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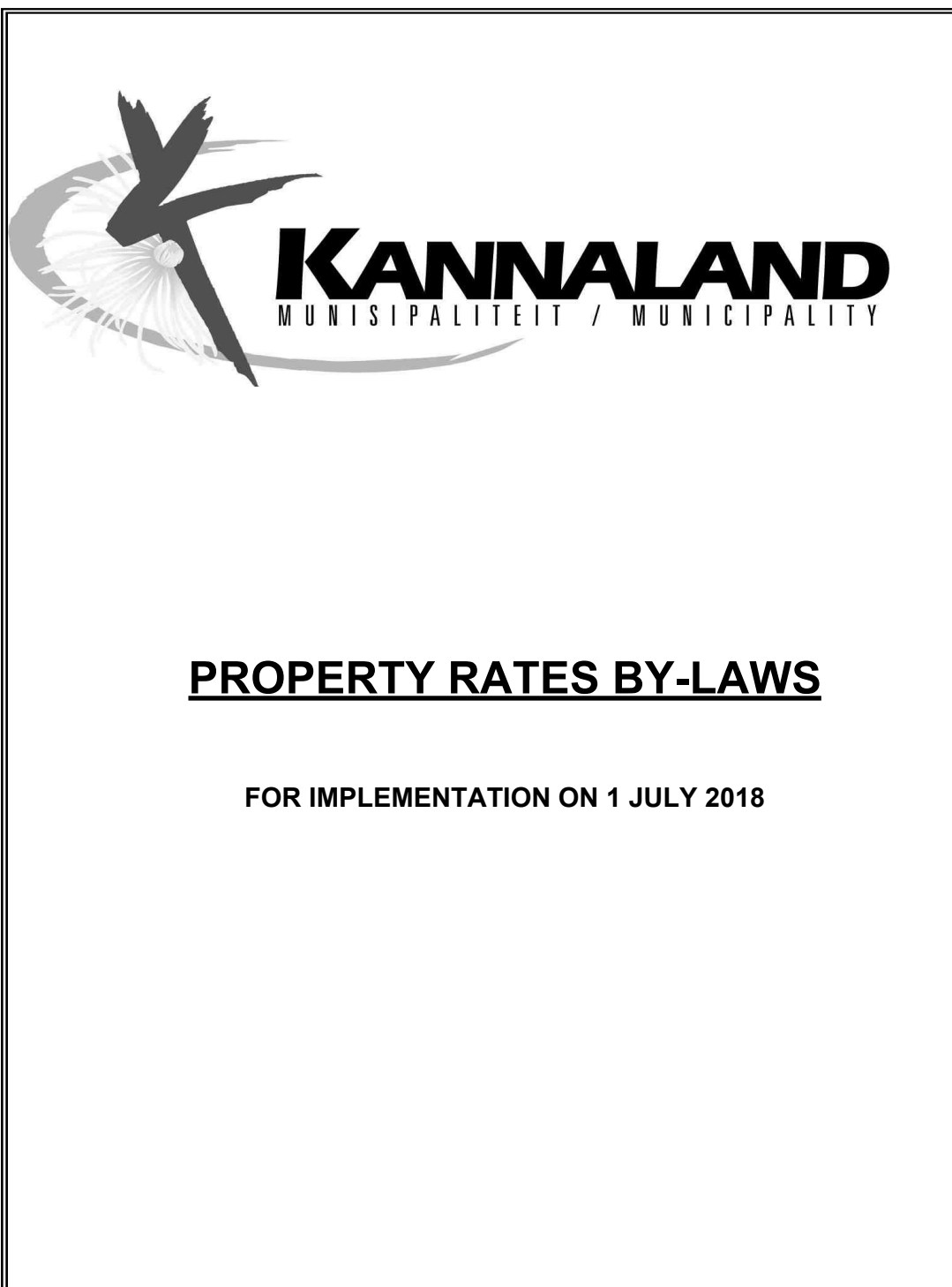
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CONTENTS

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LOCAL AUTHORITY

Kannaland Municipality: Property Rates By-Laws	2
Kannaland Municipality: Property Rates Policy 2018/2019	26



PROPERTY RATES BY-LAWS:**TABLE OF CONTENTS**

- 1. DEFINITIONS**
- 2. RATES POLICY**
- 3. RATES PRINCIPLES**
- 4. DETERMINATION OF RATES**
- 5. CATEGORIES OF PROPERTY**
- 6. CATEGORIES OF OWNERS**
- 7. PROPERTIES USED FOR MULTIPLE PURPOSES**
- 8. LIABILITY FOR RATES**
- 9. DIFFERENTIAL RATING**
- 10. ZONING AND USAGE FOR RATES PURPOSE**
- 11. EXEMPTIONS**
- 12. REBATES**
- 13. REDUCTIONS**
- 14. PHASING-IN OF CERTAIN RATES**
- 15. PROCESS OF GRANTING EXEMPTIONS, REBATES AND REDUCTIONS**
- 16. FREQUENCY OF VALUATIONS**
- 17. RATES INCREASES**
- 18. CORRECTION OF ERRORS AND OMISSIONS**
- 19. SHORT TITLE**
- 20. COMMENCEMENT**

**KANNALAND MUNICIPALITY
BY-LAW ON THE LEVYING OF
PROPERTY RATES**

DOCUMENT AND VERSION CONTROL

Version: Final 2018/2019

Date: 28 May 2018

Summary: This document describes the By-Law on the Levying of Property Rates that will be applicable to the Kannaland Municipality, with effect from 1 July 2015.

Municipal Manager: R STEVENS

Executive Mayor: M BARRY

Date: 2018/05/28

Date: 2018/05/28

PROPERTY RATES BY-LAWS KANNALAND MUNICIPALITY

LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES ACT 6 OF 2004 BY-LAWS ADOPTED UNDER SECTION 6

The Kannaland Municipal Council has, under Section 6 of the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004), made the by-laws in the schedule hereto.

SCHEDULE

1. DEFINITIONS

(1) In these by-laws, unless the context indicates otherwise—

“accommodation establishment” in relation to a property means the supply of overnight facilities to guests and tourist. A guest house can be an existing home from 3 or more rooms specifically designed to provide overnight accommodation

“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;

“agricultural property” means property that is used primarily for agricultural purposes, including the rearing, trading and hunting of game but, without derogating from section 9, the property for the purpose of eco-tourism and any portion thereof that is used for the hospitality of guests

“agricultural rebate”, a rebate granted in respect of agricultural properties which are solely used for agricultural purposes;

“annually” means once every financial year;

“business”, in relation to property, means the use of property for the activity of buying, selling or trading in commodities or services on or from a property and includes any office or other accommodation on the property, the use of which is incidental to such activity, but does not include the business of agriculture, farming, or any other activity consisting of the cultivation of soils, the gathering in of crops, the rearing of livestock and the like;

“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 owners of property, means a category of owners determined in terms of section 15(2) of the Act;

“conservation area / nature reserve” – a protected area listed in terms of section 10 of the Protected Areas Act, No 52 of 2003;

- (a) a **nature reserve** established in terms of the Nature and Environmental Conservation Ordinance, no 19 of 1974; or
- (b) any land which is zoned as open space zone II or III in terms of the Municipality’s zoning scheme regulations, provided that such protected areas, nature reserves or land, with the exception of tourism facilities that may have been erected thereon, are exclusively utilised for the preservation of fauna and flora and the products of such land are not being traded for commercial gain.

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

“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;

“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 valuation roll takes effect in terms of section 78(2)(b) of the Act;

“exclusion”, in relation to the municipality’s rating power, means a restriction of that power as provided for in section 17 of the Act;

“exemption”, in relation to the payment of a rate, means an exemption granted in terms of section 15 of the Act;

“financial year” means the period starting from 1 July in a year to 30 June of the next year and **“year”** shall have a corresponding meaning;

“illegal use”, means the use of a property in a manner that is inconsistent with or in contravention of the permitted use of the property;

“improvement”, means any building or structure on or under a property, but excluding anything that may not be taken into account in determining the market value of a property;

“Income Tax Act”, means the Income Tax Act, 1958 (Act No 58 of 1962);

“indigent person”, means a person described as such in the municipality’s Indigent Policy;

“industrial”, in relation to property, means the use of a property for a branch of trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, including any office or other accommodation on the property, the use of which is incidental the use of such factory;

“land reform beneficiary”, relation to a property, means a person who—

- (a) acquired the property through—
 - (i) the Provision of Land and Assistance Act, 1993 (Act No 126 of 1993); or
 - (ii) the Restitution of Land Rights Act, 1994 (Act No 22 of 1994);
- (b) holds the property subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996); or
- (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution be enacted after this Act has taken effect;

“land tenure right” means a land tenure right as defined in section 1 of the Upgrading of Land Tenure Rights Act, 1991 (Act No. 112 of 1991);

“local community”, in relation to a municipality—

- (a) means that body of persons comprising—
 - (i) the residents of the municipality;
 - (ii) the ratepayers of the municipality;
 - (ii) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and

- (iv) 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;
- (b) includes, more specifically, the poor and other disadvantaged sections of such body of persons;

“local municipality” means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155(1) of the Constitution as a category B municipality;

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

“mining property” 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”, in relation to property, means the use of a property for more than one purpose, subject to section 9

“municipal council” or **“council”** means the municipal council of Kannaland Municipality;

“municipality” means when referred thereto as—

- (a) an entity, Kannaland Municipality as a municipality described in Section 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), including a duly authorized official of Kannaland Municipality; and
- (b) a geographical area, the area of jurisdiction of Kannaland Municipality as determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998), and **“Kannaland Municipality”** shall have a corresponding meaning;

“municipal manager” means the person appointed as such in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) in respect of Kannaland Municipality;

“Municipal Finance Management Act”, means the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003);

