nelson mandela bay
MUNICIPALITY

# 2025/2026

# PROPERTY RATES POLICY

# POLICY HISTORY

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| **TITLE OF POLICY** | 2025/2026 Property Rates Policy |
| **POLICY OWNER** | Chief Financial Officer |
| **POLICY CHAMPION** | Name: Johan van Vuuren<br>Tel: 041 506 5424<br>E-mail: JvanVuuren@mandelametro.gov.za |

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## PART 1: INTRODUCTION AND BACKGROUND

[1] In terms of Section 229 of the Constitution of the Republic of South Africa, Act No 108 of 1996, a municipality may impose rates on property.

[2] In terms of Section 4(1)(c) of the Local Government: Municipal Systems Act, No. 32 of 2000, a municipality has the right to finance the affairs of the municipality by imposing, inter alia, rates on property.

[3] In terms of Section 2(1) of the Local Government: Municipal Property Rates Act, No. 6 of 2004 ("MPRA"), a metropolitan or local municipality may levy a rate on property in its area of jurisdiction in accordance with the provisions of the MPRA.

[4] The Nelson Mandela Bay Metropolitan Municipality ('the Municipality') is one of eight metropolitan municipalities in South Africa that exercise full executive and legislative authority over their respective areas of jurisdiction. The Council of the Municipality has elected to impose a rate in terms of the aforementioned legislation. Consequently, this rates policy has been developed within the parameters of the applicable legislation relating to property rates.

[5] This Property Rates Policy ('the Policy') only applies to the rating of property valued in accordance with the MPRA and the applicable regulations; it does not regulate the process of property valuation and the approval of the valuation roll, which is governed by the MPRA.

[6] The proposed property rates are to be levied in accordance with existing Council policies, the Local Government: Municipal Property Rates Act and the Local Government Municipal Finance Management Act. Property rates are levied as an amount in the rand based on the property value contained in the Nelson Mandela Bay Metropolitan Municipality's (NMBMM) Valuation Roll.

[7] In terms of Section 8 of the Local Government: Municipal Property Rates Act, the Municipality has chosen to differentiate between various categories of property and owners of property. The various categories of properties and owners are defined under Part 2 "of this Policy.

[8] Rebates and concessions will be granted to certain categories of property usage or certain property owners. The Municipality does not grant relief in lieu of the payment of rates to any category of owners or properties, or to owners of properties on an individual basis, other than by way of an exemption, rebate or reduction as provided for in the rates policy.

[9] Methodology used to determine rates ratios is contained in Annexure A of this Policy.

## PART 2: DEFINITIONS

[10] In addition to the definitions provided in the MPRA, the following definitions apply for the purposes of the application of the Policy:

**'agricultural purposes'** refers to the use of an area of land of any size, including the various structures thereon, devoted primarily to the practice of producing and managing produce, grains, livestock or forestry products. The agricultural activity must be intense, must not be a mere hobby and must contribute to the local economy. Property used for agricultural purposes may be owned and operated by a single individual, family, community, trust or corporate entity. Further excludes natural forests, nature reserves, properties used as equestrian estates, properties used for horticulture activities and abattoirs.

In order for a property to fall within the definition of "Agricultural Purposes" and meet the requirement that such property is 'used primarily for agricultural purposes the Municipal Valuer must be satisfied that such land is used exclusively for bona fide agricultural purposes.

Should the owner dispute the decision of the Municipal Valuer the owner will be required to submit:

a) a tax certificate, (such as an IT48 certificate) issued by the South African Revenue Services (SARS) proving that the owner is taxed as a farmer, and

b) an affidavit describing all activities performed on the property.

