FINANCIAL SERVICES POLICIES

RATES POLICY

BREEDE VALLEY
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

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Table of Contents

1. INTRODUCTION 1
2. LEGISLATIVE CONTEXT 1
3. DEFINITIONS 2
4. ADOPTION AND PRINCIPLES 4
5. LEVYING OF RATES 5
6. CATEGORIES OF PROPERTY 6
7. APPLICATION OF CRITERIA 7
8. RELIEF MEASURES ON RATES 9
9. LIABILITY FOR RATES 17
10. CLEARANCE CERTIFICATES 19
11. OBJECTION AND APPEALS 20
12. GENERAL 21
13. REPORTING 22
14. BY-LAW 22
15. SHORT TITLE 23
16. CATEGORY CODES 24

1. INTRODUCTION

1.1. The Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004) including any amendments and associated regulations (hereinafter referred to as the MPRA) and Section 62(1)(f) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (the MFMA) requires Breede Valley Municipality to develop and adopt a rates policy consistent with the aforementioned Acts on levying of rates on rateable property in the jurisdiction of the Municipality (WC025). This Policy is formulated in terms of Section 3 of the MPRA.

1.2. In developing and adopting this rates Policy, Breede Valley Municipality has sought to give effect to the sentiments expressed in the preamble of the MPRA, 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 constitutional objectives, especially in areas neglected in the past because of racially discriminatory legislation and practices.
- 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.

2. LEGISLATIVE CONTEXT

2.1. In terms of Section 229 of the Constitution, (Act 108 of 1996), a municipality may impose rates on property.

2.2. In terms of Section 4(1)(c) of the Local Government: Municipal systems Act, (Act 32 of 2000), a municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.

2.3. In terms of Section 62(1)(f)(ii) of the MFMA the municipal manager must ensure that the municipality has and implements a rates policy.

2.4. In terms of Section 2(1) of the MPRA, a local municipality may levy a rate on property in its area in accordance with the provisions of the MPRA.

2.5. In applying its rates policy, the Council of the Municipality shall adhere to all requirements of the MPRA. This Policy must therefore be read together with and is subject to the provisions of the MPRA.

2.6. In terms of Section 8(1) of the MPRA, the Municipality will as the primary instrument levy rates on the use of property nevertheless implemented as per paragraph 5.2.1 of this Policy.

2.7. All citations to applicable Acts as referenced in this Policy shall include all amendments and associated regulations as promulgated.

3. DEFINITIONS

In this policy, a word or expression derived from a word or expression as defined, has a corresponding meaning unless the context indicates that another meaning is intended.

Four definitions in the MPRA are shown only for clarity:

"Exclusion", in relation to a municipality's rating power, means a restriction of that power.

"Exemption", in relation to the payment of a rate, means an exemption granted by a municipality.

"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.

"Rebate", in relation to a rate payable on a property, means a discount granted on the amount of the rate payable on the property.

In addition to the definitions contained in the MPRA the following definitions apply:

"the Municipality" means: The Breede Valley Municipality (WC025).

"MPRA" refers to the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004).

"MFMA" refers to the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

"Systems Act" refers to the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

"Accommodation Establishment" means a property that is used for the supply of overnight facilities to guests and tourists.

"***agricultural purposes***" refers to the active pursuit by a *bona fide* farmer to derive the principal source of income, which is commercially sustainable, from agricultural activities exclusively on Agricultural Properties

"***agricultural activities***" means the intensive cultivation of soils for purposes of planting or growing and gathering of trees or crops in a managed and structured manner, the intensive rearing of livestock or aquaculture. In addition, all the provisions as detailed in the definition of "*Agricultural Property*" in the MPRA persist in this Policy.

"***bed & breakfast***" in relation to *Accommodation Establishment* means an enterprise operated on a property of which the residential character is maintained, where the owner or operator permanently resides in the same dwelling, where normally only breakfast is served and sleeping accommodation to transient guests is limited to no more than 3 guest bedrooms. Provided further, that the enterprise has not been registered as a Guesthouse. This property will be deemed to be a Residential Category.

"bona fide farmer" is a person or legal entity that is a legitimate farmer whose primary income originates from agricultural activities and the business of which must be registered with the South African Revenue Service (SARS).

"Business property" means a property that is used for the purpose described as the activity of buying, selling or trade in goods or services and includes any office or other buildings on the same erf, the use of which is incidental to such business. This definition excludes the business of mining and agriculture activities.

"Chief Financial Officer or (CFO)" means a person designated in terms of Section 80(2)(a) of the MFMA.

"dominant use" means that 60% or more of the total area of immovable improvements on a property is used for a specified purpose. Moreover, the use of the remaining land of said property is congruent with said purpose.

"***Guesthouse***" in relation to *Accommodation Establishment* means an enterprise that has either been registered as a Guesthouse; or an enterprise that is operated on a property of which the residential character is maintained and where the sleeping accommodation to transient guests exceeds 3 guest bedrooms and/or if any services is offered beyond the limited breakfast only service of a Bed and Breakfast establishment. This property will be deemed to be a Business Category.

"Industrial property" means a property that is used for the purpose described as the branch of trade or manufacturing, production assembling or processing of finished or partially finished products from raw materials or fabricated part, typically via a high-volume production process and on so large scale that capital and labour are significantly involved.

"multiple use" in relation to a property means a property that is used for more than one purpose as described in paragraph 7.1 of this Policy and Section 9 of the MPRA and where each distinct purpose is categorised separately and rated accordingly.

"***Open Space***" means a property, but specifically land that is used as a park or garden or for a similar environment, 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 and used without financial gain.

"ratepayer" means a person or legal entity that is liable in terms of the MPRA and this Policy for the payment of Rates on property levied by the Municipality.