“municipal properties” means properties—

- (a) registered in the name of the municipality in a deeds registry;
- (b) publicly controlled by the municipality; or

- (c) registered in the name of the municipality at any time at the election of the Municipality due to an entitlement thereto, but excluding property held or controlled by the Municipality in a fiduciary or similar capacity, transferable to a third party at the election of such third party;

“Municipal Structures Act”, means the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998);

“Municipal Systems Act”, means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000);

“municipal valuer” or **“valuer of the municipality”**, means a person designated as a municipal valuer in terms of section 33(1) of the Act;

“nature reserve” a protected area listed in terms of section 10 of the Protected Areas Act, No 52 of 2003.;

“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 property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date and any other property identified as such in terms of the Act;

“occupier”, in relation to a property, means a person in actual occupation of a property whether or not that person has a right to occupy the property;

“office bearer”, in relation to places of public worship, means the primary person who officiates at services at that place of worship;

“official residence” in relation to places of public worship, means a single residential property registered in the office of the Registrar of Deeds in the name of a religious community or registered in the office of the Registrar of Deeds in the name of a trust established for the sole benefit of a religious community and used as a place of residence for an office bearer;

“owner” –

- (a) in relation to 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; or

- (bA) 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;
- (bB) in relating to a share in a share block company, the share block company as defined in the Share Block Control Act, 1980 (Act No. 59 of 1980);
- (bC) in relation to buildings, other immovable structures and infrastructure referred to section in 17(1)(f), means the holder of the mining right or the mining permit.
- (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" in terms of the Act, 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 liquidation;
 - (iv) a judicial manager, in the case of a property in the estate of a person under judicial management;
 - (v) a curator, in the case of a property in the estate of a person under curatorship;
 - (vi) an usufructuary or other 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
 - (viiA) a lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right; or

- (viii) a buyer, in the case of a property that was sold and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

“permitted use”, in relation to a property, means the limited 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;

“person”, includes an organ of state;

“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;

“prescribe”, means prescribe by regulation in terms of section 83 of the Act;

“private open space” means any land which is in private ownership used primarily as a private site for play, rest or recreation without financial gain;

“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;

“property register” means a register of properties referred to in section 23 of the Act;

“protected area” means an area that is or has to be listed in the register referred to in section 10 of the National Environmental Management: Protected Areas Act, 2003 (Act No 57 of 2003);

“public benefit organisations” means organisations approved in terms of section 30(3) of the Income Tax Act;

“public open space” means land owned by the municipality, which is not leased on a long term basis, and which is set aside for the public as open area;

“public service infrastructure” means publicly controlled infrastructure of the following kinds:

- (a) national, provincial or other public roads on which goods, services of labour move across a municipal boundary;
- (b) water or sewer pipes, ducts or other conduits, dams and 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 any 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 for the rendering of the following services directly to the public:

- (a) hospitals and public clinics;

- (b) Schools, including pre-schools, early childhood development centres and further education and training colleges;
- (c) Libraries;
- (d) Police stations; or
- (e) Courts of law, but excludes property contemplated in the definition of “public service infrastructure”.

“rate” means a municipal rate on property envisaged in section 229(1)(a) of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996);

“ratepayer” means a person who is liable, in terms of the Act, for the payment of rates on property levied by the municipality;

“rateable property” means property on which the municipality may in terms of section 2 of the Act levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the Act;

“ratio”, in relation to section 19, means the relationship between the cent amount in the Rand applicable to residential properties and 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;

“the rates policy” means Council's rates policy in terms of section 3 of the Act;

“rebate”, in relation to a rate payable on a property, means a discount on the amount of the rate payable on the property;

“reduction”, in relation to a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of the property at that lower amount;

“residential”, in relation to property, means a property having a suite of rooms which forms a living unit that is exclusively used for human habitation purposes or a multiple number of such units, but does not include a hotel, commune, accommodation establishment, guest-house, boarding or lodging undertaking, hostel or suchlike properties;

“residential property” means a property included in a valuation roll in terms of section 48(2)(b) of the Act in respect of which the primary use or permitted use is for residential purposes without derogating from section 9

“Sectional Titles Act”, means the Sectional Titles Act, 1986 (Act No 95 of 1986);

“sectional title scheme”, means a scheme defined in section 1 of the Sectional Titles Act;

“sectional title unit”, means a unit defined in section 1 of the Sectional Titles Act;

"specified public benefit activity" means an activity listed in item 1 (welfare and humanitarian), item 2 (health care), item 4 (education and development), item 6 (cultural), item 7 (conservation, environment and animal welfare), item 9 (sport) of Part I of the Ninth Schedule to the Income Tax Act;

"state-owned properties" means properties owned by the State, which are not included in the definition of public service infrastructure in the Act;

"sewerage services" includes water-borne-, conservancy tank removal.

"the Act" means the Local Government : Municipal Property Rates Act, 2004 (Act No. 6 of 2004).

"unimproved property" means property on which no immovable improvements have been erected: Provided that improvements for the supply of water, electricity, sewer and suchlike services to the property and negligible improvements shall be disregarded for purposes of determining whether or not property is unimproved;

"urban conservation area" means an area defined in the relevant Zoning Scheme Regulations as a "Conservation Area", the aim of which is to retain the unique character or the aesthetical sensitive arrears of the Kannaland Municipality by the control of building design and building lines in the case of new buildings or erven not built upon and also in the case of existing buildings to be replaced, altered or extended.

(1) Words and expressions to which a meaning has been assigned in the Act shall bear the same meaning in this policy.

(2) In this policy, a word or expression derived from a word or expression defined in subsection (1) shall have a corresponding meaning unless the context indicates that another meaning is intended.

"vacant land" means property on which no immovable improvements have been erected: Provided that improvements for the supply of water, electricity, sewer and suchlike services to the property and negligible improvements shall be disregarded for purposes of determining whether or not property is vacant;

2. RATES POLICY

- (1) The Council must, by resolution, adopt a policy on the levying of rates on rateable property in the municipality.
- (2) The rates policy adopted by the Council must comply with the provisions of the Act.

- (3) The municipality must levy rates in accordance with the Act, these By-laws and the rates policy referred to in subsection (1).

3. RATES PRINCIPLES

- (1) The rates levied by the municipality must comply with the following principles:
- (a) All ratepayers within a specific category, as determined by the Council from time to time, must be treated equitably.
 - (b) A fair and transparent system of exemptions, rebates and reductions must be adopted and implemented by the municipality;
 - (c) Relief measures in respect of the payment of rates may not be granted on an individual basis, other than by way of exemption, rebate or reduction;
 - (d) Exemptions, rebates and reductions must be used to alleviate the rates burden on –
 - (i) the poor;
 - (ii) public benefit organisations; and
 - (iii) public service infrastructure.
 - (e) Provision must be made for the promotion of local, social and economic development.
- (2) In considering affordability, the total municipal services account and not only the rates account will be considered. The municipality will endeavour to limit the annual increase in revenue from property rates to the increase in the consumer price index, except when the approved Integrated Development Plan of the Municipality provides for a greater increase.

4. DETERMINATION OF RATES

- (1) The Council may–
- (a) by resolution supported by a majority of the members of the Council levy rates on rateable property in the municipality;
 - (b) from time to time by resolution amend such determination and determine the date on which such determination or amendment shall come into operation.
- (2) The council shall, in imposing the rates for each financial year, take cognisance of the aggregate burden of rates and service charges on 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. CATEGORIES OF PROPERTY

- (1) For the purpose of levying different rates on different categories of property, the Council must—
 - (a) determine different categories of property; or
 - (b) provide criteria for determining different categories of property.
- (2) The different categories of property determined by the Council in terms of subsection (1)(a) or the criteria for determining different categories of property in terms of subsection (1)(b) must be specified in the rates policy adopted by the Council in terms of section 2(1).
- (3.1) The different categories of property determined by the Council in terms of subsection (1)(a) may include, but are not limited to the following :
 - (a) Residential properties.
 - (b) Industrial properties.
 - (c) Business and commercial properties.
 - (d) Accommodation establishments.
 - (e) Agriculture properties used for—
 - (i) agricultural purposes;
 - (ii) business and commercial purposes;
 - (iii) residential purposes;
 - (iv) eco-tourism, nature reserve or conservation; or
 - (v) trading in or hunting of game.
 - (f) Farm properties not used for any identified purpose;
 - (g) State-owned properties used to —
 - (i) provide local services;
 - (ii) provide provincial/national services.
 - (h) Municipal properties;
 - (i) Public service infrastructure;
 - (i) Public open spaces;
 - (j) Private open spaces;
 - (k) Privately owned towns serviced by the owner.
 - (l) Formal and informal settlements.
 - (m) Communal land as defined in the Communal Land Rights Act, 2004 (Act No 11 of 2004);
 - (n) State trust land.
 - (o) Properties—

- (i) acquired through the Provision of Land and Assistance Act, 1993 (Act No 126 of 1993) or the Restitution of Land Rights Act, 1994 (Act No 22 of 1994); or
 - (ii) subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996).
 - (p) Protected areas.
 - (q) Properties on which national monuments are proclaimed.
 - (r) Properties owned by public benefit organisations used for public benefit activities in terms of the Ninth Schedule to the Income Tax Act.
 - (s) Properties used for multiple purposes.
 - (t) Urban conservation areas.
 - (u) Developed non-urban land.
 - (v) Vacant land.
 - (w) Place of Worship
 - (x) Old Age Homes
 - (y) Museum
- (3.2) For all agricultural properties with mixed use, allocations shall be used to allocate the market value to the different portions and to rate the portions accordingly.
- (3.3) Agricultural properties that are not used for bona fide farming, but are predominantly used as residential properties will be categorised as “residential”, provided that they meet the definition of a residential property as described in this policy.
- (3.4) Farms used predominantly for commercial or industrial purposes (such as truck depots, construction yards or factories) shall not qualify for any rebates or reductions.
- (3.5) Should any doubt arise regarding the category to which a particular property or group of properties belong, the Council or a person or persons designated by the Council shall, after having considered representations by the person or persons having a direct interest in the property or properties, determine the category to which the property or properties concerned belong.
- (4) The criteria for determining different categories of property in terms of subsection (1)(b) may include, but are not limited to the following:
- (a) the actual use of the property;
 - (b) the permitted use of the property;
 - (c) the size of the property;

- (d) the geographical area in which the property is located.
- (5) Should any doubt arise regarding the category to which a particular property or group of properties belong, the Council or a person or persons designated by the Council shall, after having considered representations by the person or persons having a direct interest in the property or properties, determine the category to which the property or properties concerned belong?