**'categories of property'** means the categories determined in terms of section [17] of this policy, i.e.:

(i) **'agricultural property'** refers to -property that is used primarily for agricultural purposes but, without-derogating from section 9 of the MPRA, excludes any portion thereof that is used commercially for the hospitably of guests, and excludes the use of the property for the purpose of eco-tourism or for the trading in or hunting of game;

(ii) '**business and commercial property'** refers to property on which the activity of buying, selling or trading in goods and/or services and any other commercial activity occurs and a property used for the purpose of eco-tourism or for the trading in or hunting of game. It includes any office or other accommodation on the same erf, the use of which is incidental to the business. Further includes, equestrian estates, horticulture activities, abattoirs, hostels, flats, communes, old age homes, self-catering/holiday flats, residential property on which there are more than two dwellings, any vacant property which is being used for storage or parking which is in line with the zoning of the property and any property used for a purpose which does not fall within any other category defined in this policy;

(iii) **'industrial property'** refers to property on which a trade or manufacturing, production assembling or the processing of finished or partially finished products from raw materials or fabricated parts occurs on such a large scale that capital and labour are significantly involved. This includes factories and any office or other accommodation on the same property, the use of which is incidental to the use of such factory. Further includes, wind and solar farms.

(iv) **'mining property'** refers to a property used for mining operations as defined in the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002); and used for any operations or activity for the purpose of extracting any mineral on, in or under the earth, water or any mineral residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto;

(v) **'property used for multiple purpose'** refers to property utilised for more than one use;

(vi) **'public benefit organisation property'** means property owned by public benefit organisations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act; and social housing;

(vii) **'public service infrastructure property'** means publicly controlled infrastructure of the following kinds:

1. national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
2. water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
3. power stations, power substations or power lines forming part of an electricity scheme serving the public;
4. gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels forming part of a scheme for transporting such fuels;
5. railway lines forming part of a national railway system;
6. communication towers, masts, exchanges or lines forming part of a communication system serving the public;
7. 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;

8. breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;
9. any other publicly controlled infrastructure as may be prescribed; or
10. rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (1) to (9).

(viii) **'public service property'** refers to property owned and used by an organ of state as –

a) hospitals and 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.

(ix) **'residential property'** refers to: -

1. a dwelling that is used exclusively for human habitation for residential purposes, but excludes hostels, flats, communes, old age homes, self-catering/holiday flats, guesthouses, bed and breakfast establishments, and any vacant land irrespective of its zoning or intended usage; or
2. an improved property with not more than two dwellings, including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property, used exclusively for human habitation for residential purposes. (Any such grouping will be regarded as one residential property for rates rebate or valuation reduction purposes as well as for clearance application purposes); or
3. a unit registered in terms of the Sectional Title Act, for residential purposes, and includes any unit in the same Sectional Title Scheme registered in the name of the same owner which is used together with the residential unit as if it were one property, for example a garage, domestic worker's quarters or storeroom. (Any such grouping will be regarded as one residential property for rates rebate or valuation reduction purposes as well as for clearance application purposes); or
4. property owned by a share-block company and used exclusively for residential purposes, or
5. retirement schemes and life right schemes used exclusively for residential purposes.

(x) **'vacant land'** refers to a property without any buildings that could be used for residential or other purposes. It includes unfinished buildings, which are not habitable and natural forests not used for ecotourism, residential purposes or nature reserves.

**'categories of owners'** determined in terms of section [19] of this policy

(i) **'disabled person'** refers to a person who is not capable of working and is the recipient of a disability grant and whose total gross annual income does not exceed the amount determined by Council at its annual budget; and is not a recipient of an indigent subsidy;

(ii) **'indigent household'** means a household that benefits from the Municipality's Assistance to the Poor Policy;

(iii) **'pensioner'** refers to a person who is at least 60 years of age and is in receipt of a total gross annual income not exceeding the amount determined by Council at its annual budget; and is not a recipient of an indigent subsidy;

(iv) **'public benefit organisations and not-for-gain institutions'** refer to institutions/ organisations that are approved in terms of Section 30 of the Income Tax Act, 1962, read with the Ninth Schedule to that Act;

(v) **'sporting bodies'** refers to organisations whose sole purpose is to use the property owned by them for sporting purposes, whether for gain or not.

'**Chief Financial Officer**' means the Chief Financial Officer (CFO) of the Budget and Treasury Directorate of the Municipality;

**'core family'** means a couple, irrespective of gender (whether married or not), with or without children and/or the parents of either;

**'Council'** means the Council of the Nelson Mandela Bay Metropolitan Municipality;

**'commune'** means a dwelling not occupied by the owner, but occupied by non-related parties for lodging or multiple core families;

**'due date'** means the date specified as such on a municipal account dispatched from the offices of the responsible officer for any rates payable and which is the last day allowed for the payment of such rates;

**'dwelling'** means a house designed to accommodate an individual occupier or a single core family, including the normal outbuildings associated therewith;

'**equestrian estates'** refer to stables and paddocks where owners receive a fee for horses kept on premises, facilities used for training, riding lessons and breeding.