"residential purposes" in relation to the use of the property means an improved property primarily intended for human habitation and inhabited as such; taking cognisance of paragraph 7.8 of this Policy and provided that:

- the following properties are specifically excluded from this definition; hostels, old age homes, guesthouses, and vacant land; and
- to qualify, the dominate use of a property shall be residential; or
- to qualify, the dominate use of a property registered in terms of the Sectional Title Act, 1986 (Act 95 of 1986) shall be residential; or

- to qualify, the dominate use of a property owned by a share-block company shall be residential; or
- to qualify, the dominate use of a dwelling situated on property used for or related to educational purposes shall be residential; or
- to qualify, the dominate use of a retirement scheme or life right scheme shall be residential.

"Vacant land" means a property without any buildings or structures, where no immovable improvements have been erected and irrespective of its permitted or intended use.

4. ADOPTION AND PRINCIPLES

4.1. This (Rates) Policy, together with the Municipality's budget, shall be reviewed annually by the Municipal Council. This process will be executed as per Sections 3 to 6 of the MPRA.

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

4.3. This Policy is based on the following principles together with a cursory list of approaches in abridged context:

4.3.1. Equity

- All owners within a specific category will be treated equally and reasonably.

4.3.2. Affordability:

- The ability of a person as part of a group with similar circumstances to pay rates will be considered by the Municipality.
- The Municipality will, when levying property rates for each financial year, take cognizance of the aggregate burden of rates on property owners in the various categories of property ownership.
- Rates Increases/Decreases will be guided by the budget requirements of the Municipality and by Section 20 of the MPRA.

4.3.3. Poverty alleviation

- In dealing with the poor/indigent owners the Municipality will provide relief measures through exemptions, reductions and/or rebates.

4.3.4. Social and Economic development

4.3.5. Financial Sustainability

- Simplicity, uniformity, and certainty in the property rates assessment process will be promoted.
- Balancing the financial sustainability of the Municipality set against the affordability by the public.

4.3.6. Cost Efficiency

- Due consideration will be given to the need for simple and practical processes of billing and collection of property rates.

5. LEVYING OF RATES

5.1. Determining the Rates

5.1.1. The Municipality shall as part of the annual budgeting cycle set for each category a rate, (being a cent amount in the Rand) that will be imposed, in accordance with the MPRA, on the market value of a property, for all rateable properties as recorded in the Municipality's valuation roll, drawn up in terms of the MPRA.

The amount so determined together with any relief measures as described in this Policy shall be the Rates due and payable by the owner of said property.

5.1.2. The Municipality will be guided by the Regulations pertaining to rate ratios as promulgated in terms of Section 19 of the MPRA particularly as to the determination of the ratios applicable to the specified non-residential properties mentioned in the Regulations.

5.1.3. Details of the resolution pertaining to the rate for each of the various property categories are to be published in the Provincial Gazette as set out in Section 14 of the MPRA.

5.2. Determining the Category of a property

5.2.1. For the purposes of determining a property's category, the following will be applied in the same order as indicated below:

(i) the use of the property;

(ii) the permitted use of the property; or

(iii) the combination of (i) and (ii) above.

It should be noted that the Municipality considers permitted use to be appropriate on vacant properties and that all other properties would be categorised according to the actual use of said property.

5.2.2. For properties used for multiple purposes, the Municipality may apply the category of multiple use. For such properties, the Municipal Valuer as appointed by the Municipality, will apportion a value to each distinct use of said property and apply the appropriate category for billing at the applicable rate.

5.3. Period for which rates may be levied

The Municipality will levy the rate for a financial year starting form 1 July in a year to 30 June the next year. For supplementary valuation rolls the effective period for the levying of rates will be determined as per Section 78 of the MPRA. The Municipality may, if applicable, apply Section 13(2) of the MPRA for valuations as

per Section 78 with an effective date set to a date before the start of the financial year.

The levying of rates forms part of the Municipality's annual budget process as set out in Chapter 4 of the MFMA.

5.4. Valuation value constraints and rounding

- For the purposes of valuating a property, no valuation value shall be less than R1 000 unless the valuer determines that said property's valuation value must be zero.
- For administrative purposes, all valuation values exceeding R1 000 will be rounded to the nearest R1 000 interval.

6. CATEGORIES OF PROPERTY

Property Categories, each of which correlates to a distinct use of a property, have been determined as described in the table below. The codes that have been associated with each property Category and its correlated rate (the tariff code), are listed in paragraph 16.1 of this Policy.

Item	Category (of a property)	Purpose/Use
(a)	Residential	Refer Section 1 (*"Definitions"*) in the MPRA and the defined term "*Residential Purposes*" as per paragraph 3 (*"Definitions"*) in this Policy
(b)	Industrial	Refer paragraph 3 (*"Definitions"*) in this Policy
(c)	Business and commercial	Refer paragraph 3 (*"Definitions"*) in this Policy
(d)	Agricultural	Refer Section 1 (*"Definitions"*) in the MPRA and the defined term "*Agricultural Purposes*" as per paragraph 3 (*"Definitions"*) in this Policy
(e)	Mining	Refer Section 1 (*"Definitions"*) in the MPRA
(f)	Public Service Purposes	Refer Section 1 (*"Definitions"*) in the MPRA
(g)	Public Service Infrastructure	Refer Sections 1, 17(1)(a) and 17(1)(aA) in the MPRA
(h)	Public Benefit Organisation	Used for a *"Specified public benefit activity"* as defined in Section 1 of the MPRA
(i)	Multiple Use	Refer paragraphs 3 (*"Definitions"*) and 7.1 in this Policy
(j)	Vacant Residential	Vacant and Permitted use set for a Residential property
(k)	Vacant Business	Vacant and Permitted use set for a Business property

7. APPLICATION OF CRITERIA

In addition to the various criteria referenced above, the Municipality will apply the following criteria when rating a property:

7.1. Multiple Use Properties

Properties used for multiple purposes as per Section 9 of the MPRA will be categorised separately for each distinct use as determined by the Municipality and applied for billing at the appropriate and applicable rate.

