

RATES POLICY



Rates Policy 2023/2024

The policy has been formulated in terms of the provision of section 3 of the Local Government: Municipal Property Rates Act, 6 of 2004

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Part 1

1. Objective

In developing and adopting this rates policy, the council has sought to give effect to the sentiments expressed in the preamble of the Property Rates Act, namely that:

- the Constitution enjoins local government to be developmental in nature, in addressing the service delivery priorities of our country and promoting the economic and financial viability of our municipalities.
- there is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfil its developmental responsibilities.
- revenues derived from property rates represent a critical source of income for municipalities to achieve their constitutional objectives, especially in areas neglected in the past because of racially discriminatory legislation and practices; and
- it is essential that municipalities exercise their power to impose rates within a statutory framework which enhances certainty, uniformity and simplicity across the nation, and which takes account of historical imbalances and the burden of rates on the poor.

In applying its rates policy, the council shall adhere to all the requirements of the Property Rates Act no. 6 of 2004 including any regulations promulgated in terms of that Act.

2. Definitions/ Interpretation

In this policy, unless inconsistent with the context,

“Agricultural property” means property that is used primarily for commercial farming or subsistence farming including the cultivation of land for crops and other plants, including plantations, the keeping or breeding of animals, including beekeeping, and includes such activities as are reasonably connected with the main farming activities, including the housing of the farmer, farm manager and farmworkers, but excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of property for the purpose of eco-tourism or for the trading in or hunting of game.

“public service infrastructure” means the following:

- (a) National, provincial or other public roads on which goods, services or labour move across a municipal boundary.
- (b) Water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming a part of a water or sewer scheme serving the public.
- (c) Railway lines forming part of a national railway system.
- (d) 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.
- (e) Breakwaters, seawalls, channels, basins, quay walls, jetties, roads. Railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels.

“Publicly Controlled” means owned by or otherwise under the control of an organ of state, including-

- a) A public entity listed in the PFMA, 1999 (Act 1 of 1999)
- b) A municipality; or
- c) A municipal entity defined in the Municipal systems Act.

“Bona-Fide Farmer” means genuine of real farmer whose dominant income generated from farming activities, on an agricultural property, within the Langeberg Municipal area is taxed by SARS as a bona-fide Farmer

“Accommodation establishment” means a property which, or part of which, is used for the business of a bed and breakfast establishment, guest house, holiday accommodation, holiday housing, hotel or motel.

“Business purpose”, in relation to the use of a property, means doing business and includes shops, offices, financial institutions and restaurants and includes such activities as are reasonably connected with the main business activities, but excludes agricultural purposes, industrial purposes and the running of accommodation establishments.

“Guest House / Bed and Breakfast “means a residential property where more than 2 bedrooms are used or available to be used for providing accommodation for temporary visitors at a fee. (Includes Air B&B’s)“In terms of Section 45(2)(a) of the Act which states that physical inspections of properties are optional and due to timeframes, safety reasons and permissions required; property owners must take note that the following information will be used to identify the number of rooms used or available to be used for providing accommodation for temporary visitors at a fee in Guest House / Bed and Breakfast establishments, i.e. billboards, registration information with the local Tourism Board/office, print adverts, commercials, posters, listings and/or advertisements on any media or social media platform.”

“House Shop” means the conducting of a retail trade from a dwelling house, second dwelling, shelter or outbuilding by one or more occupants who must reside on the property, provided that the dominant use of the property must remain for the living accommodation of the occupants.

“Industrial purpose”, in relation to the use of a property, means operating a factory or other plant in which any article or part of an article is made, manufactured, built, produced, assembled, compiled, printed, ornamented, processed, treated, adapted, repaired, renovated, rebuilt, altered, painted, polished, finished, dyed, washed, broken up, disassembled, sorted, packed, chilled, frozen or stored in cold storage, and includes such activities as are reasonably connected with the main industrial activities, but excludes agricultural purposes and business or commercial purposes.

“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) a portion of the property used for residential purposes; or
- (b) one residential property, if the residential property is not located on the same property as the place of public worship, registered in the name of a religious community or registered in the name of a trust established for the sole benefit of a religious community and used as a place of residence for the office bearer.

“Open Space”, means property, but specifically land that is used as a park, garden, for passive leisure or maintained in its natural state and which is zoned as open space. These properties may either be publicly owned being commonly open to public access; or privately owned.