**'exclusion',** in relation to a municipality's rating power, means a restriction of that power as provided for in Section 17 of the MPRA;

**'exemption',** in relation to the payment of a rate, means an exemption granted by the Municipality in terms of Section 15 of the MPRA;

**'forest plantation'** means an established forest used for planting and/or seeding. It consists of introduced species planted with the purpose to produce forestry products.

**'forestry products'** means any material derived from forestry for direct consumption of commercial use, such as lumber or paper, but exclude products derived from the conservation of natural forests.

**'horticulture activities'** means the production of ornamental plants, the production of flowers, wholesale and retail nursery activities.

**'market value',** in relation to a property, means the value of the property determined in accordance with Section 46 of the MPRA;

**'metropolitan municipality'** means a municipality that has exclusive and legislative authority in its area, and which is described in Section 155(1) of the Constitution as a Category A municipality;

**'MPRA'** means the Local Government: Municipal Property Rates Act, No. 6 of 2004;

**'Municipal Systems Act'** means the Local Government: Municipal Systems Act, No 32 of 2000;

**‘Municipality’** means the Nelson Mandela Bay Metropolitan Municipality (NMBMM);

**‘natural forest’** means a forest composed of indigenous trees, and not classified as a forest plantation.

**‘nature reserve’** refers to nature reserves and conservation areas, which are proclaimed in terms of the National Environmental Management: Protected Areas Act, No.57of 2003 and referred to in S17(1)(e) of the MPRA

**‘owner’** means:

a) in relation to a property referred to in paragraph (a) of the definition of ‘property’, 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’, a person in whose name the right is registered;

c) 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;

d) in relation to a share block company, the share block company as defined in the Share Block Control Act, 1980 (Act No. 59 of 1980);

e) in relation to buildings, other immovable structures and infrastructure referred to in section 17(1)(f), means the holder of the mining right or the mining permit;

f) in relation to a land tenure right referred to in paragraph (c) of the definition of ‘property’, a person in whose name the right is registered or to whom it was granted in terms of legislation; or

g) in relation to public service infrastructure referred to in paragraph (d) of the definition of ‘property’, the organ of state that owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”; provided that a person mentioned below may for the purpose of the MPRA be regarded by a municipality as the owner of a property in the mentioned circumstances:

    (i) a trustee in the case of a property registered in the name of the 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 an estate in liquidation;
    (iv) a judicial manager, in the case of a property in the estate of a legal 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 to the lessee; or
    (viii) 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
    (ix) a buyer, in the case of a property that has been sold by the Municipality and of which possession has been given to the buyer pending registration of ownership in the name of the buyer; or an occupier of a property that is registered in the name of the Municipality.

**‘property’** means –

a) immovable property situated within the boundaries of the municipality 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.

**‘rate’** means a municipal rate on property envisaged in Section 229(1)(a) of the Constitution;

**‘rateable property’** means property on which a municipality may, in terms of Section 2 of the MPRA, levy a rate, excluding property fully excluded from the levying of rates in terms of Section 17 of the MPRA;

**‘rebate’**, in relation to a rate payable on a property, means a discount granted in terms of Section 15 of the MPRA on the amount of the rate payable on the property;

**‘reduction’**, in relation to a rate payable on a property, means the lowering in terms of Section 15 of the MPRA of the amount for which the property was valued and the rating of the property at that lower amount;

‘**residential purposes**’, refers to the sole use of a property by the owner, and / or core family, as his or her normal residence;

**‘social housing’**, means property registered in the name of an institution accredited in terms of the Social Housing Act 16 of 2008 which provides or intends to provide rental of co-operative housing options for households with a gross monthly household income less than the maximum housing subsidy income limit. Such property owners must also be registered with the South African Revenue Services as a Public Benefit Organisation in terms of Section 30 of the Income Tax Act, 1962, read with the Ninth Schedule to that Act;

**‘total gross annual income’** means the gross annual income from all sources, including but not limited to salaries, wages, pensions, grants, dividends, any rental income, interest received and any investment income of the owner and/or his/her spouse/partner. This income definition is specific to the Rates Policy and does not relate to any other external definitions of income.