This process may be applied to rural and urban type properties.

The different uses will be grouped into two or more components, each with an applicable market value apportionment. The first component, which will be determined by the largest apportioned area of the property will be the primary component; the other components (sub-components) will be identified by their generalised functional name.

The category of the primary component of such a property will be directed in the first instance by the permitted use of the property, but at the sole discretion of the Municipality.

A multiple use property may only qualify for the valuation exclusion as per paragraph 8.2.2 of this Policy provided that at least one of its components has a residential property category.

7.2. Vacant Properties

7.2.1. Vacant properties will be categorised according to its permitted use.

7.2.2. Normally, Agricultural properties will not be considered as being vacant, however this consideration lapses if the ambit (scope) of either of the terms "*agricultural activities*" or "*bona fide farmer*" as defined in this Policy is not relevant or cannot be applied to said property. If this consideration is deemed lapsed, then said property will be categorised as Vacant Residential until such event that there is clarity regarding the category or zoning of said property.

7.2.3. Vacant properties that have a permitted use correlating to it being residential will be categorised as Vacant Residential.

7.2.4. All other vacant properties, not covered in sub-paragraphs (7.2.2) and (7.2.3) above, will be categorised as Vacant Business.

7.3. Municipal Properties

Municipal-owned properties as stated in Section 7(2)(a)(i) of the MPRA will be exempted from paying property rates and Special Rating Area rates, except those municipal properties which are leased in terms of a lease agreement or those properties which are allocated to beneficiaries but not yet transferred. These non-exempted properties' rates will be passed on to the lessee or the allocated beneficiary.

7.4. Special Rating Area (SRA)

The Municipality may consider the application for a Special Rating Area provided that the owners of the predefined demarcated area have approved the budget and the specifics relating to such SRA. The process must adhere to Section 22 of the MPRA and to the Municipality's Special Rating Area Policy and By-law.

The Municipality will levy an additional rate on properties in that demarcated area to upgrade or improve said area. The funds generated by the special rate in a specific Special Rating Area shall only be utilised in said area and only for the intended upgrading or improvement of said area.

The budget for such SRA will be raised via a pre-determined tariff on the municipal valuation of each property. This pre-determined tariff is linked to the SRA's budget proposal and would therefore be unique to a specific SRA and for a given financial year.

Once the SRA has been approved by a Resolution of Council at its annual budget, the Municipality will levy the special rate on a monthly basis as from the effectivity date of the SRA. The payments collected for the special rate due for a given month will be transferred to the SRA's management company once all monies on the owner's account due to the Municipality have been covered.

7.5. Public Service Infrastructure properties (PSI)

The Municipality will apply the rate ratio as set out in the MPRA (Definitions, Sections 17(1)(a) and 17(1)(aA) and the Regulations) to public service infrastructure.

Notwithstanding Section 93A of the MPRA, the Municipality will grant 100% exclusion on all such properties.

7.6. Public Service Purpose Properties (PSP)

Public Service Purpose Properties will be levied as per paragraph 5.2.1 of this policy and will be rated at the applicable rate. The relief measures relating to the usage of properties as specified in this Policy and the MPRA, will apply.

7.7. Rural Properties

The categorizing and/or qualification of all rural properties will be dealt with at the sole discretion of the Municipality.

7.7.1. Agricultural Use

The Municipality will apply the rate as applicable and as controlled by the ratio as set out in the MPRA Regulations to properties that are used for agricultural purposes by *bona fide* farmers. These properties will however not qualify for any relief measures.

7.7.2. Alternate Criteria and Use

(i) Properties in rural areas that are primarily used for a category other than agricultural or residential purposes such as truck depots,

construction yards, restaurants, functioning venues, guesthouses and/or factories will be valued and rated according to the appropriate and applicable category. The Municipality may, however, consider valuating said property as a multiple use property (refer to paragraph 7.1 of this policy).

(ii) Properties in rural areas that are primarily used for residential purposes may be valued and rated as residential properties and may thus qualify in terms of the definition of residential property for the applicable relief measures (refer to paragraph 8 of this policy).

(iii) An owner of a rural property which is not categorised as agricultural, but which in the opinion of the owner should be agricultural must apply (refer to paragraph 12.1 of this policy) for a revaluation, submit documentation as required by the CFO and declare in an affidavit, that no contraventions of the criteria for agricultural activities are taking place on the property. The application will be dealt with according to the supplementary valuation process.

7.8. Adjoining properties

The Municipality acknowledges that there are residential or business properties, that includes an adjoining/adjacent property registered in the name of the same owner which are used together as if such properties were one property. Provided that, it should be substantiated that the two properties have the same usage categories and cannot be apportioned as separate viable economic units.

Such grouping may be applied in the case of units registered in terms of the Sectional Title Act, 1986 (Act 95 of 1986), any units such as a garage, in the same sectional title scheme registered in the name of the same owner.

Consequently, these properties (or the units) will be regarded as one property for the application of rate rebate or valuation reduction relief measures.

(i) <u>For a residential property, the deemed secondary component [the adjoined property] shall be classified as a RESA tariff code. Consequently, these properties or units will not be eligible for the reduction as per sub-paragraphs 8.2.3 or 8.2.4 above.</u>

(ii) <u>For a business property, the deemed secondary component [the adjoined property] shall be classified as a BUSA tariff code.</u>

8. RELIEF MEASURES ON RATES

8.1. Applying relief measures on Rates

The Municipality will consider applying relief measures on rates, being the Exclusions as per Section 17 of the MPRA and the Exemptions, Rebates and/or Reductions on properties as described below.

8.1.1. The Municipality may grant the following exclusions, exemptions, rebates and/or reductions to the categories of properties and/or categories of owners that meet the specified criteria as indicated below.