“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.

“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.
- (e) sectional title schemes

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 of 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’.

“Public place”, means any open or enclosed place, park, street, road or thoroughfare or other similar area of land shown on a general plan or diagram that is used by the general public and is owned by all vests in the ownership of, a Municipality and includes public open space and a servitude for any similar purpose in favour of the general public.

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

Vacant property” means:

- (a) property on which no immovable improvements have been erected; or
- (b) in the case of property on which immovable improvements are being constructed, where such property cannot be permanently occupied.

“rates” means a municipal rate on property envisaged in section 229(1)(a) of the Constitution.

“ratio” in relation to section 19 of the Act, means the relationship between the cent amount in the Rand applicable to residential properties and different categories of non-residential properties: Provided that the two relevant cent amounts in the Rand are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category.

“the act” means the act on Local Government: Municipal Property Rates Act, Act No 6 of 2004;

“the Council” means the municipal Council of the Langeberg Municipality and has all other words the meaning assigned thereto by the Act

Part 2

Imposition of Rates

1. Rates

The Council shall in terms of the Act and this policy impose a rate in the rand on all rateable property within its area of jurisdiction for each financial year as recorded in the municipality's valuation roll and any supplementary valuation roll.

Rateable property shall include any rights registered against such property except for a mortgage bond.

The council pledges itself to limit each annual increase as far as practicable to the increase in the consumer price index over a 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.

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

The council shall further, in imposing the rate for each financial year, strive to ensure that the aggregate budgeted revenues from property rates, less revenues forgone and less any contributions to the provision for bad debts, equal at least 25% of the municipality's aggregate budgeted net revenues for the financial year concerned. By doing so, the municipality will ensure that its revenue base and the collectability of its revenues remain sound.

Liability for the payment of Rates

- (1) The registered owner of a property is liable for the payment of rates levied in terms of section 24 of the Act on that property.
- (2) Rates may, subject to the provisions of sections 28 and 29 of the Act, be recovered from tenants, occupiers and agents of the owner.

Rates due on a supplementary Valuation Roll

In the event property been transferred to a new owner and the rates on a supplementary valuation roll becomes payable after the transfer the previous owner and the new owner will jointly and separately be held responsible for the payment for the rates.

2. Special Rating Areas

The Council may subject to the compliance with the provisions of section 22 of the Act determine an area within the municipal area as a special rating area and levy an additional rate in that area to upgrade or improve that area. The funds generated by the special rate in a special rating area shall only be utilised in that area and only for the intended upgrading or improvement of that area.

3. Ration between Rates on Residential and Non-residential Properties/Agricultural Properties

The ratio between rates on residential and non-residential property may not exceed the ratio prescribed by the Minister of Provincial and Local Government. The present ratio is 1: 1. The ratio between rates on residential and agricultural property may not exceed the ratio as indicated in the Regulations on the Rate Ratios. The ratio is 1: 0.25.

4. Method of assessing Rates

Rates imposed by the Council shall be assessed on the valuation of rateable property appearing on the valuation roll in operation in the municipal area on the date on which such rates become due and payable.

5. Adjustment of Rates

If rates assessed on the valuation of rateable property and such valuation is thereafter altered in terms of section 55(1) of the Act, the council shall adjust the assessment of such rates and shall refund any amount over collected and shall levy any amount under collected.

If immovable property becomes exempt from rating during a financial year, council shall make a pro-rata refund in respect of the unexpired portion of such financial year. If exempted property becomes rateable during a financial year, the council shall levy rates pro-rata in respect of the unexpired portion of such financial year.

6. Supplementary Valuation Rolls

Rates on supplementary valuation rolls shall be levied as prescribed in section 78(4) of the Act.

All property improvements must be included for the supplementary valuation from the date the building plan is approved.

7. Accounts to be Furnished

The Council shall levy and recover property rates on monthly basis or annually as may be agreed with the owner of the property.

The Council shall annually during July furnish each registered owner of rateable property as it appears in the valuation roll with a rates account. In respect of supplementary valuations, rates accounts will be furnished to the affected owners as from the effective date.

In the case of agricultural property that is owned by more than one owner in undivided shares, Council shall furnish any one of the owners with a rates account and hold him/her liable for payment of the rates on the property.