## PART 3: GUIDING PRINCIPLES

[11] The rating of property will be implemented impartially, fairly, equitably and without bias, and these principles also apply to the setting of criteria for exemptions, reductions, and rebates contemplated in Section 15 of the MPRA.

[12] The rating of property will be implemented in a way that -

(a) is developmentally oriented;
(b) supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the Municipality;
(c) supports local and socio-economic development;
(d) promotes simplicity, uniformity, and certainty in the property rates assessment process;
(e) gives due consideration to the need for simple and practical process of billing and collection of property rates;

(f) promotes sustainable land management, especially that which reduces the risk from natural disasters; and
(g) achieves national and local environmental management objectives.

[13] In developing or amending this Policy, the Municipality commits itself to a process of community participation, as envisaged in Chapter 4 of the Municipal Systems Act and Section 5 of the MPRA.

**PART 4: IMPOSITION OF RATES**

[14] Rates are levied in accordance with Section 11 of the MPRA and is an amount in the Rand based on the market value and category as recorded in the valuation roll or supplementary valuation rolls and the tariff determined for the category in the budget of the Municipality.

[15] The Council will, when levying property rates for each financial year, take cognisance of the burden of rates and service charges on property owners in the various categories of property ownership.

**PART 5: CATEGORIES OF PROPERTY**

[16] The Council has resolved to levy different rates for different categories of property based on the use of the property concerned.

[17] The following categories of property are determined:

(a) agricultural property
(b) business and commercial property
(c) industrial property
(d) mining property
(e) property used for multiple purposes
(f) public service property
(g) public benefit organisations property
(h) public service infrastructure property
(i) residential property
(j) vacant land

[18] In determining the categories of owners identified for the purpose of exemptions, rebates and reductions, the following criteria were utilised:

(a) the income of the owner of the property;
(b) the source of income of the owner of the property;
(c) the employment status of the owner of the property; and
(d) use of the property.

[19] The following categories of owners as defined in the MPRA or herein, [part 9], have been identified for the purpose of exemptions, rebates and reductions:

(a) public benefit organisations and not-for-gain institutions
(b) indigent households
(c) pensioners
(d) disabled persons
(e) sporting bodies
(f) social housing

[20] Whilst some categories of property and categories of owners of property are granted relief with regard to the payment of rates, no relief will be granted in respect of the payment for rates to any category of owner of property or to owners of properties on an individual basis, and any relief granted will only be by way of an exemption, rebate or reduction, as provided for in this Policy.

## PART 6: CRITERIA FOR CATEGORISING AND RATING 'PROPERTY USED FOR MULTIPLE PURPOSES'

[21] With regards to the categorising and rating of 'property used for multiple purposes' the NMBMM will:

(i) categorise such properties in terms of section 9(1)(c) of the MPRA, i.e. "as multiple purposes in terms of section 8(2)(i)"; and
(ii) determine a rate in terms of section 9(2) of the MPRA, i.e. "(a) apportioning the market value of the property, in a manner as may be prescribed, to the different purposes for which the property is used; and (b) applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments."

## PART 7: MUNICIPAL OWNED PROPERTY

[22] Subject to section 7(2)a of the MPRA, NMBMM-owned land, being utilised by other Directorates for administrative purposes, such as electricity, water, sanitation, refuse and fresh produce market will be rateable. The Nelson Mandela Bay Stadium will, however, not be rateable.

## PART 8: SPECIAL RATING AREAS

[23] The Council may by resolution from time to time determine special rating areas as envisaged in Section 22 of the MPRA and levy additional rates on properties in such areas for the purpose of raising funds as contemplated in the said Section and the Council may adopt a policy to regulate the implementation of such special rating areas.

## PART 9: EXEMPTIONS, REBATES AND REDUCTIONS

[24] The Council has considered the following factors for the purposes of granting exemptions, rebates and reductions:

(a) the need to accommodate indigent persons and less affluent pensioners; and
(b) the services provided to the community by public benefit organisations.