6. CATEGORIES OF OWNERS

- (1) For the purpose of levying rates on different categories of property or for the purpose of granting exemptions, rebates or reductions, the Council must –
 - (a) determine different categories of owners of property; or
 - (b) provide criteria for determining different categories of owners of property.
- (2) The different categories of owners of property determined by the Council or the criteria for determining different categories of owners of property must be specified in the rates policy adopted by the Council.
- (3) The different categories of owners of property determined by the Council in terms of subsection (1)(a) may include, but are not limited to the following:
 - (a) indigent owners (income of owner of property);
 - (b) owners dependent on pensions or social grants;
 - (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);
 - (ii) owners of property situated within an area affected by-
 - (d) any other serious adverse social or economic conditions;
 - (e) owners of residential properties with a market value lower than an amount determined by the municipality; or
 - (f) owners of agricultural properties who are *bona fide* farmers.
 - (g) registered nature reserves with Cape Nature
 - (h) use of the property;
- (4) The criteria for determining different categories of owners of property in terms of subsection (1)(b) may include, but are not limited to the following criteria:
 - (a) income of owner of property;
 - (b) source of income of owner of property;
 - (c) occupation of owner of property;

- (d) market value of the property;
- (e) use of the property;
- (f) disasters or other serious adverse social or economic condition.

7. PROPERTIES USED FOR MULTIPLE PURPOSES

- (1) The Council must determine the criteria in terms of which multiple use properties must be rated.
- (2) The criteria determined by the Council in terms of subsection (1) must be specified in the rates policy adopted by the Council.
- (3) The criteria determined by the Council in terms of subsection (1) must be either—
 - (a) the permitted use of the property;
 - (b) the dominant use of the property; or
 - (c) the multiple uses of the property.
- (4) If the criterion set out in subsection (3)(c) is adopted by the Council, the rates levied on multiple use properties must be determined—
 - (a) by apportioning the market value of such a property to the different purposes for which the property is used; and
 - (b) by applying the relevant cent amount in the Rand to the corresponding apportioned market value.

8. LIABILITY FOR RATES

Rates levied by a municipality on a property must be paid by the owner of the property, subject to section 9 of the Municipal Systems Act.

- (1) Rates shall be payable on a monthly basis by not later than the day of every month provided for in terms of the policy: Provided that rates may in terms of an agreement with the municipality be paid in full annually on or before 30 September of the year in which it is levied, provided that application be made for this alternative as provided for in the rates policy.
- (2) In the event that a property has been transferred to a new owner and an interim valuation took place, the previous owner as well as the new owner will jointly and severally be liable for settling the interim rates account.

- (3) The levies payable in respect of properties which are to be transferred to or which will vest in the Municipality arising from developments, i.e. open spaces and roads, shall up to the date of transfer to the municipality be for the account of the developer, pro rated for any portion of a year.
- (4) Rates clearance certificates for property transfer purposes will only be valid for a period of 60 day: no extension of the period of validity of a rates clearance certificate will be granted.
- (5) Interest at 1% above the prime interest rate charged by the Municipality's principal bank from time to time shall be payable on all rates not paid on the specified date.
- (6) A person liable for a rate must furnish the municipality with that person's postal address"
- (7) In a case of agricultural property owned by more than one owner in undivided shares where the holding of such undivided shares was allowed before the commencement of the subdivision of the Agricultural Land Act (Act 70 of 1970) the municipality may consider the following options for determining the liability for rates.
 - (i) If the joint owners are all available, the issue of who is liable for rates will be dealt with in the context of whether they have entered into an agreement or not regarding payment of rates liabilities. Where the joint owners have a written agreement that a specific joint owner is liable for all the rates, the municipality will hold such a joint owner liable in respect of all the rates. A certified copy of the agreement must be submitted to the municipality. Where there is no agreement, the municipality will hold anyone of the joint owners responsible for the whole property.
 - (ii) If the joint owners are not traceable with the exception of one joint owner and such joint owner is occupying or using the entire property or a significant larger portion the municipality will hold that joint owner liable for the total rates bill.
 - (iii) If the traceable joint owner is only using or occupying a small portion of the entire property, the municipality will hold that joint owner only responsible for his own undivided share in that property.

By Council Resolution number: **COUNCIL 12/02/18**, the municipality reverts to the option of holding each joint owner separately responsible for the property rates on their undivided share. Each owner will be billed individually on their share.

9. DIFFERENTIAL RATING

- (1) Different categories of properties may pay different rates in the rand based on the market value of their properties.
- (2) The criteria to be applied by the municipality for the levying of different rates for different categories of properties may include, but are not limited to the following:
 - (a) the nature of the property;
 - (b) the sensitivity of the property to rating;
 - (c) the extent to which the property has been developed;
 - (d) the promotion of social and economic development;
 - (e) the geographical location of the property.
- (3) For purposes of levying of different rates on different categories of properties, the method in terms of which different rates may be levied against different categories of property must be based on the following:
 - (a) setting a different cent amount in the Rand for each category of property;
 - (b) granting rebates for different categories of property; or
 - (c) granting reductions for different categories of property.
- (4) The rate payable by agricultural and public sector infrastructure properties will be equal to seventy five percent (75%) of the residential rate payable. The differential rate will be calculated as follows:
 - (a) a 5% differential due to the fact that the municipality does not provide municipal roads;
 - (b) a 5% differential due to the fact that the municipality does not provide sewerage services;
 - (c) a 5% differential due to the fact that the municipality does not provide electricity services;
 - (d) a 10% differential due to the fact that the municipality does not provide water services;
 - (e) a 10% differential due to the fact that the municipality does not provide refuse removal services;

- (f) a 10% differential due to the fact that the farm owner supplies 1 to 10 houses to farm workers;
- (g) a 20% differential due to the fact that the farm owner supplies more than 10 houses to farm workers;
- (h) a 10% differential due to the fact that the owner supplies work opportunities for less than 10 permanent farm workers;
- (i) a 20% differential due to the fact that the farm owner supplies work opportunities for more than 10 permanent farm workers.

1. ONLY ONE OF (F) & (G) CAN BE APPLICABLE

2. ONLY ONE OF (H) & (I) CAN BE APPLICABLE

10. ZONING AND USAGE FOR RATES PURPOSES

The rates tariffs on a property will be applicable for the zoning or usage of a property. Therefore, if a property is zoned as a business, the business tariff will apply.

11. EXEMPTIONS

- (1) If the municipality chooses to exempt the owners of any specific category of property or any specific category of owners of property from the payment of rates, it must exercise its power in accordance with the criteria determined by the Council in terms of Section 3(3)(b)(ii) of the Act.
- (2) The criteria which must be determined by the Council in terms of Section 3(3)(b)(ii) and may include, but are not limited to the following:
 - (a) age of the owner of the property;
 - (b) income of the owner of the property;
 - (c) source of the income of the owner of the property;
 - (d) economic, physical and social condition of the property;
 - (e) public service infrastructure;
 - (f) property use for specified public benefit activities;
 - (g) market value of the property;
 - (h) in respect of properties used for agricultural purposes, the criteria set out in section 3(4) of the Act.
- (3) To the extent to which the levying of rates on certain properties are impermissible in terms of section 17 of the Act and this policy provides for a rebate in respect of such a property, the rebate shall be deemed to be included in the exemption afforded by

section 17 and shall not be allowed in addition thereto. This is an important part of the Council's indigent policy and is aimed primarily at alleviating poverty. All improved residential and informal properties with a market value less than R40 000 are exempted from paying rates, The R15 000 impermissible rates contemplated in terms of Section 17 of the Act is included in the R70 000 amount.

- (4) All vacant land properties does not qualify for the R15 000 impermissible rates Contemplated in terms of Section 17 of the Act.

12. REBATES

- (1) If the municipality chooses to grant a rebate to a specific category of property or to a specific category of owners of property from the payment of rates, it must exercise this power in accordance with the criteria determined by the Council in terms of section 3(3)(b)(iii) of the Act.
- (2) The criteria which must be determined by the Council in terms of section 3(3)(b)(iii) of the Act may include, but are not limited to the following:
- (a) age of the owner of the property;
 - (b) income of the owner of the property;
 - (c) nature of the property;
 - (d) ownership of the property;
 - (e) market value of the property;
 - (f) property used for specified public benefit activities;
 - (g) extent to which municipal services are provided to the property;
 - (h) extent to which the property contributes to local, social and economic development;
 - (i) in respect of properties used for agricultural purposes, the criteria set out in section 3(4) of the Act.

13. REDUCTIONS

- (1) If the municipality chooses to grant a reduction to a specific category of property or to a specific category of owners of property from the payment of rates, it must exercise this power in accordance with the criteria determined by the Council in terms of section 3(3)(b)(iii) of the Act.
- (2) The criteria which must be determined by the Council in terms of section 3(3)(b)(iii) of the Act may include, but are not limited to the following:
- (a) fire damage;

- (b) demolition;
- (c) flood damage;
- (d) earthquake;
- (e) natural disasters.