8. Properties used for multiple purposes

A rate levied on a property used for multiple purposes must be determined by apportioning the market value of the property to the different purposes for which the property is used and applying the rates applicable to the categories determined by the municipality for properties used for those purposes.

Part 3

3.1 Exemptions, Rebates and Reductions on Rates

In determining the annual rate, the council shall grant the following exemptions, rebates and reductions to the categories of properties and categories of owners as indicated below. Council reserves the right to reconsider the exemptions, rebates and reductions annually and adjust as necessary.

The council will take the **actual use** of the property into consideration before placing it in a particular category. In the case of vacant land, the original land determination will be applied.

In terms of section 17(1)(h) of the Act, the first R80 000 of the valuation of a residential property is exempted from rates.

• Property used for bona-fide agriculture purposes	0%
• Small holdings used for bona-fide agriculture purposes	0%
• Property used for bona-fide agriculture purposes where the owner/tenant supply free basic services to farm workers	0%
• Property zoned as agriculture which is not used for agriculture purposes	50%
• State-owned property: residential	0%
• State-owned property: public infrastructure	75%
• Other state property	85%
• Municipal property used for municipal purpose;	100%
• Municipal property not used for municipal purpose;	0%
• State owned property: Schools	0%
• State trust land	0%
• Protected areas	0%
• Properties on which national monuments are situated and used for residential purposes only	0%
• Properties on which national monuments are situated and used for business and commercial purposes	0%
• Properties owned by a land reform beneficiary or his/her heirs for the first ten years as from date of the first registration of the title deed in the Deeds Office;(as per Act)	0%

• Properties owned by a land reform beneficiary or his/her heirs for the eleventh year as from date of the first registration of the title deed in the Deeds Office;(as per Act)	75%
• Properties owned by a land reform beneficiary or his/her heirs for the twelfth year as from date of the first registration of the title deed in the Deeds Office;(as per Act)	50%
• Properties owned by a land reform beneficiary or his/her heirs for the thirteenth year as from date of the first registration of the title deed in the Deeds Office;(as per Act)	25%
• Property registered in the name of a religious body or organisation and primarily used as a place of worship including the official dwelling of a minister or employee of that organisation who officiates at services.	0%
• Property registered in the name of a private school which is registered in terms of an act.	0%
• Property situated in the rural area which is zoned as non-agriculture	30%
• Property registered in the name of a charitable organisation and/or church that house the poor	0%
• Property in the rural area that are used for a hall, on condition that the halls have a separate title deed and are owned by a non-profit organization.	100%
• Property owned by a sportclub, on condition that these properties of the sporting codes have a separate title deed and are owned by the sporting body.	100%

Where one component of properties used for multiple purposes on average represents 70% or more of the property's actual use, such property may be rated as though it were used for that purpose only or multiple use rates will be used.

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

• Registered indigents who are the sole owners of the property	0% - the first R 80 000 of the valuation are exempted from rates
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concerned and occupy the property permanently	
Property owners who are over 60 years of age (Pensioner) with a monthly household income of less than R 4 190 who own one property and occupy it permanently	60% rebate on rates of the rates – Annually
Property owners who are over 60 years of age (Pensioner) with a monthly household income of greater than R4 190 but less than R 6 370 who own one property and occupy it permanently	50% rebate on rates of the rates – Annually
Property owners who are over 60 years of age (Pensioner) with a monthly household income of greater than R 6 370 but less than R7 370 who own one property and occupy it permanently	40% rebate on rates of the rates – Annually

The council grants the above rebates in recognition of the following factors:

- 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.
- The need to accommodate indigents and less affluent pensioners.
- The services provided to the community by public service organisations.
- The value of agricultural activities to the local economy coupled with the limited municipal services extended to such activities, but also considering the municipal services provided to municipal residents who are employed in such activities.
- The need to preserve the cultural heritage of the local community.
- The need to encourage the expansion of public service infrastructure.

- The indispensable contribution which property developers (especially regarding commercial and industrial property development) make towards local economic development, and the continuing need to encourage such development.
- The requirements of the Property Rates Act no 6 of 2004.

The municipal manager shall ensure that the revenues forfeited in respect of the foregoing rebates are appropriately disclosed in each annual operating budget component and in the annual financial statements and annual report, and that such rebates are also clearly indicated on the rates accounts submitted to each property owner.