[25] **EXEMPTIONS: PUBLIC BENEFIT ORGANISATIONS AND NOT-FOR-GAIN INSTITUTIONS**

(1) In addition to the provisions made in Section [7](2)(a) of the MPRA and the exclusions outlined in Section 17 of the MPRA, the Public Benefit Organisations and not-for-gain institutions or organisations may apply for the exemption of rates in respect of the following properties owned by them:

(a) properties used exclusively as hospitals, clinics, mental hospitals, orphanages, retirement villages, old age homes, or any other benevolent institutions, provided that any profits from the use of such properties are used entirely for the benefit of the institution and/or to charitable purposes within the Municipality;
(b) properties belonging to not-for-gain institutions (organisations) that perform charitable work;
(c) land used exclusively for cemeteries and crematoriums;
(d) properties owned by a declared institution in terms of the Cultural Institutions Act, 1998 (Act No. 119 of 1998);
(e) museums, libraries, art galleries and botanical gardens registered in the name of private persons and open to the public;
(f) properties registered in the name of a trust or trusts and/or organisations, as defined in the Social Aid Act, No. 66 of 1989, which are maintained for the welfare of war veterans and their families;
(g) properties owned and/or used by youth organisations for the promotion and

development of the youth;

(h) properties owned, or used, by institutions or organisations, the exclusive aim of which is to protect birds, reptiles, fish and animals on a not-for-gain basis; and

(i) properties registered in the name of and used primarily as a place of public worship by a religious community, including the official residence registered in the name of that community which is occupied by the office-bearer of that community who officiates at services at that place of worship in terms of Section 17(1)(i) of the MPRA.

(2) The effective date of the exemption from rating will be the date from which the Municipality approves the application for exemption, irrespective of whether the property qualified for exemption in terms of its use prior to that date.

[26] **REBATES**

(1) The level of rebate granted to specific owners within each category of property situated within the service area of the Municipality will be determined annually as part of the operating budget process. Granting of rebates within a particular category of property is aimed at ensuring an equitable distribution of the property rates burden amongst the categories of property that constitute the property rates base of the Municipality.

(2) **Indigent households**

The Council has adopted an Assistance to the Poor Policy that provides for the alleviation of the rates burden on the low income sectors of the community within the Municipality. Owners of property who qualify for the assistance provided by this Policy must make application to access the relief provided, if they do not automatically receive it.

(3) **Pensioners and disabled**

Retired and disabled persons qualify for rebates in accordance with their annual household income. The rebate will be granted on a sliding scale basis with the income levels and corresponding percentage reductions being determined by Council with its annual budget. To qualify for such rebate, a retired or disabled property owner/co-owner must:

(a) submit an application on the prescribed form on an annual basis;

(b) be a natural person;

(c) be the owner of the property;

(d) occupy the property as his or her normal residence or where the owner is unable to occupy the property due to no fault of his/her own, the spouse or life partner, or minor children may satisfy the occupancy requirement;

(e) The applicant and/or spouse and/or life partner should not be the owner of more than one property (with the exception of unproductive land or a parent child property). In exceptional circumstances and at the sole discretion of the municipality the granting of the rebate may be approved if the applicant and/or spouse and/or life partner owns additional properties for which a market-related rental is included in the gross monthly household income.

(f) produce certified copy/ies of owner/s' bar-coded identity document;

(g) - *pensioner's*: be at least 60 years of age on 1 July of the financial year concerned; or if the owner turns 60 during the year the rebate will be granted on a pro rata basis from the date on which the applicant turned 60;

- *disabled*: be in receipt of disability grant / pension and submit proof and nature of disability e.g. letter from doctor with application.

(h) be in receipt of a total gross annual income (as defined in Part 2 of this policy); excluding medical aid contributions, child support / grant; not exceeding a value as determined by Council at its annual budget;

(i) submit pension statements (including SASSA statement), previous 3 months (or

the number of months determined necessary by the Chief Financial Officer) bank statements from all bank and investment accounts of owner and spouse. All documents provided must clearly state who it is for – documents which do not reflect person's name or ID No. will not be considered;

(j) not be in receipt of an indigent subsidy;

(k) provide a certified affidavit declaring any assistance from any other sources. Assistance received from family members not residing on property, will not however be included in the calculation of total household income;

(l) provide a certified affidavit to explain any once-off monies received e.g. gifts, donations, etc.; and

(m) ensure that his/her accounts are not in arrears (or arrangements made to pay all outstanding amounts) before applying for the rebate and continue to pay the rates account in full until rebate is granted as no interest will be reversed.