14. PHASING-IN OF CERTAIN RATES

Unless otherwise decided by the Council from time to time and subject to any other provisions hereof, the property owners who qualify for phasing-in discounts in terms of Section 21 of the Act shall be granted the minimum discounts provided for in Section 21: Provided that such discounts shall not be allowed in addition to any rebates or reductions otherwise provided for in this policy in respect of the categories of properties concerned.

15. PROCESS OF GRANTING EXEMPTIONS, REBATES AND REDUCTIONS

- (1) Applications for exemption, rebates and reductions must be made in accordance with the procedures and within the time-limits determined by the Council and set out in the rates policy.
- (2) The municipality shall be entitled to refuse an application for an exemption, rebate or reduction if the details supplied in support of an application are incomplete, incorrect or false: Provided that if the incorrectness or falsity is detected after the application has been granted, the municipality may by notice in writing to the ratepayer withdraw the exemption, rebate or reduction with retrospective effect and the ratepayer shall on demand pay to the municipality all amounts he would otherwise have had to pay had it not been for the exemption, rebate or reduction.
- (3) Should an illegal use occur in respect of a property or any part thereof, such property (or the registered owner thereof) shall not qualify for any rebate or reduction that may otherwise be applicable to such property or person.

18. FREQUENCY OF VALUATIONS

The municipality shall prepare a new valuation roll every 5 (five) years and a supplementary roll annually.

17. RATES INCREASES

- (1) Subject to and in conformity with the Act, the municipality may increase the rates it levies on property in the municipality.
- (2) The criteria which must be determined by the Council in terms of section 3(3)(b)(iv) of the Act may include, but are not limited to the following:
 - (a) priorities of the municipality reflected in its integrated development plan;
 - (b) the revenue needs of the municipality;

- (c) the need for the management of rates increases;
- (d) affordability of rates to ratepayers.

18. CORRECTION OF ERRORS AND OMISSIONS

- (1) In the event of any under-recovery of rates on a particular property, 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. 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.
- (2) In the event of any over-recovery of rates on a particular property, whether because of the rate applied or the valuation, the account concerned shall be rectified for the year in which the mistake is detected and for not more than the two preceding financial years, subject, however, to the provisions of the Institution of Legal Proceeding against Certain Organs of State Act, 2002 (Act No 40 of 2002).

19. SHORT TITLE

These By-Laws are called the Kannaland Municipality Property Rates By-Laws.

20. COMMENCEMENT

ADOPTED BY RESOLUTION OF THE MUNICIPAL COUNCIL OF KANNALAND:

Version 1 – 20 October 2010
Version 2 – 31 May 2012
Version 3 – 1 March 2013 (Guesthouses)
Version 4 – 28 May 2014
Version 5 – 27 May 2015
Version 5 – 28 May 2018

PROPERTY RATES POLICY

2018/2019



PROPERTY RATES POLICY

TABLE OF CONTENT

INTRODUCTION

- 1. OBJECTIVES**
- 2. DEFINITIONS**
- 3. PURPOSE OF THE POLICY**
- 4. POLICY PRINCIPLES**
- 5. CATEGORIES OF PROPERTY**
- 6. CATEGORIES OF OWNERS**
- 7. LIABILITY OF RATES**
- 8. DIFFERENTIAL RATES**
- 8.1 EXEMPTIONS**
- 9. ZONING AND USAGE FOR RATES PURPOSES**
- 10. EXEMPTIONS, REBATES, DEDUCTIONS AND PHASING-IN OF CERTAIN RATES**
- 11. RATE INCREASES**
- 12. MULTI PURPOSE PROPERTIES**
- 13. COSTS OF EXEMPTIONS, REBATES, REDUCTIONS**
- 14. LOCAL, SOCIAL AND ECONOMIC DEVELOPMENT**
- 15. NOTIFICATION OF RATES**
- 16. CORRECTIONS OF ERRORS AND OMISSIONS**
- 17. FREQUENCY OF VALUATIONS**
- 18. GENERAL VALUATION AND PREPARATION OF VALUATION ROLLS**
- 19. DATE OF VALUATION**
- 20. COMMENCEMENT AND PERIOD OF VALIDITY OF VALUATION ROLLS**
- 21. GENERAL BASIS OF VALUATION**
- 22. VALUATION OF PROPERTY IN SECTIONAL TITLE SCHEMES**
- 23. SUPPLEMENTARY VALUATION**
- 24. SHORT TITLE**

KANNALAND MUNICIPALITY

INTRODUCTION

Section 3(1) of the Local Government: Municipal Property Rates Act, 2004 (Act No 6 of 2004), and section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003), provide that a municipality must adopt and implement a policy on the levying of rates on rateable property.

This document sets out the policy of the Kannaland Municipality on the levying of rates on rateable property in the municipality. The Municipality's policy is based on the guiding principles of equity, affordability, poverty alleviation, social.

The rates policy must be reviewed annually in compliance with section 5(1) of the Local Government: Municipal Property Rates Act, 2004 (Act No 6 of 2004) and according to the time schedule tabled by the Executive Mayor in accordance with section 21(1)(b) of the Local Government : Municipal Finance Management Act, 2003 (Act No 56 of 2003). Any changes to the rates policy must be approved together with the annual budget in compliance with Section 24 of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003).

The municipality must levy rates in accordance with the Local Government: Municipal Property Rates Act, 2004 (Act No 6 of 2004), the by-laws and the rates policy adopted by the municipal council.

1. OBJECTIVES

- (1) The objectives of this policy are to ensure that–
- (a) all ratepayers within a specific category are treated equally and reasonably;
 - (b) rates are levied in accordance with the market value of the property.
 - (c) the rate will be based on the value of all rateable property and the amount required by the municipality to balance the operational budget, taking into account any surpluses generated from municipal services and the amounts required to finance exemptions, reductions and rebates that the municipality may approve from time to time; and
 - (d) to optimally safeguard the income base of the municipality only by approving exemptions, reductions and rebates that are reasonable and affordable.

2. DEFINITIONS

- (1) In this policy, unless the context indicates otherwise–

“accommodation establishment” in relation to a property means the supply of overnight facilities to guests and tourist. A guest house can be an existing home with 3 or more rooms specifically designed to provide overnight accommodation

“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;

“agricultural property”– means property that is used primarily for agricultural purposes, including the rearing, trading and hunting of game but, without derogating from section 9, the property for the purpose of eco-tourism and any portion thereof that is used for the hospitality of guests”

“agricultural rebate”, a rebate granted in respect of agricultural properties which are solely used for agricultural purposes;

“annually” means once every financial year;

“business”, in relation to property, means the use of property for the activity of buying, selling or trading in commodities or services on or from a property and includes any office or other accommodation on the property, the use of which is incidental to such activity, but does not include the business of agriculture, farming, or any other activity consisting of the cultivation of soils, the gathering in of crops, the rearing of livestock and the like;

“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 owners of property, means a category of owners determined in terms of section 15(2) of the Act;

“conservation area / nature reserve” – a protected area listed in terms of section 10 of the Protected Areas Act, No 52 of 2003;

- (a) **a nature reserve** established in terms of the Nature and Environmental Conservation Ordinance, no 19 of 1974; or
- (b) any land which is zoned as open space zone II or III in terms of the Municipality’s zoning scheme regulations, provided that such protected areas, nature reserves or land, with the exception of tourism facilities that may have been erected thereon, are exclusively utilised for the preservation of fauna and flora and the products of such land are not being traded for commercial gain.

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

“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;

“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 valuation roll takes effect in terms of section 78(2)(b) of the Act;

“exclusion”, in relation to the municipality’s rating power, means a restriction of that power as provided for in section 17 of the Act;

“exemption”, in relation to the payment of a rate, means an exemption granted in terms of section 15 of the Act;

“financial year” means the period starting from 1 July in a year to 30 June of the next year and **“year”** shall have a corresponding meaning;

“illegal use”, means the use of a property in a manner that is inconsistent with or in contravention of the permitted use of the property;

“improvement”, means any building or structure on or under a property, but excluding anything that may not be taken into account in determining the market value of a property;

“Income Tax Act”, means the Income Tax Act, 1958 (Act No 58 of 1962);

“indigent person”, means a person described as such in the municipality’s Indigent Policy;

“industrial”, in relation to property, means the use of a property for a branch of trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, including any office or other accommodation on the property, the use of which is incidental the use of such factory;

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

- (a) acquired the property through–
 - (i) the Provision of Land and Assistance Act, 1993 (Act No 126 of 1993);
- or
- (ii) the Restitution of Land Rights Act, 1994 (Act No 22 of 1994);

- (b) holds the property subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996); or
- (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution be enacted after this Act has taken effect;

“land tenure right”, means a land tenure right as defined in section 1 of the Upgrading of Land Tenure Rights Act, 1991 (Act No. 112 of 1991);

“local community”, in relation to a municipality–

(a) means that body of persons comprising–

- (i) the residents of the municipality;
- (ii) the ratepayers of the municipality;
- (iii) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and
- (iv) 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;

(b) includes, more specifically, the poor and other disadvantaged sections of such body of persons;

“local municipality” means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155(1) of the Constitution as a category B municipality;

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

“mining property” 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”, in relation to property, means the use of a property for more than one purpose, subject to section 9;

“municipal council” or **“council”** means a municipal council referred to in section 18 of the Municipal Structures Act;

“municipality” means when referred thereto as–

- (a) an entity, Kannaland Municipality as a municipality described in Section 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), including a duly authorized official of Kannaland Municipality; and
- (b) a geographical area, the area of jurisdiction of Kannaland Municipality as determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998), and **Kannaland Municipality** shall have a corresponding meaning;

“municipal manager” means the person appointed as such in terms of section 82 of the Municipal Structures Act in respect of Kannaland Municipality;

“Municipal Finance Management Act”, means the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003);

