

# LETSEMENG LOCAL MUNICIPALITY



## PROPERTY RATES POLICY 2023-24

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## 1. DEFINITIONS

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

**“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 but, without derogating from section 9, excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of eco-tourism or for the trading in or hunting of game;

**“annually”** means once every financial year;

**“appeal board”** means a valuation appeal board established in terms of section 56;

**“assistant municipal valuer”** means a person designated as an assistant municipal valuer in terms of section 35(1) or (2);

**“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;

**“data-collector”** means a person designated as a data-collector in terms of section 36;

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

**“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

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the number of days must be reckoned by excluding the first day and also any such Saturday, Sunday or public holiday

**"district management area" ...**

["district management area" rep by s 1(c) of Act 29 of 2014.]

**"district municipality"** means a municipality that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category C municipality

**"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"** with reference to the municipality means the period starting from 01 July in a year to 30 June of the next year and "year" shall have a corresponding meaning;

**"income Tax Act"**, means the Income Tax Act, 1962 (Act No 58 of 1962);

**"land reform beneficiary"**, in relation to a property, means a person who-

(a) acquired the property through-

(i) the Provision of Land and Assistance Act, 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

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- (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 an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004 (Act No 11 of 2004);

**“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;

**“MEC for local government”** means the member of the Executive Council of a province who is responsible for local government in that province;

**“mining property”** means a property used for mining operations as defined in the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002);

**“Minister”** means the Cabinet member responsible for local government;

**“multiple purposes”**, in relation to property, means the use of a property for more than one purpose, and

**“municipal council” or “council”** means the municipal Council of Letsemeng Local Municipality;

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**"municipal manager"** means the person appointed as such in terms of section 82 of the Municipal Structures Act in respect of Letsemeng Local; 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;

**"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;

**"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
- (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

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- (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,
- (e) 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) a person in whose name a usufruct or other personal servitude is registered in the case of a property that is subject to a usufruct or other personal servitude;
  - (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
  - (viii) a buyer, in the case of a property that was sold 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 a servitude;
- (b) any alleviation of any such restrictions;

**"person"**, includes an organ of state;

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**‘place of public worship’** means property used primarily for the purposes of congregation, excluding religious education is a structure that is primarily used for educational instruction in which secular or religious education is a structure that is primarily used for educational instruction in which secular or 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);

**“publicly controlled”** means owned by or otherwise under the control of an organ of state, including—

- (a) a public entity listed in the Public Finance Management Act, 1999 (Act 1 of 1999);
- (b) a municipality; or
- (c) a municipal entity as defined in the Municipal Systems Act

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



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- (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 or aprons at national or provincial airports;
- (h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising 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 as—

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

**“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);

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**"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 different categories of non-residential properties: Provided that the two relevant cent amounts in the Rand are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category;

**"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;

**"register"—**

(a) means to record in a register in terms of—

(i) the Deeds Registries Act, 1937 (Act 47 of 1937); or

(ii) the Mining Titles Registration Act, 1967 (Act 16 of 1967); and

(b) includes any other formal act in terms of any other legislation to record—

(i) a right to use land for or in connection with mining purposes; or

(ii) a land tenure right

**"residential property"** means a property included in a valuation roll in terms of section 48(2)(b) 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 3 (land and housing), item 4 (education and development), item 6 (cultural), item 7 (conservation, environment and animal welfare) and item 9 (sport) of Part I of the Ninth Schedule to the Income Tax Act;

**"state trust land"** means land owned by the state—

(a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;

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(b) over which land tenure rights were registered or granted; or  
(c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act 22 of 1994);

**"this Act"** includes regulations made in terms of section 83

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

**"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 areas of the Letsemeng 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.

**"Letsemeng Poverty Index"** means the poverty index determined by Council from time to time which index identifies levels of financial need in terms of the Letsemeng's Expanded Social Package;

**"Current monthly rates"** means the rate levied on a property in the month immediately preceding the month in which application for a rebate is made, if such application is required in terms of this Policy, and in all other events, the month preceding the month in which the rebate will come into operation;

**"Municipal property"** means property owned, vested or under the control and management of the Council or it's service provider in terms of any applicable legislation;

**"Regulation"** means a regulation promulgated in terms of the Local Government Municipal Property Rates Act 6, of 2004.