Further to the above: -

(n) a usufructuary will be regarded as the owner;

(o) a person who has entered into a contract in a life right scheme and who is contractually liable for the rates on the unit will be regarded by the NMBM, for rating purposes, as the owner. A copy of the contract which states the amount of rates the applicant is paying for the unit must be attached to the application;

(p) the criteria of a natural person may be waived at the sole discretion of the municipality to allow for a property owned by a trust where the total number of beneficiaries meets all of the other requirements of this policy; and

(q) owners qualify for only one rebate per year, if financial circumstances change they can only apply for future years.

(4) **Sporting bodies**

Organisations, the sole purpose of which is to use the property owned**/**leased by them for sporting purposes, whether for gain or not, qualify for a rebate. In this regard, it is noted that assistance offered to professional sporting organisations may differ from that afforded to amateur organisations. Any profits earned must be invested in the betterment of the organisation and not be for private gain.

Audited financial statement must be provided, if however, the sporting body does not have audited financial statement reasons therefore must be provided on the club's official letterhead with the unaudited financial statement, on submission of the application form.

(5) **Social Housing**

Refers to property registered in the name of an institution accredited in terms of the Social Housing Act 16 of 2008 which provides or intends to provide rental of co-operative housing options for households with a gross monthly household income less than the maximum housing subsidy income limit. Such properties owners may qualify to be rated at the same rate as public benefit organisations in terms of the MPRA, i.e. at a ratio of 1:0.25. Properties where the gross monthly household income exceeds the aforementioned income limit or any other non-residential properties of such institution will not qualify in terms of this paragraph.

(6) If the usage of a property changes during a financial year, the rebate applicable will be reduced *pro rata* for the balance of the financial year.

(7) All accounts of the applicant must be up to date or arrangements must be made to pay any outstanding balances before any rebate will be granted.

[27] **PROCESS FOR GRANTING EXEMPTIONS, REBATES AND REDUCTIONS**

(1) Applications to be rated as a Public Benefit Organisation in terms of the MPRA and as Social Housing in terms of section [26](5) of this policy; as well as for exemptions and rebates, will only be considered after an application on the prescribed form has been lodged with the Chief Financial Officer. Applications must reach the Municipality before 30 June of the first financial year for which relief is sought. Once an application is approved conditions for re-application are governed by Section [27](4) of this policy.

(2) All applications must be made under oath. In addition, applications for exemptions by public benefit organisations must be accompanied by a letter from the South African Revenue Service confirming that the organisation qualifies for exemption in terms of the Income Tax Act. All other property owners seeking an exemption must submit either a letter from their auditors, or annual financial statements confirming that the applicant qualifies for an exemption.

(3) The properties mentioned in [25](1)(i) above will be exempt from property rates only on submission of a written affidavit on the prescribed form certifying that the use of the property is in compliance with Section 17(1)(i) of the MPRA. Affidavits must reach the Chief Financial Officer before 30 June of the year preceding the start of the financial year for which relief is sought.

(4) Religious organisations only apply once for the exemption and thereafter only at the request of the CFO, (applicants could however on request be required to provide proof that the properties are still being used for religious purposes). Applications to be rated as a Public Benefit Organisation in terms of regulations issued by the Minister for Cooperative Governance and Traditional Affairs and as Social Housing in terms of section [26](5) of this policy; as well as exemptions for Public Benefit Organisation's and not-for-gain organisations and rebates for sporting bodies must be resubmitted after ever general valuation or at the request of the CFO and if the usage of the property changes or the conditions of the policy are amended. Applications for pensioner's rebates must however be submitted on an annual basis.

(5) Properties for which application for exemption from the payment of rates is made must be used exclusively for the purpose that forms the basis for the application for exemption.

(6) An application for an exemption or rebate must authorise the Municipality to inspect the property at any reasonable time during the financial year to confirm compliance with the conditions of the exemption or rebate. Where access is denied, the exemption or rebate may be withheld, or withdrawn if already effective.