3.2 Application for exemption and rebates

- (1) Owners of property qualifying for exemptions and rebates, excluding exemptions and rates prescribed by the Act, must apply annually on the prescribed form before 31 May for exemptions and rebates on rates for the medium term of three years.
- (2) All applications for exemptions or rebates on rates must be considered by the Chief Financial Officer or his nominee who must approve or reject it.
- (3) If an application is rejected, reasons for the rejection must be provided to the applicant.

Part 4

Categories of Properties and Owners

4.1 Subject to Section 8 of the Act, a municipality may, in terms of the criteria set out in its Rates Policy, levy different rates for different categories of rateable property, which must be determined according to the –

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

4.2 A municipality must determine the following categories of rateable property, provided such property category exists within the municipal jurisdiction:

4.2.1 **Residential properties:**

These are properties included in a valuation roll in terms of Section 48(2)(b) of the Act [as residential] in respect of which the primary use or permitted use is for residential purposes without derogating from Section 9 of the Act.

4.2.2 **Industrial properties:**

These are properties which are used for industrial purposes and consequently included in the valuation roll in terms of Section 48(2)(b) of the Act as business properties.

4.2.3 **Business and Commercial properties:**

These are properties which are used for business or commercial purposes and consequently, included in the valuation roll in terms of Section 48(2)(b) of the Act as business properties.

4.2.4 **Agricultural properties:**

These are properties that is used primarily for commercial farming or subsistence farming including the cultivation of land for crops and other plants, including plantations, the keeping or breeding of animals, including beekeeping, and includes such activities as are reasonably connected with the main farming activities, including the housing of the farmer, farm manager and farm workers, but excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of property for the purpose of eco-tourism or for the trading in or hunting of game.

4.2.5 **Mining properties:**

These are properties which are used for mining operations as defined in the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002).

4.2.6 **Properties owned by an organ of state and used for public service purposes:**

These are properties owned and used by an organ of state as-

- hospitals or clinics
- schools, pre-schools, early childhood development centres of further education and training colleges.
- national and provincial libraries and archives.

- police stations.
- correctional facilities; or
- courts of law.

4.2.7 Public Service Infrastructure properties:

These are properties which are used for purposes of public service infrastructure as described in the Act.

4.2.8 Properties owned by public benefit organisations and used for specified public benefit activities:

These are properties which are owned by public benefit organisations approved by the Commissioner in terms of Section 30(3) of the Income Tax Act, 1962 (Act No. 58 of 1962) and used for any specified public benefit activity listed in item 1 (Welfare and humanitarian), item 2 (health care) or item 4 (education and development) of part 1 of the Ninth Schedule to that Act.

4.2.9 Properties used for multiple purposes:

These are properties which are used for more than one purpose and consequently included in the valuation roll in terms of Section 48(2)(b) of the Act as multiple purpose properties subject to Section 9 of the Act.

4.2.10 Properties not liable for property rates:

These are properties which are described in Section 17(1)(a), (b), (e), (g), (h) and (i) of the Act, i.e., places of public worship, official residence in relation to places of public worship, nature reserves, seashores, etc.

4.2.11 Municipal properties:

These are properties which are owned by an organ of state in the local sphere of government, including any municipal entity as defined in the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

Include municipal creches / educare and properties, where ownership vest with the municipality i.e., public roads, pavements, small corner pieces of land (corners and stegies).

4.2.12 Vacant Properties:

These are properties:

- 4.12.1 where no immovable improvements have been erected; or
- 4.12.2 in the case of property on which immovable improvements are being constructed, where such property cannot be permanently occupied.
- 4.12.3 Langeberg Municipality determines the actual use of a property to categorize such property in the valuation roll. Were the property being vacant(undeveloped) then the category will be determined as per its actual or permitted use (zoning).

The application of permitted use (zoning) by Langeberg Municipality is mainly used to categorize vacant properties. This will then mean the property would be categorized either as 'business vacant', or 'residential vacant' or 'agricultural'.

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

Part 5

Date on which rates become due and payable

Rates will be levied annually during July and are payable in twelve equal instalments. The monthly instalment will appear on the monthly consolidated account and is payable on or before the 7th of each month or if the 7th is not a business day, the business day immediately following the 7th.