“municipal properties” means properties–

- (a) registered in the name of the municipality in a deeds registry;
- (b) publicly controlled by the municipality; or
- (c) register in the name of the municipality at any time at the election of the Municipality due to an entitlement thereto, but excluding property held or controlled by the Municipality in a fiduciary or similar capacity, transferable to a third party at the election of such third party;

“Municipal Structures Act”, means the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998);

“Municipal Systems Act”, means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000);

“municipal valuer” or **“valuer of the municipality”**, means a person designated as a municipal valuer in terms of section 33(1) of the Act;

“nature reserve” a protected area listed in terms of section 10 of the Protected Areas Act, No 52 of 2003;

“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 property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date and any other property identified as such in terms of the Act;

“occupier”, in relation to a property, means a person in actual occupation of a property whether or not that person has a right to occupy the property;

“office bearer”, in relation to places of public worship, means the primary person who officiates at services at that place of worship;

“official residence” in relation to places of public worship, means a single residential property registered in the office of the Registrar of Deeds in the name of a religious community or registered in the office of the Registrar of Deeds in the name of a trust established for the sole benefit of a religious community and used as a place of residence for an office bearer;

“owner” –

- (a) in relation to 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; or
- (bA) 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;
- (bB) in relating to a share in a share block company, the share block company as defined in the Share Block Control Act, 1980 (Act No. 59 of 1980);
- (bC) in relation to buildings, other immovable structures and infrastructure referred to section in 17(1)(f), means the holder of the mining right or the mining permit.
- (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" in terms of the Act, 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 liquidation;
 - (iv) a judicial manager, in the case of a property in the estate of a person under judicial management;
 - (v) a curator, in the case of a property in the estate of a person under curatorship;
 - (vi) an usufructuary or other 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;
 - (viiA) a lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right; or
 - (viii) a buyer, in the case of a property that was sold and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

"permitted use", in relation to a property, means the limited 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;

"person", includes an organ of state;

"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;

“prescribe”, means prescribe by regulation in terms of section 83 of the Act;

“private open space” means any land which is in private ownership used primarily as a private site for play, rest or recreation without financial gain;

“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;

“property register” means a register of properties referred to in section 23 of the Act;

“protected area” means an area that is or has to be listed in the register referred to in section 10 of the National Environmental Management: Protected Areas Act, 2003 (Act No 57 of 2003);

“public benefit organisations” means organisations approved in terms of section 30 (3) of the Income Tax Act;

“public open space” means land owned by the municipality, which is not leased on a long term basis, and which is set aside for the public as open area;

“public service infrastructure” means publicly controlled infrastructure of the following kinds:

- (a) national, provincial or other public roads on which goods, services of labour move across a municipal boundary;

- (b) water or sewer pipes, ducts or other conduits, dams and 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 any 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 for the rendering of the following services directly to the public:

- (a) hospitals and public clinics;
- (b) Schools, including pre-schools, early childhood development centres and further education and training colleges;
- (c) Libraries;
- (d) Police stations; or
- (e) Courts of law, but excludes property contemplated in the definition of “public service infrastructure”.

“rate” means a municipal rate on property envisaged in section 229(1)(a) of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996);

“ratepayer” means a person who is liable, in terms of the Act, for the payment of rates on property levied by the municipality;

“rateable property” means property on which the municipality may in terms of section 2 of the Act levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the Act;

“ratio”, in relation to section 19, means the relationship between the cent amount in the Rand applicable to residential properties and 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;

“the rates policy” means Council's rates policy in terms of section 3 of the Act;

“rebate”, in relation to a rate payable on a property, means a discount on the amount of the rate payable on the property;

“reduction”, in relation to a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of the property at that lower amount;

“registered nature reserve”, – a protected area listed in terms of section 10 of the Protected Areas Act, No 52 of 2003. Cape Nature to issue certificate;

“residential”, in relation to property, means a property having a suite of rooms which forms a living unit that is exclusively used for human habitation purposes or a multiple number of such units, but does not include a hotel, commune, accommodation establishment, guesthouse, boarding or lodging undertaking, hostel or suchlike properties;

“residential property” means a property included in a valuation roll in terms of section 48(2)(b) of the Act in respect of which the primary use or permitted use is for residential purposes without derogating from section 9

“Sectional Titles Act”, means the Sectional Titles Act, 1986 (Act No 95 of 1986);

“Sectional title scheme”, means a scheme defined in section 1 of the Sectional Titles Act;

“sectional title unit”, means a unit defined in section 1 of the Sectional Titles Act;

"specified public benefit activity" means an activity listed in item 1 (welfare and humanitarian), item 2 (health care), item 4 (education and development), item 6 (cultural), item 7 (conservation, environment and animal welfare), item 9 (sport) of Part I of the Ninth Schedule to the Income Tax Act;

"state-owned properties" means properties owned by the State, which are not included in the definition of public service infrastructure in the Act;

"sewerage services" includes water-borne-, conservancy tank removal.

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

"unimproved property" means property on which no immovable improvements have been erected : Provided that improvements for the supply of water, electricity, sewer and suchlike services to the property and negligible improvements shall be disregarded for purposes of determining whether or not property is unimproved;

"urban conservation area" means an area defined in the relevant Zoning Scheme Regulations as a "Conservation Area", the aim of which is to retain the unique character or the aesthetical sensitive arrears of the Kannaland Municipality by the control of building design and building lines in the case of new buildings or erven not built upon and also in the case of existing buildings to be replaced, altered or extended.

- (1) Words and expressions to which a meaning has been assigned in the Act shall bear the same meaning in this policy.
- (2) In this policy, a word or expression derived from a word or expression defined in subsection (1) shall have a corresponding meaning unless the context indicates that another meaning is intended.

"vacant land", means any property without buildings or structures, irrespective of its Zoning or intended usage, but excluding any land zoned as "agricultural" on which Bona fide farming is being conducted

3. PURPOSE OF THE POLICY

- (1) The purposes of the policy are: –

- (a) to comply with the provisions section 3 of the Act;

- (b) to determine criteria to be applied for–
 - (i) the levying of differential rates for different categories of properties;
 - (ii) exemptions;
 - (iii) reductions and rebates; and
 - (iv) rate increases;
 - (c) to determine or provide criteria for the determination of–
 - (i) categories of properties for the purpose of levying different rates; and
 - (ii) categories owners of properties for categories of properties, for the purpose for the granting of exemptions, rebates and reductions;
 - (d) to determine how the municipality's powers must be exercised in relation to multi-purpose properties;
 - (e) to identify and quantify to the municipality in terms of cost and benefit to the community–
 - (i) exemptions, rebates and reductions;
 - (ii) exclusions; and
 - (iii) rates on properties that must be phased in;
 - (f) to take into account the effect of rates on the poor;
 - (g) to take into account the effect of rates on organisations conducting public benefit activities;
 - (h) to take into account the effect of rates on public service infrastructure;
 - (i) to determine measures to promote local economic and social development;
- and
- (j) to identify all rateable property that is not rated.

4. POLICY PRINCIPLES

4.1 EQUITY

- (1) The municipality subscribes to the principle of an equitable property rates dispensation within its area of jurisdiction. Each ratepayer must be taxed fairly relative to other ratepayers. Ratepayers in similar circumstances will pay similar rates.

(2) The municipality accepts that—

- (a) the effect of rates on the poor has to be taken into account and appropriate measures to alleviate the rates burden on them are necessary;
- (b) the effect of rates on public benefit organisations have to be taken into account;
- (c) the effect of rates on public service infrastructure has to be taken into account;
- (d) the extent of services provided by the municipality to certain categories of properties has to be taken into account;
- (e) measures have to be taken to promote local, social and economic development within the area of jurisdiction of the municipality;
- (f) all deviations from a uniform rate in respect of all categories of owners of properties must be fair and equitable.

4.2 AFFORDABILITY

In considering affordability, the total municipal services account and not only the rates account will be considered. The municipality will endeavour to limit the annual increase in revenue from property rates to the increase in the consumer price index except when the approved Integrated Development Plan of the Municipality provides for a greater increase.

4.3 LIMITATION OF RATES INCREASES

The council shall, in imposing the rates for each financial year, take cognisance of the aggregate burden of rates and service charges on 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. CATEGORIES OF PROPERTY

(5.1) Properties will be categorised as follows:

- (a) Residential properties.
- (b) Industrial properties.
- (c) Business and commercial properties.
- (d) Accommodation establishments.
- (e) Agriculture properties used for—

- (i) agricultural purposes;
- (ii) business and commercial purposes;
- (iii) residential purposes;
- (iv) eco-tourism, nature reserve or conservation; or
- (v) trading in or hunting of game.
- (f) Farm properties not used for any identified purpose:
- (g) State-owned properties used to—
 - (i) provide local services;
 - (ii) provide provincial / national services.
 - (iii) Municipal properties.
- (h) Public service infrastructure.
- (i) Public open spaces.
- (j) Private open spaces.
- (k) Privately owned towns serviced by the owner.
- (l) Formal and informal settlements.
- (m) Communal land as defined in the Communal Land Rights Act, 2004 (Act No 11 of 2004).
- (n) State trust land.
- (o) Properties—
 - (i) acquired through the Provision of Land and Assistance Act, 1993 (Act No 126 of 1993) or the Restitution of Land Rights Act, 1994 (Act No 22 of 1994); or
 - (ii) subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996).
- (p) Protected areas.
- (q) Properties on which national monuments are proclaimed.
- (r) Properties owned by public benefit organisations used for public benefit activities in terms of the Ninth Schedule to the Income Tax Act.
- (s) Properties used for multiple purposes.
- (t) Urban conservation areas.
- (u) Developed non-urban land.
- (v) Vacant Land.
- (w) Place of Worship
- (x) Old Age Homes
- (y) Museum

(5.2) For all agricultural properties with mixed use, allocations shall be used to allocate the market value to the different portions and to rate the portions accordingly.