(7) The onus rests on the applicant to ensure that the application form and all supporting documents are lodged timeously, and that the property concerned qualifies for the exemption, rebate, or reduction.

(8) The effective date of an exemption or rebate will be the date from which the Municipality approves the application for exemption or rebate, irrespective of whether the property qualified for exemption or rebate in terms of its use prior to that date.

(9) The Municipality reserves the right to refuse an exemption or rebate if the details supplied in the application are incomplete, incorrect, or false.

(10) If there is a change in usage or ownership of a property which has been granted an exemption in terms of the MPRA or this policy, the exemption will be cancelled and rates raised from either the date of registration or when the usage changed.

[28] In accordance with Section 15(3) of the MPRA, the Municipal Manager of the Municipality will annually table in the Council of the Municipality a:

(1) list of all exemptions, rebates and reductions granted by the Municipality during the previous financial year; and

(2) statement reflecting the income of the Municipality foregone during the previous financial year by way of such exemptions, rebates and reductions and the exclusions referred to in Section 17(1)(a), (e), (g), (h) and (i) of the MPRA.

The exemptions, rebates and reductions will be clearly indicated on the property rates account submitted to each property owner.

**PART 10: AMOUNT DUE FOR RATES**

[29] A rate/tariff will be determined for each of the different categories of property within the Municipality in order to establish the revenue to be generated from property rates. This property rates revenue, less any rates rebates applicable to the different categories of property, will be included in the annual operating budget approved by the Council for each financial year. The rates and levels of rebate as approved by Council will be published together with the Municipality's annual budget.

[30] Joint owners of property are jointly and severally liable for the payment of property rates.

[31] The payment of property rates may not be deferred beyond the due date by reason of an objection to or an appeal against the valuation of the property concerned in the valuation roll.

The submission of an application for a rebate or exemption does not defer the liability of payment of rates beyond the due date. Any interest raised for non-payment or short payment prior to date of processing the application will be payable irrespective of whether the property/owner qualifies for the rebate/exemption or not.

**PART 11: FREQUENCY OF PAYMENTS**

[32] Assessment rates are levied annually, as a single amount on 1 July and raised monthly on the account of whoever is the registered owner of the property on the first of each month and payable as such, or may be paid annually by arrangement.

**PART 12: FREQUENCY OF VALUATIONS**

[33] The Municipality will every four years prepare a new valuation roll by means of a general valuation of all rateable property within the Municipality. At least one supplementary valuation rolls will be prepared during a financial year. Additional valuation rolls can be prepared at the discretion of the CFO."

**PART 13: EFFECTIVE DATE OF THE POLICY**

[34] This Policy takes effect from 1 July 2025.

**PART 14: ANNUAL REVIEW OF THE POLICY**

[35] In accordance with the MPRA, the Municipality will annually review and, if necessary, amend this Policy after taking into account the comments and representations of the local communities.

**PART 15: LEGAL REQUIREMENTS**

[36] A person whose rights are affected by a decision of a municipal officer may appeal against that decision by giving written notice of the appeal and reasons to the Chief Financial Officer of the Municipality or, where applicable, the appeal authority referred to below, within 21 days of the date of the notification of the decision.

[37] When the appeal is against a decision taken by:

(a) the Chief Financial Officer, the City Manager is the appeal authority.
(b) the City Manager, the Executive Mayor is the appeal authority.

[38] An appeal authority must commence with an appeal within six weeks and decide upon the appeal within a period of twelve weeks.

## ANNEXURE A: METHODOLOGY USED TO DETERMINE RATES RATIOS

In determining the rates ratios various factors were taken into consideration, such as the impact of rates on residential property owners, the ability of the property owner to shift the rates burden onto consumers of their products, services, income tax incentives, regulations issued in terms of the MPRA, comparisons with other metropolitan municipalities, etc.

In compliance with the MPRA the ratio for "residential property" is always set as a ratio of 1:1. Ratios for the other categories are then determined using the residential ratio as a base. It must be borne in mind that residential property owners do not have the ability to shift the rates burden onto other parties as they pay their property rates out of income after it has been taxed by SARS. It is recommended that all categories of properties used exclusively for ***residential purposes***, that are in line with the zoning scheme should have the same ratio as residential properties.