8.1.2. The Municipality does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis.

8.1.3. All applications (when required or as requested) for the relief of rates must be submitted and is subject to the criteria of paragraph 12.1 of this Policy.

8.2. Residential Property

The Municipality will not levy a rate on the initial portion of the valuation of a residential property being the sum of:

8.2.1. In terms of section 17(1)(h)(i) of the MPRA, the first R15 000 of the valuation of residential property is excluded from rating; or

8.2.2. In terms of section 17(1)(h)(ii) of the MPRA, the first R15 000 of the valuation of a property used for multiple purposes is excluded from rating, provided that one or more components are used for residential purposes.

8.2.3. On a further R75 000 reduction, provided that this amount does not exceed the remaining valuation after applying the amount referred to in sub-paragraph (8.2.1) above and heretofore excluded. Multiple use properties or the adjoining/adjacent property as per paragraph 7.8 of this Policy do not qualify for this reduction; and/or

8.2.4. <u>On a further R180 000 reduction for unemployed indigents or R360 000 reduction for pensioners, senior citizens and disability grant recipients,</u> provided that this amount does not exceed the remaining valuation after applying the amounts referred to in sub-paragraphs (8.2.1) and/or (8.2.3) above and heretofore excluded. Provided further that multiple use properties or the adjoining/adjacent property as per paragraph 7.8 of this Policy do not qualify for this reduction and that the granting of this reduction is based upon the following conditions inasmuch that:

(i) it is granted to registered indigent owners and registered heads of child-headed households as described in paragraph 8.8 of this Policy; or

(ii) it is granted to pensioners and disabled persons as described in paragraph 8.3 of this Policy; or

(iii) it is granted to senior citizens of age 65 years and older as described in paragraph 8.9 of this Policy; and on the provision, that

(iv) this reduction is annually granted but only once per property.

8.3. Pensioners and Disabled Persons

8.3.1. Designated owners, as defined for paragraph 8.3, are deemed to be either; registered owners of properties; or allocated beneficiaries as per paragraph 7.3 of this Policy, who are senior citizens dependent upon receiving a pension or who are disabled persons. Such designated owners may qualify

for this relief measure subject to the gross monthly household income of all adults residing at said property.

8.3.2. This relief measure as described in paragraph 8.2.4 of this Policy will be applied by way of the percentage as referenced in the table of paragraph (8.3.6) below.

8.3.3. To qualify for the relief measure referred to above, the designated owner must be a natural person, registered as a South African citizen.

If not a South African citizen, the designated owner must be the registered owner of the property within the jurisdiction of the Municipality and must submit proof of his/her permanent residency in South Africa.

The property in question must satisfy the residential property requirements as per the definitions of this Policy; and

In addition to the aforementioned, the designated owner must also:

- Occupy the property as his/her normal residence; and
- be at least 60 years of age and a pensioner or be a disabled person in receipt of a disability pension; and
- be in receipt of a gross monthly income from all sources (including financial contributions of the spouse if applicable) not exceeding the highest income amount as referenced in the table of paragraph (8.3.6) below; and
- when being the designated owner of more than one property, the relief measure will be granted only on the occupied property; and
- where the designated owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.

8.3.4. Owners of properties must annually apply, according to paragraph 12.1 of this Policy submitting proof of their status as per the above criteria.

8.3.5. If the property in question is disposed of by the designated owner, then that owner may be liable for the *pro rata* portion of this pension relief measure in addition to the rates that may be applicable.

8.3.6. The relief measure granted as per paragraph 8.2.4 to different monthly household income levels will be determined by applying the percentage in the schedule below. The income bands and percentages for the effective financial period of this Policy are as follows:

Gross Monthly Household Income	Source of income	% Granted
Up to R5 250	Pension /Department of Social Development/Disability Grant	100%
Up to R5 250	Other sources of income	50%
R5251- R6250	Pension/ Disability Grant	20%

8.4. Public Benefit Organizations (PBO)

The Municipality will apply the rate ratio as set out in the MPRA to public benefit organisations.

As per the MPRA the specific public benefit activity listed in Item 1 (Welfare and Humanitarian), Item 2 (Health Care), and Item 4 (Education and Development) of Part I of the Ninth Schedule of the Income Tax Act will be applicable and which activity must be conducted/executed on said property.

Public Benefit Organizations must annually submit, according to paragraph 12.1 of this Policy proof of their status as per the above criteria.

8.5. Non-Profit Organizations (NPO)

In order to be considered as a candidate for the relief measure described below, an organisation must be registered as a Non-Profit Organization under the Non-profit Organisations Act, (Act 71 of 1997).

Organizations (or the property) listed paragraph 8.5.1 below and operated by the organisation as not-for-gain or non-profit organisations that execute activities as per Item 6 (Cultural), item 7 (Conservation, Environment and Animal Welfare) and Item 9 (Sport) of Part 1 of the Ninth Schedule to the Income Tax Act may receive a rebate. All abovementioned organisations being privately controlled, must be the owner of said properties.

The distinct use of said property will determine the Category as per paragraphs 6 and 16.1 of this Policy.

This rebate is not applicable to any vacant land or multiple usage properties irrespective of its zoning or intended usage unless stated otherwise in this Policy.

Non-Profit Organizations must annually apply, according to paragraph 12.1 of this Policy and submit proof of their status as per the above criteria.

Upon approval of the application abovementioned organisations may receive a 100% rebate or a limited percentage rebate as stated in paragraph 8.5.1..

8.5.1. *Prescribed not-for-gain organisations or properties*

(i) Cemeteries

Privately owned properties exclusively used for the purpose of a cemetery or crematoria.

(ii) Schools on private property

Public Schools on private property may receive a rebate limited to a percentage of 20%.

8.6. Religious Organisations

In terms of Sections 1 and 17(1)(i) of the MPRA, the Municipality will not levy a rate on a property used primarily as a place of public worship by a religious community,

including the official residence which is occupied by the office bearer of that community who officiates at services at that place of worship.