- (5.3) Agricultural properties that are not used for bona fide farming, but are predominantly used as residential properties will be categorised as “residential”, provided that they meet the definition of a residential property as described in this policy.
- (5.4) Farms used predominantly for commercial or industrial purposes (such as truck depots, construction yards or factories) shall not qualify for any rebates or reductions.
- (5.5) Should any doubt arise regarding the category to which a particular property or group of properties belong, the Council or a person or persons designated by the Council shall, after having considered representations by the person or persons having a direct interest in the property or properties, determine the category to which the property or properties concerned belong.

6. CATEGORIES OF OWNERS

- (a) indigent owners (income of owner of property);
- (b) owners dependent on pensions or social grants;
- (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);
 - (ii) owners of property situated within an area affected by-
- (d) any other serious adverse social or economic conditions;
- (e) owners of residential properties with a market value lower than an amount determined by the municipality; or
- (f) owners of agricultural properties who are *bona fide* farmers.
- (g) registered nature reserves with Cape Nature
- (h) use of the property;

7. LIABILITY OF RATES

(7.1) Liability for rates by property owners

Rates levied by a municipality on a property must be paid by the owner of the property, subject to section 9 of the Municipality Systems Act.

Joint owners are jointly and severally liable for the amount due for rates on that property. In a case of agricultural property owned by more than one owner in undivided shares where the holding of such undivided shares was allowed before the commencement of the subdivision of the Agricultural Land Act (Act 70 of 1970)

the municipality may consider the following options for determining the liability for rates.

- (i) If the joint owners are all available, the issue of who is liable for rates will be dealt with in the context of whether they have entered into an agreement or not regarding payment of rates liabilities.

Where the joint owners have a written agreement that a specific joint owner is liable for all the rates, the municipality will hold such a joint owner liable in respect of all the rates. A certified copy of the agreement must be submitted to the municipality.

Where there is no agreement, the municipality will hold anyone of the joint owners responsible for the whole property.

- (ii) If the joint owners are not traceable with the exception of one joint owner and such joint owner is occupying or using the entire property or a significant larger portion the municipality will hold that joint owner liable for the total rates bill.
- (iii) If the traceable joint owner is only using or occupying a small portion of the entire property, the municipality will hold that joint owner only responsible for his own undivided share in that property.

By Council Resolution number: **COUNCIL 12/02/18**, the municipality reverts to the option of holding each joint owner separately responsible for the property rates on their undivided share. Each owner will be billed individually on their share.

(7.2) Method and time of payment

Kannaland Municipality will recover the rates levied in periodic instalments of equal amounts in twelve months. The instalment is payable on or before the 15th day of every month in accordance with the municipality's periodic accounts.

(7.3) Annual Payment Arrangements

By prior arrangement with the municipality the rate may be paid in a single amount before 30 September of the year in which it is levied, however, application must be submitted before 31 May for this option. Any application thereafter will only be considered by the Municipality's Chief Financial Officer on good cause shown.

(7.4) Recovery of arrear rates from tenants, occupiers and agents

- (a) If an amount due for rates levied in respect of a property is unpaid after the day determined, the municipality may recover the amount in whole or in part from a tenant or occupier of the property. The amount the municipality may recover from the tenant or occupier of the property is limited to the amount of the rent or other money due and payable by the tenant or occupier to the owner of the property. Any amount the municipality recovers from the tenant or occupier of the property may be set off by the tenant or occupier, against any money owed by the tenant or occupier to the owner.
- (b) The municipality may recover the amount due for rates from an agent of the owner after it has given written notice to that agent. The amount the municipality may recover from the agent is limited to the amount of any rent or other money received by the agent on behalf of the owner, less the commission due to that agent. The agent must, on request by the municipality, furnish the municipality with a written statement specifying all payments for rent on the property received by that agent during a period determined by the municipality.

(7.5) Supplementary Valuations

In the event that a property has been transferred to a new owner and an supplementary valuation took place, the previous owner as well as the new owner will jointly and severally be liable for settling the supplementary rates account.

(7.6) Ownership

Properties which are to be transferred to or which will vest in the Municipality arising from developments, i.e. open spaces and roads, shall be transferred to the municipality at the cost of the developer. Until such time, rates levied will be for the account of the developer.

(7.7) Clearance Certificate

Rates clearance certificates for property transfer purposes will only be valid for a period of 60 days: no extension of the period of validity of a rates clearance certificate will be granted.

- (7.8) Interest at 1% above the prime interest rate charged by the Municipality's principal bank from time to time shall be payable on all amounts outstanding.
- (7.9) A person liable for a rate must furnish the municipality with that person's postal address

8. DIFFERENTIAL RATES

Different categories of properties may pay different rates in the rand based on the market value of their properties.

- (8.1) With the exception of the under mentioned properties all other categories will pay the same rate in the rand as determined by the municipal council from time to time.
- (8.2) The rate payable by agricultural and public sector infrastructure properties will be equal to seventy five percent (75%) of the residential rate payable. The differential rate will calculate as follows:
- (a) a 5% differential due to the fact that the municipality does not provide municipal roads;
 - (b) a 5% differential due to the fact that the municipality does not provide sewerage services;
 - (c) a 5% differential due to the fact that the municipality does not provide electricity services;
 - (d) a 10% differential due to the fact that the municipality does not provide water services;
 - (e) a 10% differential due to the fact that the municipality does not provide refuse removal services;
 - (f) a 10% differential due to the fact that the farm owner supplies 1 to 10 houses to farm workers;
 - (g) a 20% differential due to the fact that the farm owner supplies more than 10 houses to farm workers;
 - (h) a 10% differential due to the fact that the owner supplies work opportunities for less than 10 permanent farm workers;
 - (i) a 20% differential due to the fact that the farm owner supplies work opportunities for more than 10 permanent farm workers.

1. ONLY ONE OF (F) & (G) CAN BE APPLICABLE

2. ONLY ONE OF (H) & (I) CAN BE APPLICABLE

9 EXEMPTIONS

Categories of properties

By imposing the rate in the rand for each annual operating budget component, the municipality shall grant the exemptions, rebates and reductions provided for in this policy to the categories of properties and categories of owners indicated, but the municipality reserves the right to amend these exemptions, rebates and reductions if the circumstances of a particular annual budget so dictate

- 9.1 Municipal properties are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers.
- 9.2 Owners of the following categories of properties may apply for the exemption of property rates subject to producing a tax exemption issued by the South African Revenue Services (SARS).
- (a) The following Public Benefit Organisations (welfare and humanitarian), may apply for exemption of rates where: –
- (i) rateable property is registered in the name of an institution or organisation which, in the opinion of the Council, performs welfare and humanitarian work as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (Act No 58 of 1962);
 - (ii) the care or counselling of, or the provision of education programmes relating to, abandoned, abused, neglected, orphaned or homeless children;
 - (iii) the care or counselling of poor and needy persons where more than 90 per cent of those persons to whom the care or counselling are provided are over the age of 60;
 - (iv) the care or counselling of, or the provision of education programmes relating to, physically or mentally abused and traumatised persons;
 - (v) the provision of disaster relief;
 - (vi) the rescue or care of persons in distress;
 - (vii) the provision of poverty relief;
 - (viii) rehabilitative care or counselling or education of prisoners, former prisoners and convicted offenders and persons awaiting trial;

- (ix) the rehabilitation, care or counselling of persons addicted to a dependence-forming substance or the provision of preventative and education programmes regarding addiction to dependence-forming programmes;
- (x) conflict resolution, the promotion of reconciliation, mutual respect and tolerance between the various peoples of South Africa;
- (xi) the promotion or advocacy of human rights and democracy;
- (xii) the protection of the safety of the general public;
- (xiii) the promotion or protection of family stability;
- (xiv) the provision of legal services for poor and needy persons;
- (xv) the provision of facilities for the protection and care of children under school-going age of poor and needy parents;
- (xvi) the promotion or protection of the rights and interest of, and the care of, asylum seekers and refugees;
- (xvii) community development for poor and needy persons and anti-poverty initiatives, including:
 - (a) the promotion of community-based projects relating to self-help, empowerment, capacity building, skills development of anti-poverty;
 - (b) the provision of training, support or assistance to community based projects contemplated in item (a); or
 - (c) the provision of training, support or assistance to emerging micro enterprises to improve capacity to start and manage businesses, which may include the granting of loans on such conditions as may be prescribed by the Minister by way of regulation; and
- (xix) the promotion of access to media and a free press.

(b) Public Benefit Organisations (**cultural**), where: –

- (i) rateable property is registered in the name of Boy Scouts, Girl Guides, Sea Scouts, Voortrekkers or any other organisation which, in the opinion of the Council, is similar or any rateable property let by the Council to any of the said organisations; or
- (ii) rateable property is utilised for the promotion, establishment, protection, preservation or maintenance of areas, collection or buildings of historical or cultural interest or national monuments or national heritage sites, museums, including art galleries, archives and libraries.

(c) Public Benefit Organisations (**sport**), where:–

- (i) sports grounds are used for the purpose of amateur and any social activities which are connected to such sport with the exception of sport grounds of public or private schools .

(d) Public Benefit Organisations (conservation, environmental and animal welfare), where:–

- (i) rateable property is registered in the name of an organisation or institution that is engaged in the conservation, rehabilitation or protection of the natural environment, including flora and fauna; or
- (ii) rateable property is registered in the name of an institution or organisation which has as its exclusive objective the protection, including the rehabilitation or prevention of ill-treatment, of animals or birds.

(e) Public Benefit Organisations (**health care**), where: –

- (i) rateable property is registered in the name of an institution or organisation which has as its exclusive objective the health care or counselling of needy, terminally ill, severe physical or mental disabled and HIV/AIDS-affected persons or patients;
- (ii) the provision of health care services to poor and needy persons;
- (ii) the care of counselling of terminally ill persons or persons with a severe physical or mental disability, and the counselling of their families in this regard;
- (iv) the prevention of HIV infection, the provision of preventative and education programmes relating to HIV/AIDS;
- (v) the care, counselling or treatment of persons afflicted with HIV/AIDS, including the care or counselling of their families and dependants in this regard;
- (vi) the provision of blood transfusion, organ donor or similar services; and
- (vii) the provision of primary health-care education, sex education or family planning.