**"School"** means a school as defined in the South African Schools Act 84 of 1996;

**"Sectional Titles Act"** means the Sectional Titles Act 95 of 1986;

**"Service provider"** means a natural or juristic person appointed by council to carry out a specific function on behalf of council:

**"State social security grant"** means any social assistance granted in terms of the Social Assistance Act 59 of 1992;

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**"The/this Policy"** means the Property Rates Policy adopted by the Council in terms of Section 3(1) of the Act;

**"Threshold"** means the amount, determined from time to time by the Council during its annual budget process referred to in section 12(2) of the Act, to be deducted from the market value of residential properties, resulting in rates to be determined on the balance of the market value of such properties only;

**"Town Planning Scheme"** means a town planning scheme, which is in operation as contemplated in the Town Planning and Townships Ordinance 25 of 1965 and the Town Planning and Townships Ordinance 15 of 1986; and any scheme or document which in terms of any applicable legislation is legally in operation and records or sets out, by means of maps, schedules or any other document, the development rights specifying the purpose for which land may lawfully be used or any buildings may be erected, or both;

**"Zoning"** means the purpose for which land may lawfully be used or on which buildings may be erected or used, or both, as contained in any applicable Town Planning Scheme and "zoned" has a corresponding meaning.

(2) Any word or expression –

(a) imparting any gender or the neuter includes both genders and the neuter, or

(b) imparting the singular only also includes the plural and vice versa, unless the context otherwise indicates.

## **2. INTRODUCTION**

2.1 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.

2.2 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. This document sets out the policy of the Letsemeng Local Municipality on the levying of rates on rateable property in the municipality.

2.3 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 Mayor in accordance with section 21(1)(b) of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003).

2.4 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).

### **3. OBJECTIVES**

3.1 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.

### **4. PURPOSE OF THE POLICY**

4.1 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 of 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;

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- (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.

## **5. POLICY PRINCIPLES**

5.1 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.

5.2 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) measures have to be taken to promote local, social and economic development within the area of jurisdiction of the municipality;
- (e) all deviations from a uniform rate in respect of all categories of owners of properties must be fair and equitable.

5.3 In considering affordability, the total municipal services account and not only the rates account will be considered. The municipality will not increase the

property rates by more than what may from time to time be reasonably necessary.

## **6. IMPOSITION OF RATES**

- 6.1 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.
- 6.2 The council pledges itself to limit each annual increase as far as practicable to the increase in the consumer price index over the period preceding the financial year to which the increase relates, except when the approved integrated development plan of the municipality provides for a greater increase.
- 6.3 The council shall as part of each annual operating budget component impose a rate in the rand on the market value of all rateable property as recorded in the municipality's valuation roll and supplementary valuation roll. Rateable property shall include any rights registered against such property, with the exception of a mortgage bond.

## **7. CATEGORIES OF PROPERTY**

- 7.1 Properties will be categorised as follows
- (a) Residential properties.
  - (b) Industrial properties.
  - (c) Business and commercial properties. (includes all kinds of businesses unless another category is more appropriate).
  - (d) Agriculture properties used for-
    - (i) agricultural purposes;
  - (e) mining properties;
  - (f) Properties owned by an organ of state and used for public service purposes;
  - (g) Public service infrastructure properties;
  - (h) Properties owned by public benefit organisations and used for specified public benefit activities;
  - (i) Properties used for multiple purposes, subject to section 9; or

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- (j) Any other category of property as may be determined by the Minister, with the concurrence of the Minister of Finance, by notice in the Gazette.

In addition to the categories of rateable property determined in terms of subsection (2), a municipality may determine additional categories of rateable property, including vacant land: Provided that, with the exception of vacant land, the determination of such property categories does not circumvent the categories of rateable property that must be determined in terms of subsection (2)

(a) Where a municipality can, on good cause, show that there is a need to subcategorise the property categories listed in subsection (2), a municipality must apply to the Minister in writing for authorisation to create one or more of such subcategories.