The Municipality will apply Section 17(5) of the MPRA if as per Section 17(5)(a) of the MPRA said property is no longer used or has been disposed by the religious community.

8.7. National Monuments

The Municipality recognizes properties for which the provisions of the National Heritage Resources Act, 1999 (Act 25 of 1999) apply and will, based upon the usage rate said property as either a business or a residential category and may grant a rebate as set below.

The relief measures as described in paragraphs 8.2.1 to 8.2.3 may be applicable.

Owners of properties with national monuments must annually apply, according to paragraph 12.1 of this Policy submitting proof of their status as per the above criteria and an application fee as per the approved Tariff Schedule.

The municipality reserves the right to inspect and verify said properties regarding maintenance levels and applicability for public usage.

The Municipality may apply to said properties a 20% rebate.

8.8. Indigent Households and Child-Headed Households

8.8.1. A designated owner, as defined for paragraph 8.8, is deemed to be; the head of a child-headed household; or alternatively a registered owner of property or an allocated beneficiary as per paragraph 7.3 of this Policy who is the head of an indigent household. Such designated owners may qualify for this relief measure according to their gross monthly household income of all adults.

8.8.2. This relief measure as described in paragraph 8.2.4 of this Policy will be applied by way of the percentage as referenced in the table of paragraph (8.8.6) below.

8.8.3. To qualify for the relief measure referred to above, the designated owner must be a natural person, registered as a South African citizen.

If not a South African citizen, the designated owner (other than a head of a child-headed household) must be the registered owner of the property within the jurisdiction of the Municipality and must submit proof of his/her permanent residency in South Africa.

The property in question must satisfy the residential property requirements as per the definitions of this Policy; and

In addition to the aforementioned, the designated owner must also:

- Occupy the property as his/her normal residence; and

- be the head of a registered indigent household; or be the head of a registered child-headed household; and
- be in receipt of a gross monthly income from all sources (including financial contributions of the spouse where applicable) not exceeding the highest income amount as referenced in the table of paragraph (8.8.6) below; and
- when being the designated owner of more than one property, the relief measure will be granted only on the occupied property; and
- where the designated owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.

8.8.4. A designated owner, as defined for paragraph 8.8 must annually apply, according to paragraph 12.1 of this Policy submitting proof of his/her status as per the above criteria.

8.8.5. If the property in question is disposed of by the designated owner, then that owner may be liable for the *pro rata* portion of this relief measure in addition to the rates that may be applicable.

8.8.6. The relief measure granted as per paragraph 8.2.4 to different monthly household income levels will be determined by applying the percentage in the schedule below. The income bands and percentages for the effective financial period of this Policy are as follows:

Gross Monthly Household Income	Source of income	% Granted
Up to R5 250	Pension /Department of Social Development/Disability Grant	100%
Up to R5 250	Other sources of income	50%
R5 251- R6 250	Pension/Disability Grant	20%

8.9. Senior Citizens (aged 65 and older)

8.9.1. Designated owners, as defined for paragraph 8.8.9 is deemed to be registered owners of properties or allocated beneficiaries as per paragraph 7.3 of this Policy, who are senior citizens aged 65 years and older. Such designated owners may qualify for a relief measure as described below.

8.9.2. An amount equal to 100% of the relief measure as described in paragraph 8.2.4 of this Policy will be applied for the financial years following the year of application.

Nevertheless, in the financial year in which the application is submitted by the designated owner only a *pro rata* portion of this relief measure, calculated for said financial year as from the month following the date of said application, will be granted.

8.9.3. To qualify for the relief measure referred to above, the designated owner must be a natural person, registered as a South African citizen.

If not a South African citizen, the designated owner must be the registered owner of the property within the jurisdiction of the Municipality and must submit proof of his/her permanent residency in South Africa.

The property in question must satisfy the residential property requirements as per the definitions of this Policy; and

In addition to the aforementioned, the designated owner must also:

- Occupy the property as his/her normal residence; and
- be at least 65 years of age; and
- when being the designated owner of more than one property, this relief measure will be granted only on the occupied property; and
- where the designated owner is unable to occupy the property due to no fault of his/her own, the spouse may satisfy the occupancy requirement; and
- where the designated owner is not yet 65 years of age, the spouse, who occupies the property as a normal residence and is aged 65 years and older, may satisfy the age requirement.

8.9.4. The designated owner must only in the first financial year submit an application with proof of the date of birth. A marriage certificate will be required if the spouse only satisfies the age requirement.

8.9.5. If the property in question is disposed of by the designated owner, then said owner may be liable for the *pro rata* portion of this senior citizen's relief measure in addition to the rates that may be applicable.

8.10. Properties affected by Disaster or adverse Economic Condition

The Municipality may consider additional relief measures as envisaged in Section 15(2) of the MPRA and as approved by Council.

8.11. Developers' Incentive

Developers of large construction projects within the jurisdiction of the Municipality, which when completed would have a beneficial impact on the employment opportunities and the social and economic upliftment of the local community, may apply for this incentive relief measure on condition that the provisions and procedures as described below are followed: **When the BVM investment Incentive policy is approved the application process will be in terms of the processes outlined in that policy and the ones in this policy will be repealed.**

8.11.1. This relief measure is applied as a discount on the rates due by an owner (in this case the developer) of a property under proposed development within the jurisdiction of the Municipality which would be payable to the Municipality based upon the normal valuation processes, provided it does not leave the Municipality in financial distress.

8.11.2. To qualify for the relief measure referred to above, the developer will need to:

(i) Apply for this incentive relief measure in writing to the Municipality for attention by the CFO.