(f) Properties used for:

- (a) maintaining the welfare of war veterans and registered in the name of a trustee or trustees or any organisation.

- (b) Agricultural, where:–
 - (i) rateable property is registered in the name of an agricultural society affiliated to or recognised by the South African Agricultural Union, which is used for the purposes of such a society; or
- (g) Improvements to agricultural properties that includes:
 - (a) structural works, dipping tanks, storage tanks, walls, silos and kraals, if permanently constructed;
 - (b) irrigation works, dams, boreholes, wells, permanent fences, reclamation works, subsoil drainage, plantations, vineyards and orchards; and
 - (c) any residential building erected for occupation by farm workers; provided that, if the valuation of any such building exceeds R65 000, such building shall be deemed to be included to the extent to which such valuation exceeds R65 000, and for the purpose of the foregoing provision of this clause any portion of a building as aforesaid which is designed or adapted for separate occupation for residential purposes shall be deemed to be a separate residential building; provided further that residential buildings referred to in this clause shall be excluded from the provisions of this regulation.
- (h) Informal areas.
- (i) Conservation areas

6.1 Nature Reserves, Special Nature Reserves and National Parks

- 6.1.1 Section 17(1)(e) of the MPRA precludes Council from levying rates on those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act 57 of 2003) (**Protected Areas Act**), or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 10 of 2004, which are not developed or used for commercial, business, farming or residential purposes. The apportioned value of any portion of such properties utilised for any purpose other than such conservation purposes will be rated accordingly. Landowners, who acquire conservation worthy properties with the intent for proclaiming them under the Protected Areas Act, can apply for a rates rebate from the date of transfer. If the property is not gazetted within three years, then the land owner would be rated accordingly and rates would be backdated from date of transfer. If a valid reason exists for not gazetting

within three years, then the land owner can submit a motivation to the Council for an extension of the rates rebate.

6.1.2 Private property registered with Cape Nature in terms of the Protected Areas Act, will be granted a 100% rebate of rates from the commencement date of the agreement between the owner of the property and SANParks and for each year that the owner foregoes beneficial occupation/use of the land. If the property is not gazetted within three years, then the land owner would be rated accordingly and rates would be backdated from date of transfer. If a valid reason exists for not gazetting within three years, then the land owner can submit a motivation to the Council for an extension of the rates rebate.

6.1.3 Should privately-owned property receiving the Nature Reserve rebate be utilised in a manner that is detrimental to conservation purposes, all rebates granted in terms of paragraphs 6.1.1 to 6.1.2 above during the current and previous GVs will become repayable as provided for in Section 17(2)(a) to (c) of the MPRA.

10. ZONING AND USAGE FOR RATES PURPOSES

The rates tariffs on a property will be applicable for the zoning or usage of a property. Therefore, if a property is zoned as a business, the business tariff will apply.

11. EXEMPTIONS, REBATES AND REDUCTIONS ON RATES AND PHASING-IN OF CERTAIN RATES

- (1) In imposing the rate in the rand for each annual operating budget component, the municipality shall grant the exemptions, rebates and reductions provided for in this policy to the categories of properties and categories of owners indicated, but the municipality reserves the right to amend these exemptions, rebates and reductions if the circumstances of a particular annual budget so dictate.
- (2) In determining whether a property forms part of a particular category indicated, the municipality shall have regard to the actual use to which the relevant property is put. In the case of vacant properties not specifically included in any of the categories indicated, the permitted use of the property shall determine into which category it falls.
- (3) Municipal properties shall include properties owned by municipal entities as defined in the Municipal Systems Act.
- (4) The municipality grants rebates in recognition of the following factors:

- (a) The inability of residential property owners to pass on the burden of rates, as opposed to the ability of the owners of business, commercial, industrial and certain other properties to recover such rates as part of the expenses associated with the goods or services which they produce.
- (b) The need to accommodate indigents and less affluent pensioners.
- (c) Public Benefit Organisations (conservation, environmental and animal welfare), where:—
 - (i) rateable property is registered in the name of an organisation or institution that is engaged in the conservation, rehabilitation or protection of the natural environment, including flora and fauna; or
 - (ii) rateable property is registered in the name of an institution or organisation which has as its exclusive objective the protection, including the rehabilitation or prevention of ill-treatment, of animals or birds.
- (d) Public Benefit Organisations (**health care**), where: —
 - (i) rateable property is registered in the name of an institution or organisation which has as its exclusive objective the health care or counselling of needy, terminally ill, severe physical or mental disable and HIV/AIDS-affected persons or patients;
 - (ii) the provision of health care services to poor and needy persons;
 - (iii) the care of counselling of terminally ill persons or persons with a severe physical or mental disability, and the counselling of their families in this regard;
 - (iv) the prevention of HIV infection, the provision of preventative and education programmes relating to HIV/AIDS;
 - (v) the care, counselling or treatment of persons afflicted with HIV/AIDS, including the care or counselling of their families and dependants in this regard;
 - (vi) the provision of blood transfusion, organ donor or similar services; and
 - (vii) the provision of primary health-care education, sex education or family planning.
- (e) The value of agricultural activities to the local economy coupled with the limited municipal services extended to such activities, but also taking into account the municipal services provided to municipal residents who are employed in such activities.
- (f) The need to preserve the cultural heritage of the local community.
- (g) The need to encourage the expansion of public service infrastructure.

- (h) The indispensable contribution which property developers (especially in regard to commercial and industrial property development) make towards local economic development, and the continuing need to encourage such development.
 - (i) The requirements of the Act.
- (5) The municipal manager shall ensure that the revenues forgone in respect of the rebates are appropriately disclosed in each annual operating budget component and in the annual financial statements and annual report, and that the relevant rebate are also clearly indicated on the rates accounts submitted to each property owner.
- (6) The municipality reserves the right to inspect properties before or after granting rebates. No further rebates will be granted to properties that qualify for the agricultural rebate.
- (7) Any rebate granted based on false information supplied by the applicant, will result in the reversal of all the rebates granted and recovery from the applicant and/or the owner(s) of the property. Further actions may also be taken against the person(s) who supplied the false information.
- (8) Should an illegal use occur in respect of property or any part thereof, such property (or the registered owner thereof) shall not qualify for any rebate or reduction that may otherwise be applicable to such property or person.
- (9) All improved Residential and informal properties with a market value less than R70,000 are exempted from paying rates to correct in balances of the past. The R15,000 exemption contemplated in terms of the Act is included in the R70,000 amount.
- (10) All vacant land properties do not qualify for the R15,000 impermissible rates contemplated in terms of Section 17 of the Act.

11.1 EXEMPTIONS

Categories of properties

- (1) Rates will not be levied on property exempted from payment of rates in terms of an Act other than the Local Government: Municipal Property Rates Act.
- (2) All residential properties with a market value less than an amount determined by the Council from time to time shall be exempted from paying rates. This is an important part of the Council's indigent policy and is aimed primarily at alleviating poverty.
- (3) Exemptions will be subject to the following conditions:
 - (a) all applications must be addressed in writing to the municipality;

- (b) to the extent to which the application is based on compliance with a statute or statutory exemption, the application must be supported by the necessary certificate(s) or other appropriate supporting documents;
 - (c) applications must reach the municipality before 31 May preceding the start of the new municipal financial year for which relief is sought;
 - (d) the municipality retains the right to refuse exemptions if the details supplied in the application form are incomplete, incorrect or false;
 - (e) all applications are subject to approval.
- (4) To the extent to which the levying of rates on certain properties are impermissible in terms of section 17 of the Act and this policy provides for a rebate in respect of such a property, the rebate shall be deemed to be included in the exemption afforded by section 17 and shall not be allowed in addition thereto.
- (5) Rebates will be subject to the following conditions:
- (a) all applications must be addresses in writing to the municipality;
 - (b) a SARS tax exemption certificate must be attached to all applications; and
 - (c) the chief financial officer must approve all applications.

11.2 REBATES

- (1) Rebates may be granted in respect of the following categories of owners of properties or categories of properties provided that the criteria pertaining to the category are met:
- (a) Income categories:
 - (i) Must be the registered owner of the property;
 - (ii) Must reside on the property;
 - (iii) Income must not exceed an amount annually set by the Council; and
 - (iv) Applications for the rebate must be submitted before 31st May: Provided that late applications may on good cause shown be considered by the Municipality's Chief Financial Officer.
 - (b) Public benefit activities:
 - (i) The rateable property must be registered in the name of the public benefit organisation as defined in section 30(1) of the Income Tax Act.

- (ii) The public benefit organisation must be approved by the Commissioner in terms of section 30(3) of the Income Tax Act.
 - (iii) The public benefit organisation must, to the satisfaction of the Municipality carry on a specified public benefit
 - (c) Rateable property registered in the name of an institution or organisation which, in the opinion of the Municipality, performs charitable work and is exempted from normal tax in terms of section 10 of the Income Tax Act;
 - (d) Residential properties
 - (e) Public service infrastructure
- (2) Retired and disabled persons qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must—
- (a) occupy the property as his/her normal residence provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement;
 - (b) furnish proof of his total monthly income from all sources (including that of his/her spouse;
 - (c) not be the owner of more than one property.
- (3) Rebates for agricultural properties will be granted subject to:
- (a) Proof that the owner of the property is taxed by SARS as a farmer;
 - (b) Proof of compliance to the municipality's satisfaction that the owner complies with the criteria in question.
- (4) Notwithstanding any other provisions of this policy, owners of properties who wish to qualify for a rebate or reduction in terms of this policy must —
- (a) if the application is based on age, furnish the municipality with a certified copy of his identity document;
 - (b) if the claim is based on income, furnish the municipality with a sworn affidavit of his or her income together with supporting evidence to the satisfaction of the municipality;
 - (c) if the claim is based on ownership of a property, proof of such ownership;
 - (d) if the claim is based on a disability or other impediment, a certificate issued by a medical practitioner registered as such in South Africa;
 - (e) must see to it that the application reaches the municipality before 31 May preceding the start of the new municipal financial year for which relief is sought.