(b) Such application must—

- (i) be accompanied by a motivation for such subcategorisation;  
(ii) demonstrate that such subcategorisation is not in contravention of section 19; and  
(iii) reach the Minister at least 15 months before the start of the municipal financial year in which the municipality envisages levying a rate on such subcategorised property.

- 7.2 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.
- 7.3 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.
- 7.4 Farms used predominantly for commercial or industrial purposes (such as truck depots, construction yards or factories) shall not qualify for any rebates or reductions.
- 7.5 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.

## **8. CATEGORIES OF OWNERS**

- 8.1 For the purpose of this policy and in terms of section 15(2) of the Act the following categories of owners will be recognised:



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- (a) indigent owners;
- (b) owners dependent on pensions or social grants for their livelihood;
- (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) any other serious adverse social or economic conditions;
- (d) owners of residential properties with a market value lower than an amount determined by the municipality; or
- (e) owners of agricultural properties who are *bona fide* farmers.

## 9. LIABILITY FOR RATES

- 9.1 **Method and time of payment:** The municipality will recover the rate levied in periodic instalments of equal amounts in twelve months. The instalment is payable on or before the 15<sup>th</sup> day of every month in accordance with the municipality's monthly accounts.
- 9.2 **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 30<sup>th</sup> June for this option. Any application thereafter will only be considered by the municipality's Chief Financial Officer on good cause shown.
- 9.3 **Recovery of rates in arrears from tenants and occupiers:** 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.
- 9.4 **Recovery of rates in arrears from agents:** 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.

- 9.5 **Interim Valuation Debits:** In the event that a property has been transferred to a new owner and an interim valuation took place, the previous owner shall be liable for the additional rates payable up to the transfer date irrespective of the issuing by the municipality of a rates clearance certificate in terms of section 118 of the Municipal Systems Act.
- 9.6 **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.
- 9.7 **Rates Clearance Certificate:** Rates clearance certificates for property transfer purposes will only be valid until 30<sup>th</sup> June if the rates have been paid in full up to that date. No extension of the period of validity of a rates clearance certificate will exceed 60 days beyond 30 June: Provided that no extension will in any event be granted in respect of a period after 30<sup>th</sup> June if the new financial year's rates have not been paid in full: Provided further that no such extension will affect the provisions of subparagraph 9.5 above.
- 9.8 **Interest:** Interest at 2% the prime interest rate charged by the municipality's principal bank from time to time shall be payable on all amounts outstanding.

## 10. DIFFERENTIAL RATES

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

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

- 11.1 In imposing the rate in cent 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.
- 11.2 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 unimproved land not specifically included in any of the categories indicated, the permitted use of the property shall determine into which category it falls.
- 11.3 Municipal properties shall include properties owned by municipal entities as defined in the Municipal Systems Act.

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- 11.4 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 and industrial properties 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 indigent persons and owners within the categories of income determined by the council.
  - (c) The services provided to the community by public service organizations.
  - (d) 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.
  - (e) The need to preserve the cultural heritage of the local community.
  - (f) The need to encourage the expansion of public service infrastructure.
  - (g) 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.
  - (h) The requirements of the Act.
- 11.5 The municipal manager shall ensure that the revenues forgone in respect of the rebates and reductions and amounts attributable to impermissible rates as contemplated in section 17 of the Act, are appropriately disclosed in each annual operating budget component and in the annual financial statements and annual report, and that the relevant rebates, reductions and impermissible amounts are also clearly indicated on the rates accounts submitted to each property owner.
- 11.6 The municipality reserves the right to inspect properties before or after granting rebates, reduction or other relief. No further rebates, reduction or other relief, will be granted to properties that qualify for the agricultural rebate.
- 11.7 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.

- 11.8 Should an illegal use occur in respect of property or any part thereof, such property or the rate payer concerned shall not qualify for any rebate or reduction that may otherwise be applicable to such property or person.