(ii) Submit a business plan in which the extent of the project is presented and the quantifiable benefits to the local community and the economic benefits for the Municipality are addressed. Such benefits should at least encompass the employment opportunities and the social and economic upliftment for the local community; and

(iii) Submit schedules of the project covering amongst others the specific milestone when the project is basically complete, and occupation or business processes are initiated. If application is submitted after construction is completed the stage and incentive will be determined based on the year of completion as per the Occupancy Certificate issued by the Building Inspectors.

8.11.3. The Municipality will evaluate the business plan submitted by the developer and determine:

(i) Whether the extent of the project warrants consideration for the Developers' incentive.

(ii) That the overall effect of such a project will be within the Municipality's jurisdiction.

(iii) The viability, feasibility, and sustainability of the benefits as presented by the developer.

(iv) An event date at which time conformance to the benefits as presented by the developer will be reviewed. If the Municipality determines substantial nonconformance regarding the impact of the benefits presented by the developer, the CFO may request remedial action by the developer and/or present a case to Municipal Manager to terminate the Developers' Incentive and claim full rates as from the beginning of the project.

(v) Upon a favourable evaluation by the CFO the project business plan and the overview by the CFO will be tabled to the Municipal Manager for approval. If Council approves such incentive, the incentive will be initiated from the financial year in which the project construction commences or has commenced.

8.11.4. To conform to the provisions of subsection 15(3) of the MPRA the project under construction will be valued annually when a Supplementary Valuation Roll of a financial year is compiled so that the Municipality may determine the income forgone after applying the Developers' Incentive.

8.11.5. The Developers' Incentive shall be in the form of a rebate on the rates due by the developer. This rebate will be implemented in a two-stage approach.

(i) The first stage will apply during the project construction phase and will be applied as from the beginning of the financial year in which construction commenced and will be maintained until the date of

the specific milestone referred to in paragraph 8.11.2(iii) above is reached. The period that this stage of the incentive may be applied shall not exceed three financial years unless an extension, not exceeding a further two financial years is approved by the CFO. The rebate during this stage will be 100% of the rates due.

(ii) The second (the last) stage of the incentive will initiate when the date of the specific milestone referred to in paragraph 8.11.2(iii) above or the date of the extended period as approved by the CFO as per paragraph (i) above, is reached. The rebate during this stage will be phased-in over a period of five financial years according to the table below:

Phase	Description (During Stage 2 of the Developers' Incentive)	Percentage Rebate
Fin year 1	As from the date of the specific milestone referred to in paragraph 8.11.2(iii)	100%
Fin year 2	Second financial year in stage 2 in the incentive	100%
Fin year 3	Third financial year in stage 2 in the incentive	75%
Fin year 4	Fourth financial year in stage 2 in the incentive	50%
Fin year 5	Last financial year in stage 2 in the incentive	25%
Thereafter	The Developers' Incentive will no longer be applicable	0%

9. LIABILITY FOR RATES

9.1. Liability for and payment of rates

9.1.1. Liability for and payment of rates is governed by criteria in this Policy, by the MPRA, the Municipality's Credit Control and Debt Collection Policy, By-Laws and any other applicable legislation. Actions as per the applicable legislation, By-Laws and/or Policies shall be taken against defaulters.

9.1.2. An owner is liable for payment of a rate whether or not that person has received a written account. The furnishing of accounts for rates in terms of this section is subject to Section 102 of the Systems Act.

9.1.3. Method of Rates payments

There are one of two methods of payment that the owner of the property must agree upon, namely (i) paying the rates on a monthly basis or (ii) paying the rates in one amount every annum.

The paying of rates on a monthly basis will be the preferred method unless the owner has selected the annual method of payment via a written request before 31 May preceding a financial year.

- When paying on a monthly basis the amount due shall be paid not later than the date as specified on the monthly accounts. The cycle of such payments will start on the first day of July (the start of a financial year) and extend to the 30th of June the following year.
- When paying a once-off amount (the full rates for that financial year), then that amount shall be paid in full not later than the date as specified on the account. Please note that additional annual payments may be triggered during a financial year by a supplementary valuation on said property.

9.1.4. Changes to the preferred method of payment should be exercised by the owner before 31 May of the year preceding the start (being July) of the financial year in which the payment method is to be implemented. No late applications will be considered or processed and no changes to the payment method will be affected after the start of the financial year due to Financial system lock down.

9.2. Rates in arrears

When an owner's rates account is in arrears, the Municipality may initiate the proceedings as described in Sections 28 or 29 of the MPRA.

A notice to this effect will be forwarded to the tenant, occupier or agent providing the required legal information regarding their payments to the owner, which are to be redirected to the Municipality so as to cover the arrear rates account.

A notice will be forwarded to the owner in question to indicate the legal proceedings and the actions that the Municipality has initiated.

9.3. Demolishing of Buildings

If a building or an immovable structure is demolished or partly demolished the owner of said property notwithstanding remains liable for the payment of the total assessment rates.

It is the owner's responsibility to notify the Municipality and apply for revaluation.

After a revaluation of said property, which would be affected via a Supplementary Valuation roll an adjustment could be made in terms of Section 78 of the MPRA.

9.4. Sectional Title Units

A rate levied on a sectional title unit is payable by the owner of said unit. The body corporate of a sectional title scheme will not be held liable for the paying of said rates, except if the body corporate is the owner of such unit.

9.5. Roads and Open Spaces

Properties, which vest in the Municipality, such as roads and open spaces, should be transferred at the cost of the developer/owner to the Municipality. Until such time that the transfer takes place, the rates levied will be for the account of the developer/owner.

9.6. Interim valuation debits

When property is transferred to a new owner and the rates on a supplementary valuation become payable after the transfer, the previous owner and the new owner will jointly and separately be held responsible for the payment for the rates.