- (5) The municipality retains the right to refuse rebates, reductions or exemptions if the details supplied in the application form are incomplete, incorrect or false.
- (6) Properties used for multiple purposes, other than those referred to under residential properties, shall be rated on the value assigned to each component, and shall receive the rebate applicable to such component. Where one component on average represents 90% or more of the property's actual use, such property shall be rated as though it were used for that use only. For the avoidance of doubt it is stated that should a business property for example also contain a residential component (other than sectional title units) the residential component and the business component shall be rated separately and the residential component shall qualify for the rebate for residential properties (irrespective, however, of the number of such residential units).
- (7) **Agricultural**
No other rebates will be granted to properties that qualify for the agricultural rebate. For the avoidance of doubt it is provided that properties that qualify for the agricultural rebate will not be entitled to the residential rate rebate.

(8) **Conservation areas**

8.1 Nature Reserves, Special Nature Reserves and National Parks

8.1.1 Section 17(1)(e) of the MPRA precludes Council from levying rates on those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act 57 of 2003) (**Protected Areas Act**), or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 10 of 2004, which are not developed or used for commercial, business, farming or residential purposes. The apportioned value of any portion of such properties utilised for any purpose other than such conservation purposes will be rated accordingly. Landowners, who acquire conservation worthy properties with the intent for proclaiming them under the Protected Areas Act, can apply for a rates rebate from the date of transfer. If the property is not gazetted within three years, then the land owner would be rated accordingly and rates would be backdated from date of transfer. If a valid reason exists for not gazetting within three years, then the land owner can submit a motivation to the Council for an extension of the rates rebate.

8.1.2 Private property registered with Cape Nature in terms of the Protected Areas Act, will be granted a 100% rebate of rates from the commencement date of the agreement between the owner of the property and SANParks and for each year that the owner foregoes beneficial occupation/use of the land. If the property is not gazetted within three years, then the land owner would be rated accordingly and rates would be backdated from date of transfer. If a valid reason exists for not gazetting within three years, then the land owner can submit a motivation to the Council for an extension of the rates rebate.

8.1.3 Should privately-owned property receiving the Nature Reserve rebate be utilised in a manner that is detrimental to conservation purposes, all rebates granted in terms of paragraphs 6.1.1 to 6.1.2 above during the current and previous GVs will become repayable as provided for in Section 17(2)(a) to (c) of the MPRA.

11.3 REDUCTIONS

Categories of property

- (1) A reduction in the municipal valuation as contemplated in section 15(1)(b) of the Act will be granted where the value of a property is affected by fire damage, demolition, floods, earthquake or a natural disaster.
- (2) The reduction will be in relation to the certificate issued for this purpose by the municipal valuator.

11.4 PHASING-IN OF CERTAIN RATES

Unless otherwise decided by the Council from time to time and subject to any other provisions hereof, the property owners who qualify for phasing-in discounts in terms of Section 21 of the Act shall be granted the minimum discounts provided for in Section 21: Provided that such discounts shall not be allowed in addition to any rebates or reductions otherwise provided for in this policy in respect of the categories of properties concerned.

12. RATE INCREASES

- (1) The municipality will consider increasing rates annually during the budget process.
- (2) Extraordinary expenditure not foreseen during the previous budget period and approved by the municipality during a budget review process will be financed by an increase in property rates.

- (3) Relating to community and subsidised services: –
 - (a) The following annual adjustments will be made: –
 - (i) all salary and wage increases as agreed at the National Bargaining Council;
 - (ii) an inflation adjustment for general expenditure, repairs and maintenance and contributions to funds; and
 - (iii) additional depreciation costs or interest and redemption on loans associated with the assets created during the previous financial year.
- (4) Extraordinary expenditure not foreseen during the previous budget period and approved by the council during a budget review process will be financed by an increase in property rates.
- (5) All increases in the property rates will be communicated to the local community in terms of the council's policy on community participation.

13. MULTI PURPOSE PROPERTIES

- (1) Properties used for multiple purposes will for rates purposes be assigned to a category for properties used for multiple purposes as contemplated in section 8(2)(r) of the Act. Rates will be levied
 - (i) by apportioning the market value of a property to the different purposes for which the property is used; and
 - (iii) applying the relevant cent amount in the rand to the corresponding apportioned market value.
- (2) Those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No 57 of 2003), or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004 (Act No 10 of 2004), developed or used for commercial, business, agricultural or residential purposes will be allocated the market value of any such portion for rates purposes.
- (3) Rate increases will be used to finance the increase in operating costs of community and subsidised services.
- (4) Relating to community and subsidised services:
 - (a) The following annual adjustments will be made: –
 - all salary and wage increases as agreed at the National Bargaining Council;
 - (i) an inflation adjustment for general expenditure, repairs and maintenance and contributions to funds; and

- (ii) additional depreciation costs or interest and redemption on loans associated with the assets created during the previous financial year.

14. COSTS OF EXEMPTIONS, REBATES, REDUCTIONS, AND PHASING IN OF RATES

- (1) During the budget process the Municipality's Chief Financial Officer shall inform the Council of all the costs associated with the proposed exemptions, rebates, reductions and phasing-in of rates.
- (2) Provisions shall be made on the operating budget for –
 - (a) the full potential income associated with property rates; and
 - (b) the full costs associated with exemptions, rebates, reductions, phasing-in of rates.

15. LOCAL, SOCIAL AND ECONOMIC DEVELOPMENT

- (1) The municipality may grant rebates to organisations that promote local, social and economic development in its area of jurisdiction. The following criteria will apply in determining the extent of any such rebates:
 - (a) job creation in the municipal area;
 - (b) social upliftment of the local community; and
 - (c) creation of infrastructure for the benefit of the community.
- (2) Rebates will be restricted to a maximum of 50% of the rates payable and must be phased out within 3 years from the date that the rebate was granted for the first time.
- (3) Rebates will be granted on application subject to:
 - (i) a business plan issued by the management of the organisation indicating how the local, social and economic development objectives of the municipality are going to be met;
 - (ii) a continuation plan issued by the management and certified by its auditors stating that the objectives have been met in the first year after establishment and how the organisation plans to continue to meet the objectives;
 - (iii) an assessment by the municipal manager indicating that the organisation qualifies.

16. NOTIFICATION OF RATES

The municipality will give notice of all rates approved at the annual budget meeting in accordance with the provisions of Section 14 of the Act.

17. CORRECTION OF ERRORS AND OMISSIONS

- (1) In the event of any under-recovery of rates on a particular property, 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. 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.
- (2) In the event of any over-recovery of rates on a particular property, whether because of the rate applied or the valuation, the account concerned shall be rectified for the year in which the mistake is detected and for not more than the two preceding financial years, subject, however, to the provisions of the Institution of Legal Proceeding against Certain Organs of State Act, 2002 (Act No 40 of 2002).

18. FREQUENCY OF VALUATIONS

The municipality shall prepare a new valuation roll every 5 (five) years and a supplementary roll annually.

19. GENERAL VALUATION AND PREPARATION OF VALUATION ROLLS

A municipality intending to levy a property must cause a general valuation to be made of all properties in the municipality, and must prepare a valuation roll of all properties in terms of such valuation. All rateable properties in a municipal area must be valued during such general valuation, including all properties fully or partially excluded from rates in terms of Section 17 of the present Act. However, if the municipality does not intend to levy rates on its own property, on public service infrastructure owned by a municipal entity, on rights in properties, and on properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure from past racial discrimination, the municipality is not obliged to value such properties as part of the valuation process.

20. DATE OF VALUATION

For the purpose of a general valuation a municipality must determine a date that may be not more than 12 months before the start of the financial year in which the valuation roll is to be first implemented.

The general valuation must reflect the market values of properties in accordance with market conditions which apply as the date of the valuation, and in accordance with any other applicable provisions of the present Act.

21. COMMENCEMENT AND PERIOD OF VALIDITY OF VALUATION ROLLS

A valuation roll takes effect from the start of the financial year following completion of the public inspection period required by the present Act, and remains valid for that financial year or for one or more subsequent financial years, as the municipality may decide, but in total not for more than five financial years.

Section 32 (2) provides for the extension of the period of validity of the valuation roll by the MEC for Local Government, but only up to a period of five financial years, and only in Specified circumstances.

22. GENERAL BASIS OF VALUATION

The market value of a property is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.

23. VALUATION OF PROPERTY IN SECTIONAL TITLE SCHEMES

When valuing a property which is subject to a sectional title scheme, the valuer must determine the market value of each sectional title unit in the scheme.

24. SUPPLEMENTARY VALUATION

A municipality must regularly, but at least once a year, update its valuation roll by causing a supplementary valuation roll to be prepared, or the valuation roll itself to be amended.

25. SHORT TITLE

This policy is the Property Rates Policy of Kannaland Municipality

ADOPTED BY RESOLUTION OF THE MUNICIPAL COUNCIL OF KANNALAND:

Version 1 – 20 October 2010

Version 2 – 31 May 2012

Version 3 – 1 March 2013 (Guesthouses)

Version 4 – 28 May 2014

Version 4 – 27 May 2015

Version 5 – 22 June 2016 (MAYCO 09/06/16)

Version 6 – 30 May 2017 (COUNCIL 24/05/17)

Version 7 – 28 May 2018 (COUNCIL 26/05/18)