***Business and commercial*** properties are income producing properties. As a result owners of these properties have the ability to shift the rates burden onto consumers or in the case of the properties being leased out onto the tenants who in turn can pass the burden onto their customers. These owners also have the ability to claim rates as a deduction when submitting income tax returns to SARS. These properties should accordingly contribute significantly more than residential properties. Due care should however be exercised in relation to the relevant rates burden, so that it does not have a negative impact on local and socio-economic development.

Due to the location thereof ***Industrial*** land which is normally situated on the outskirts of the city is generally not as valuable as business and commercial land. Furthermore, the cost of constructing improvements on these properties is usually cheaper than on business and commercial properties. These industrial properties are however all in the manufacturing industry, inter alia, car, tyre and component manufactures which can potentially generate significant profits for the owners or shareholders. Whilst these properties have a lower value compared to business and commercial properties they have the same income potential and should as a result be rated at a higher rate than as business and commercial properties.

***Mining*** property is classified similar to Industrial property and should therefore be rated the same as industrial properties.

***Public service infrastructure (PSI) and Public benefit organisation (PBO)*** properties are rated in terms of the regulations issued by the Minister for Cooperative Governance and Traditional Affairs.

***Public service proprerty*** is classified similar to Business and commercial property and should therefore be rated the same as Business and commercial properties.

A property rates liability on ***agricultural*** properties has a negative impact as it increases production costs resulting in higher food prices. Property rates also increase the financial risk to owners, since the annual rates is an additional fixed commitment that must be paid regardless of annual income levels. Property rates therefore materially reduce the ability to finance future investments on farms, and are likely to unreasonably prejudice the promotion of economic growth. High property rates may also hamper previously disadvantaged aspirant commercial farmers in gaining access to farmland and thus maintaining or even increasing the inequality that exists in land ownership. Droughts in the area often make it difficult for property owners to continue farming and with an added rates burden it could lead to retrenchment of farm workers.

By increasing the rates for ***vacant*** properties, the municipality can discourage long term speculation which results in valuable pieces of vacant land remaining undeveloped for long periods and open to vagrancy, illegal dumping, etc. due to the fact that the owners are often absent. A significantly higher rate for vacant land encourages development, increases efficient land use, and facilitates densification.

**RATES RATIOS**

| Category | Ratios |
|---|---|
| Agricultural Property | 1:0.2 |
| Business And Commercial Property | 1:2 |
| Industrial Property | 1:2.5 |
| Mining Property | 1:2.5 |
| Public Benefit Organisations Property | 1:0.25 |
| Public Service Property | 1:2 |
| Public Service Infrastructure Property | 1:0.25 |
| Residential Property | 1:1 |
| Vacant Land | 1:2.5 |

**Exemptions, rebates and reductions.**

The Rates Policy indicates which categories may qualify for exemptions, rebates and reductions. In determining the exemptions, rebates and reductions the need to accommodate indigent persons and less affluent pensioners, as well as the services provided to the community by public service organisations was taken into consideration.

***(i) Indigent households***

The conditions as to which properties/owners qualify for this rebate are set out in the ATTP policy.

***(ii) Pensioners & disabled persons***

The conditions and rebate percentages are set out in the policy.

***(iii) Public benefit organisations and not-for-gain institutions***

Public benefit organisations and not-for-gain institutions provide services to the community which may otherwise not been provided. These organisations usually operate with limited funding and sources of income and would therefore generally not be able to afford to pay rates on the property from which they are operating.

***(iv) Sporting Bodies.***

The majority of properties being used for sporting activities in the metro are owned by Council and are being leased to sporting bodies, organisations, clubs, etc. These properties are being leased at nominal amounts. The lease contracts make provision that the lessee will be responsible for municipal rates and service charges.

Sporting organisations contribute services / benefits to the community and are essentially non-profit organisations. Many of these organisations are situated and operate in the poorest of the poor areas. Most of these sporting organisations are not financially strong and struggle to fulfil their financial obligations towards Council. As a result of on the size of the property and the facilities (buildings) thereon, rates for these properties can be high. The sporting organisations normally keep the properties in good order and ensure that properties are not being vandalised. These organisations provide a valuable service to the local communities and ensure, by keeping them occupied, that our youth do not perhaps become involved in less productive activities.