Owners or accountholders can apply on/before 1 July every year to pay their rates on an annual basis and the yearly rates are payable on/before 7 October every year, where-after interest will be charged.

Part 6

Correction of errors and omissions

5.1 Where rates levied on a particular property have been incorrectly determined whether because of:

- a) An error or omission on the part of the municipality; or

- b) False information provided by the owner of the property; or
- c) Property used in contravention of the zoning regulations.

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.

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.

6.2 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

Part 7

Frequency of Valuations

The municipality shall prepare a new valuation roll for up to five years and supplementary valuation rolls at least annually.

Part 8

Annexure: Legal Requirements

This policy must be read with the Act on Local Government: Municipal Property Rates, Act 6 of 2004 and the Regulations which may be promulgated in terms of the Act. A paraphrase – and in some instances an abridgement – of the key requirements of the Local Government: Property Rates Act no 6 of 2004 is attached as an annexure to this policy.

Part 9

Repeal and Commencement

1. **Repeal of Policy**

The chapter of the Council's tariff policy dealing with rates is repealed with effect from the date on which this policy comes into operation.

2. **Commencement**

This policy takes effect on the date on which the first valuation roll compiled in terms of the act takes effect.

Part 10

Rates Clearance Certificates & Rates Refunds

- 1.1. Municipality shall issue a rates clearance certificate in terms of Section 118(1) of the Local Government: Municipal Systems Act 2000 (Act no 32 of 2000), after payment of the subscribed administration fee, and once the rates and services are paid 4 months (120 days) in advance in order to facilitate the transfer of immovable property.
- 1.2. Rates clearance certificates has a validity of 60 days from the date it has been issued, in terms of Section 118(1)(b) of the Local Government: Municipal Systems Act 2000 (Act no 32 of 2000).
- 1.3. In terms of section 118 (3) of the Systems Act, an amount due for municipal service fees, surcharge on fees, property rates and other municipal rates, levies and duties are a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.
- 1.4. All debt is deemed to be collectable by the municipality in terms of Section 118(3) of the Systems Act. After registration of the transfer the outstanding debt of the previous owner may not be collected from the new owner.
- 1.5. No interest shall be paid by the municipality to the registered seller in respect of these payments which are deemed to be due.

- 1.6. All payments will be allocated to the registered seller's municipal account and all refunds will be made to the conveyancer.
- 1.7. According to Section 102 of the Systems Act (Act 32 of 2000), a Municipality may:
- 1.7.1. Consolidate any separate accounts of persons liable for payments to the municipality
 - 1.7.2. Credit a payment by such a person against any accounts/s of that person, and:
 - 1.7.3. Implement any of the debt collection and credit control measures to any arrears on any account/s of that person. All credit amounts will firstly, be allocated as per above and all refunds, if any, will be made to the conveyancer.
- 1.8. Refunds will only be issued on written request or an application for refund by the conveyancer.

Part 11

ADJUSTMENT OF RATES PRIOR TO SUPPLEMENTARY ROLL

11.2 In cases where a completed house is registered in a new owner's name that is in the process to be valued and only the completion certificate is available to the valuer, the registration date may be used to calculate the rates payable, although the effective date of the supplementary valuation is the occupation certificate date.

11.1 If the owner of a property which has been subdivided or consolidated after the last general valuation wishes to sell the consolidated erf, or one or more of the erven which have been subdivided off the parent erf applies to the Municipality for a clearance certificate in terms of Section 118 of the Systems Act and if the Municipality has not yet included such valuation of the relevant property(ies) in a supplementary valuation:

11.2.1 the municipal valuer shall conduct a valuation of the relevant property(ies) for purposes of a supplementary valuation.

11.2.2 the valuation shall be submitted to the Accounting Officer for approval for the levying of rates on such property(ies) in accordance with such valuation, with effect from the date on which the relevant subdivision or consolidation (as the case may be) was registered in the Deeds Office.

11.3 Any valuations performed in terms of section 78 shall be included in the next supplementary valuation prepared by the Municipality without any amendments

to the valuation and any objections to such valuation may only be lodged once such supplementary valuation is made public in terms of Section 49 of the Act.

11.4 Rates on a property based on a supplementary valuation cannot become effective on a date before the implementation date of the current general valuation roll. (GV)

Final