-law is available at the various municipal offices and on the website for public inspection.
 - 16.1.4 Property owners and interest persons may obtain a copy of the draft policy from the municipal offices during office hours at a fee as determined by Council as part of its annual tariffs.
 - 16.1.5 Property owners and interest persons are invited to submit written comments or representations to the municipality within the specified period in the notice.
 - 16.1.6 The municipality will consider all comments and/or representations received when considering the finalisation of the rates policy and by-law.
 - 16.1.7 The municipality will communicate the outcomes of the consultation process in accordance with section 17 of the Municipal Systems [Act 32 of 2000](#).

17. Register of properties

- 17.1 The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.
- 17.2 Part A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations done from time to time.
- 17.3 Part B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to:
 - i. Exemption from rates in terms of section 15 of the Property Rates Act, 2004,
 - ii. Rebate or reduction in terms of section 15 of the Act,
 - iii. Phasing-in of rates in terms of section 21 of the Act, and
 - iv. Exclusions as referred to in section 17 of the Act.
- 17.4 The register will be open for inspection by the public at the municipal main offices during office hours or the website of the municipality.
- 17.5 The municipality will update Part A of the register during the supplementary valuation process.
- 17.6 Part B of the register will be updated on an annual basis as part of the implementation of the municipality's annual budget.

18. Regular review processes

- 18.1 The municipality's rates policy must be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives as contained in the Integrated Development Plan and with relevant legislation.

19. Short title

This by-law is the rates by-law of the Mbizana Local Municipality.

20. Commencement

This by-law comes into force and effect on 1 July 2010