10. CLEARANCE CERTIFICATES

10.1. Clearance Certificates

All monies collected by the Municipality and any estimated amounts in terms of Section 118(1A) of the Systems Act, or Section 89 of the Insolvency Act, (Act 24 of 1936), are for the purpose of Section 118 of the Systems Act, deemed to be due and must be paid in order to facilitate the transfer of immovable property:

10.1.1. All amounts in connection with said property for municipal fees, surcharges on fees, property rates, Special Rating Area rates and other municipal taxes, levies and duties, any amounts in arrears as well as all future rates, refuse and sewerage instalments are due for payment; Metered services are payable 120 days (4 months) in advance.

10.1.2. All amounts as per 10.1.1 above that are due must be paid 120 days (4 months) in advance before the issuing of any Clearance Certificate in terms of Section 118, of the Systems Act;

10.1.3. No interest shall be paid by the Municipality to the registered seller in respect of these payments which are deemed to be due;

10.1.4. If an amount as per 10.1.1 above liable in respect of a property a rates Clearance Certificate will only be issued to the owner of said property, once proof of payment has been received. Alternatively, a Clearance Certificate may be issued after receiving a written undertaking by the transferring attorney, situated in the jurisdiction of Breede Valley Municipal area, that the agreed amount as per 10.1.1 above plus any other additional amounts which may occur, will be payable on the date of registration of said property in the new owner's name. If the agreed amount is not paid to the Municipality after registration the transferral attorney will personally be held liable for the outstanding amount;

10.1.5. If an amount as per 10.1.1 above liable in respect of a property a rates Clearance Certificate will only be issued upon payment of the current account and after completion of an agreement by the new owner for any municipal services in arrears, subject to Municipality's Credit Control and Debt Collecting Policy. This category of certification is only applicable for the following:

- Transfer of a property from the Municipality to the new owner;
- Transfer of a property from one spouse to the other; or
- Transfer of a property from the owner (parent) to a child.

10.1.6. Transfer of Low-cost housing: Section 118(4) of the Systems Act states that:

The National government, a Provincial government or a municipality being the owner of a residential property which was financed with funds or loans

made available by the national government, a provincial government, or a municipality; does not have to pay the outstanding amount before a Section 118 Certificate is issued. This category of certificates will only be issued electronically.

10.1.7. Compulsory information on the Clearance Certificate:

- Detailed description of said property; and
- Identification (name, physical address, contact details and identification number) of both the seller and the buyer; and
- the details of the transferral attorney (name, company name, physical address, contact details and identification/company numbers).

10.1.8. A Clearance Certificate is valid for the lesser of 120 days (4 months) or a period determined by the Registering Authority (COGTA) from the date of application.

10.1.9. The Municipality will produce the Clearance Certificate within 7 (seven) working days, once satisfactory arrangements for the payment has been concluded.

10.2. Adjustments of Rates prior to a Supplementary Valuation Roll

10.2.1. 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, as the case may be, applies to the Municipality for a Clearance Certificate in terms of Section 118 of the Systems Act and in accordance to paragraph 10.1 above, and if the Municipality has not yet included such valuation of the relevant property(ies) in a supplementary valuation:

(i) the Municipal Valuer shall conduct a valuation of the relevant property(ies) for purposes of a supplementary valuation; and

(ii) the valuation shall be submitted to the CFO for approval of 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.

10.2.2. Any valuations performed in terms of paragraph 10.2.1 above will be processed according to the provisions in sections 78(1) to (5) of the MPRA.

11. OBJECTION AND APPEALS

11.1. Any person may lodge an objection to a valuation subject to Section 50 of the MPRA but within the period stated in the notice referred to in Section 49(1)(a) or 78(5)(b) of the MPRA where applicable.

11.2. An appeal to an appeal board against a decision of a municipal valuer in terms of section 51 of the MPRA may be lodged in the prescribed manner subject to Section

54 of the MPRA. The appeal must be lodged (as a guideline), within a period of 30 days, nonetheless, as set out in Section 54(2) of the MPRA.

11.3. The administrative actions or processes as described in the MPRA for the handling of objections or appeals will be the basis that the Municipality will follow.

11.4. The lodging of an objection or appeal:

11.4.1. In terms of Section 50 of the MPRA does not defer liability for the payment of rates in terms of this Policy; or

11.4.2. In terms of Section 54 of the MPRA does not defer liability for the payment of rates in terms of this Policy.

12. GENERAL

12.1. Applications for Relief on rates payable

12.1.1. All applications required in terms of this policy for a specific relief measure must be submitted to the Municipality by 30 September of each year, which date precedes the financial year in which the rate is to be levied. If the relief measure applied for is granted, the relief measure will apply for the full financial year. All successful applicants are bound by all the criteria as per paragraph 12.1 of this Policy.

12.1.2. Any applicant who, during a financial year, for the first time, meets all the other criteria may apply to receive the relief measure from the date of receipt by the Municipality of the application for the remainder of that financial year, where after all the criteria as per paragraph 12.1.1 above will apply to applications for subsequent financial years.

12.1.3. Late applications received after 30 September may be considered by the Municipality, in which case, if the relief measure applied for is granted, a *pro rata* relief measure may be applicable.

12.1.4. Persons who have submitted false information and/or false affidavits will have the relief measures withdrawn with effect from the commencement of the financial year in question.

12.1.5. All applications for relief measures will require the applicant's municipal accounts to have been paid up to date or the conclusion of a suitable arrangement with the Municipality as provided for in the Municipality's Credit Control and Debt Collection Policy and By-law.

12.1.6. The Municipality reserves the right to request current and/or previous audited financial statements or to inspect the relevant properties before or after implementing the applicable relief measure and to revoke or amend any decision made prior to such investigation or financial review.

12.1.7. The Municipality reserves the right to recover any rates and/or relief measures from owners of properties after the status of said properties have changed.

12.1.8. The Municipality reserves the right to request any additional information as may be deemed necessary.

12.2. Regular policy review processes

This rates policy will be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives and with legislation.

12.3. Frequency of valuation rolls

The Municipality shall prepare a General Valuation roll (GV) every 5 (five) years and Supplementary Valuation rolls at least once per financial year.