## **12. EXEMPTIONS**

### **Categories of properties**

- 12.1 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, No 29 of 2014.
- 12.2 All residential properties with a market value up to and including 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.
- 12.3 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 30<sup>th</sup> June 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.
- 12.4 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 relief afforded by section 17 and shall not be allowed in addition thereto.

## **13. REBATES**

- 13.1 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:

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- (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 30<sup>th</sup> June: 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 activity.
- (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) State-owned properties
- (e) Residential properties
- (f) Public service infrastructure

13.2 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 requirement may be satisfied if the property is occupied by the person's spouse or minor children: Provided that a person who occupies a property in his/her capacity as a usufructuary or the holder of a registered personal servitude shall likewise qualify;
- (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.

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- 13.3 Rebates for agricultural properties will be granted subject to -
- (a) proof that the owner of the property is taxed by SARS as a farmer in respect of the property;
  - (b) proof to the municipality's satisfaction that the owner complies with the criteria in question.
- 13.4 Notwithstanding any other provisions of these policy owners of properties who wish to qualify for a rebate or reduction in terms of this policy must –
- (a) 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;
  - (b) if the claim is based on ownership of a property, proof of such ownership;
  - (c) must see to it that the application reaches the municipality before 30<sup>th</sup> June preceding the start of the new municipal financial year for which relief is sought.
- 13.5 The municipality retains the right to refuse rebates, reductions or exemptions if the details supplied in the application form are incomplete, incorrect or false.
- 13.6 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.
- 13.7 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).
- 13.8 In imposing the rate in the rand for each annual operating budget component, the council shall grant the following exemptions, rebates and reductions to the categories of properties and categories of owners indicated below, but the council reserves the right to amend these exemptions, rebates and reductions if the circumstances of a particular annual budget so dictate.

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13.9 In determining whether a property forms part of a particular category indicated below, the municipality shall have regard to the actual use to which the relevant property is put. In the case of vacant land not specifically included in any of the categories indicated below, the permitted use of the property shall determine into which category it falls.

\* Residential properties or properties of any category used for multiple purposes where the residential component represents on average 90% or more of the property's actual use

Domestic	2%
* Industrial properties	NONE
* Business and commercial properties	NONE
* Farm properties: residential component	50%
* Farm properties: business and commercial component	NONE
* Farm properties: agricultural component	50%
* Farm properties: used for no purpose	NONE
* Smallholdings: residential component	50%
* Smallholdings: business and commercial component	NONE
* Smallholdings: industrial component	NONE
* Smallholdings: agricultural component	50%
* State-owned properties: residential	30%
* State-owned properties: public service infrastructure	30%
* State-owned properties: other	NONE
* Formal and informal settlements: all properties with a rateable value of up to R70 000	NONE
* Formal and informal settlements: all properties with a rateable value of R70 000 or more	NONE
* State trust land	30%
* Protected areas	100%
* Properties on which national monuments are situated, and where no business or commercial activities are conducted in respect of such monuments	100%
* Properties on which national monuments are situated, but where business or commercial activities are conducted in respect of such monuments	30%

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| * | Properties owned by public benefit organisations and used to further the objectives of such organisations  | 100% |
| * | Properties belonging to a land reform beneficiary or his or her heirs for the first 10 years after the registration of the title in the office of the Registrar of Deeds | 100% |
| * | Property registered in the name of and used primarily as a place of worship by a religious community, including an official residence                                    | 100% |

13.10 In addition to the foregoing, the first R15 000 of the market value of all residential properties and of all properties used for multiple purposes, provided one or more components of such properties are used for residential purposes, is exempt from the payment of rates in terms of Section 17(1)(h) of the Property Rates Act, and the first R70 000 of the market value of all residential properties belonging to indigent consumers is exempt from the payment of rates.

13.11 Properties used for multiple purposes, other than those referred to under residential properties above, 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.

13.12 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.

13.13 The following categories of owners of properties shall additionally receive the following rebates on the rates due in respect of such properties after deducting the rebate to residential properties where applicable:

<b>CATEGORY OF PROPERTY OWNERS</b>	<b>REBATE</b>
Residential property owners who are both the permanent occupants and the sole owners of the property concerned and who are registered indigents in terms of the municipality's indigence management policy.	100% of the rates based on the rateable value up to the amount referred to in 9.1(2).



#### **14. REDUCTIONS**

- 14.1 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.
- 14.2 The reduction will be based on the certificate issued for this purpose by the municipal valuator.

#### **15. PHASING-IN OF CERTAIN RATES**

- 15.1 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.

#### **16. RATE INCREASES**

- 16.1 The municipality will consider increasing rates annually during the budget process.
- 16.2 All increases in the property rates will be communicated to the local community in terms of the municipality's policy and practices on community participation.

#### **17. MULTI PURPOSE PROPERTIES**

- 17.1 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:
- (a) by apportioning the market value of a property to the different purposes for which the property is used; and
  - (b) applying the relevant cent in the rand to the corresponding apportioned market value.
- 17.2 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.

**18. COSTS OF EXEMPTIONS, REBATES, REDUCTIONS, AND PHASING IN OF RATES**

18.1 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.

18.2 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.

**19. LOCAL, SOCIAL AND ECONOMIC DEVELOPMENT**

19.1 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.

19.2 Rebates will be restricted to such amount(s) or percentage(s) of the rates payable as determined by the municipality and shall be phased out within the period determined by the municipality.

19.3 Rebates will be granted on application subject to-

- (a) 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;
- (b) 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;
- (c) an assessment by the municipal manager indicating that the organisation qualifies.

## **20. REGISTER OF PROPERTIES**

- 20.1 The Chief Financial Officer must draw up and maintain a register of properties situated within the municipality in accordance with the provisions of section 23 of the Act.

## **21. NOTIFICATION OF RATES**

- 21.1 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.

## **22.1 CORRECTION OF ERRORS AND OMISSIONS**

- 22.1 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.

- 22.2 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).

## **23. FREQUENCY OF VALUATIONS**

- 23.1 The Municipality will undertake a general valuation of all rateable properties and prepare a new valuation roll every five years.
- 23.2 Supplementary valuations will be undertaken on an on-going basis and supplementary valuation rolls will be prepared at the intervals determined by the Council from time to time.
- 23.3 Amendments to the valuation roll to reflect changes to the owner, address, category, extent, description or other prescribed particulars will be made annually in accordance with section 79 of the Act, and only the electronic copy of the valuation roll will be updated.

## **24 COMMUNITY PARTICIPATION**

Before a municipality adopts its rates policy, the municipality must follow the process of community participation envisaged in Chapter 4 of the Municipal Systems Act; and comply with the following requirements, as set out below.

The Municipal Manager of the municipality must:

- conspicuously display the draft rates policy for a period of at least 30 days at the municipality's head and satellite offices and libraries, and, if the municipality has an official website or a website available to it, on that website as well; and
- advertise in the media a notice stating that a draft rates policy has been prepared for submission to the council, and that such policy is available at the various municipal offices for public inspection, and (where applicable) is also available on the relevant website; and inviting the local community to submit comments and representations to the municipality within a period specified in the notice, but which period shall not be less than 30 days.

The council must take all comments and representations made to it into account when it considers the draft rates policy.

## **25 ANNUAL REVIEW OF RATES POLICY**

The council must annually review, and – if needed – amend its rates policy. Any amendments to the rates policy must accompany the municipality's annual budget when it is tabled in the council in terms of the Municipal Finance Management Act. When the council decides to amend the rates policy, community participation must be allowed for as part of the municipality's annual budget process.

## **26. Adoption of Policy**

\_\_\_\_\_  
**Municipal Manager**  
**LETSEMENG LOCAL MUNICIPALITY**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Mayor**  
**LETSEMENG LOCAL MUNICIPALITY**

\_\_\_\_\_  
**Date**

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**COUNCIL RESOLUTION NUMBER.....**