12.4. Corrections to the Valuation Roll

Corrections to the valuation roll may only be affected via a Supplementary Valuation roll and in accordance with Section 78 of the MPRA or the particulars of the valuation roll may be amended subject to Section 79 of the MPRA.

12.5. Language Interpretation

The legal interpretation of the English version of this Policy only shall prevail above all other language translations of this Policy.

12.6. Severance

If any provision of this policy is struck down as invalid by a court of law, such provision shall be severed from this policy, and shall not affect the validity of the remaining provisions.

13. REPORTING

13.1. The Municipal Manager must annually table in the Council:

13.1.1. A list of all exemptions, reductions and rebates granted by the Municipality during the previous financial year; and

13.1.2. A statement reflecting the income, which the Municipality has forgone during the previous financial year by way of such exemption, reductions, and rebates.

13.2. The cost to the Municipality, the benefit to the local community and all exemptions, reductions and rebates and rates on properties projected for a financial year must be reflected in the Municipality's annual budget. The financial transactions for that year must be reflected as income on the revenue side and expenditure on the expenditure side.

14. BY-LAW

The principles contained in this Policy will be reflected in the Rates By-law as amended and promulgated by Council from time to time.

Moreover, this Policy must be considered and interpreted as an extension to the applicable Rates By-law.

15. SHORT TITLE

This Policy is the Rates Policy of Breede Valley Municipality.

16. CATEGORY CODES

16.1. Category Codes

The Tariff Codes (derived from the Categories listed in paragraph 6 of this Policy) as listed below will be used in the Valuation Role and supporting letters or notices to reflect by association the applicable Category and its Code.

Council will on an annual basis during the budget approval cycle set the cent amount in the Rand values for each of the property Categories in the table below whilst being guided by the rate ratios as per the MPRA Regulations.

Category (of property)	Category Code	Tariff Code	Supporting references
Residential	RES	RES	MPRA Sections 8(2)(a); 17(1)(h) and this Policy paragraphs 8.2 and the defined term "*Residential Purposes*"
		RESA	Adjoining residential; this Policy paragraph 7.8
		POWP	MPRA Section 17(1)(i) – the official residence; this Policy paragraph 8.6
		MUNRR	Municipal Owned: Rented or Leased property; this Policy paragraph 7.3
		MUNR	Municipal Owned: MPRA Section 8(2)(*h*) and this Policy paragraph 7.3
		AGRR	Residential Component of Multiple Use property; this Policy paragraph 7.1 and the defined term "*Residential Purposes*"; MPRA Sections 8(2)(a)
		RESM	
		MONR	Residential National Monument; this Policy paragraph 8.7
Industrial	IND	IND	MPRA Section 8(2)(*b*); this Policy's Definitions for "industrial"
Business and Commercial	BUS	BUS	MPRA Section 8(2)(*c*); this Policy's Definitions for "business"
		BUSA	Adjoining business; this Policy paragraph 7.8
		POW	MPRA Section 17(1)(i) – the place of worship; this Policy paragraph 8.6
		MUNCR	Municipal Owned: Rented or Leased property; this Policy paragraph 7.3
		MUNC	Municipal Owned: Section 8(2)(h) and this Policy paragraph 7.3
		AGR.C	Business Component of Multiple Use property; this Policy paragraph 7.1 ; MPRA Section 8(2)(c); this Policy's Definitions for "business"
		BUSM	
		MUNP	Municipal Owned; this Policy's Definitions for "Public Open Spaces"
		POS	Publicly Owned; this Policy's Definitions for "Public Open Spaces"

		PROS	Privately Owned; this Policy's Definitions for "Public Open Spaces"
		PSCH	Schools on private property; this Policy paragraph 8.5.1(ii)
		MONC	Business National Monument; this Policy paragraph 8.7
Agricultural	AGR	AGR	MPRA Section 8(2)(d); Not considered vacant; this Policy paragraph 7.7.1
Mining	MINE	MINE	MPRA Section 8(2)(e); MPRA Definitions for "mining"
Public Service Purposes	PSP	PSP	MPRA Section 8(2)(*f*); this Policy paragraph 7.6
Public Service Infrastructure	PSI	PSI	MPRA Sections 8(2)(g); 17(1)(*a*) and this Policy paragraph 7.5
Public Benefit Organisation	PBO	PBO	MPRA Section 8(2)(h) and this Policy paragraph 8.4
Multiple purposes	MULTI	No tariff	MPRA Sections 8(2)(i); and 9 and this Policy paragraph 7.1
Vacant Residential	RESV	RESV	This Policy paragraph 7.2
Vacant Business	BUSV	BUSV	This Policy paragraph 7.2
		MUNV	Municipal Owned: this Policy paragraphs 7.2 and 7.3

16.2. Discount Category Codes

The Discount Category Codes in the table below serves to indicate the relief measure if any that could be applicable to a property.

Discount Category Code	Purpose	Supporting references
NORM	No relief measure applicable	
EQS	100% Equitable Share relief measure	Indigent household or child-headed household; this Policy paragraph 8.8
EQS1	50% Equitable Share relief measure	
EQS2	20% Equitable Share relief measure	
NPO	Non-Profit Organisation (100% rebate)	This Policy paragraph 8.5
CEMET	Non-Profit Organisation (100% rebate)	Cemeteries; this Policy paragraph 8.5.1(i)
PENS	100% Pensioner's relief measure	Pensioner or Disabled Person; this Policy paragraph 8.3
PENS2	50% Pensioner's relief measure	
PEN65	100% Senior Citizen's relief measure	Senior Citizen; this Policy paragraph 8.9
DEV	Developers Incentive (100% rebate)	This Policy paragraph 8.11
DEV3	Developers Incentive (75% rebate)	
DEV4	Developers Incentive (50% rebate)	
DEV5	Developers Incentive (25% rebate)	