

**BREED VALLEY MUNICIPALITY**

**PROPERTY RATES BY-LAW**

**1. PRE-AMBLE**

**WHEREAS:**

- 1.1. a municipality may impose rates on property, in terms of Section 229(1) of the Constitution of South Africa, 1996
- 1.2. the municipal manager must ensure that the municipality has and implements a rates policy, as may be required in terms of any applicable national legislation, in terms of Section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA)
- 1.3. a municipality must adopt a policy consistent with the Property Rates Act on levying of rates on rateable property in the municipality, in terms of section 3 of the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA)
- 1.4. a municipality must, in terms of section 6(1) of the MPRA, adopt by-laws to give effect to the implementation of its rates policy
- 1.5. by-laws adopted in terms of section 6(2) of the MPRA may differentiate between different categories of properties; and different categories of owners of properties liable for the payment of rates.
- 1.6. a municipality has the right to finance the affairs of the municipality by imposing, inter alia, rates on the property, in terms of section 4(1) of the Municipal systems Act, Act 320 of 2000.

**THEREFORE:**

- 1.7. In developing and adopting this rates by-law, Breede Valley Municipality has sought to give effect to the sentiments expressed in the preamble of the Property Rates Act, namely that:
  - 1.7.1. 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;

- 1.7.2. There is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfil its developmental responsibilities;
- 1.7.3. 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; and
- 1.7.4. 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.

#### **AND THEREFORE**

- 1.8. In applying its rates by-law, the Council shall adhere to all requirements of the Property Rates Act, 2004 (Act no. 6 of 2004) including any regulations promulgated in terms of the Act.

#### **AND THEREFORE**

- 1.9 Under the provisions of section 156(2) of the Constitution of the Republic of South Africa, 1996, the Breede Valley municipality, enacts as follows:—

## **2. DEFINITIONS**

- 2.1. In addition to the definitions contained in the MPRA the following definition applies:
  - 2.1.1. “residential property” means a property that is:
    - 2.1.1.1. predominantly used and zoned for residential purposes
    - 2.1.1.2. a unit registered in terms of the Sectional Title Act, used predominantly for residential purposes and includes any unit in the same Sectional Title Scheme registered in the name of the same owner and used together as one property. (For example a garage or servants quarters). Such grouping will be regarded as one residential property for rebate processes.
- 2.2. The following properties will be excluded from this definition; hostels, flat, old age home, guesthouses, retirement villages and vacant land.

## **3. ADOPTION AND CONTENTS OF RATES BY-LAW**

- 3.1. The Rates by-law, together with the Municipality’s budget, shall be reviewed annually by the Municipal Council.
- 3.2. The rates by-law is based on the following principles:
  - 3.2.1. equity
  - 3.2.2. affordability
  - 3.2.3. poverty alleviation
  - 3.2.4. social and economic development
  - 3.2.5. financial sustainability
  - 3.2.6. cost efficiency

## **4. LEVYING OF RATES**

- 4.1. Rates payable:

The Breede Valley Municipality shall, as part of each annual operating budget component, impose a rate in the rand based on the property value of all rateable property as recorded in the municipality’s valuation roll and supplementary valuation roll.

- 4.2. Period for which rates may be levied:

Breede Valley Municipality will levy the rate for a financial year. The levying of rates forms part of this municipality’s annual budget process as set out in Chapter 4 of the MFMA.

## **5. CATEGORIES OF PROPERTY**

- 5.1. The Municipality may levy different rates for different categories of Property and may include the following rateable properties:
  - 5.1.1. residential properties;
  - 5.1.2. industrial properties;
  - 5.1.3. business and commercial properties;
  - 5.1.4. agricultural properties
  - 5.1.5. state-owned properties;
  - 5.1.6. municipal properties;
  - 5.1.7. public service infrastructure;

- 5.1.8. privately owned towns serviced by the owner;
- 5.1.9. formal and informal settlements;
- 5.1.10. properties on which national monuments are proclaimed;
- 5.1.11. properties owned by public benefit organisations and used for any specific public benefit activities listed in Part 1 of the Ninth Schedule to the Income Tax Act; or
- 5.1.12. Properties used for multiple purposes.

## 6. EXEMPTIONS, REBATES AND REDUCTIONS ON RATES

- 6.1. In imposing the rate in the rand for each annual operating budget component, the council shall grant the following exemptions, rebates and reductions to the categories of properties and categories of owners indicated below, but the council reserves the right to amend these exemptions, rebates and reductions if the circumstances of a particular budget so dictate.
- 6.2. In determining whether a property forms part of a particular category indicated below, the council shall have regard to the actual zoning to which the relevant property is put. In the case of vacant land not specifically included in any of the categories indicated below, the permitted use of the property shall determine into which category it falls. A change in zoning may result in a change in the category of the property.
- 6.3. Such exemptions, reductions and rebates must be indicated in the tariff and rate schedule approved by the council annually.

## 7. Residential property

- 7.1. In terms of section 17(1)(h) of the Act, the first R15 000 of the valuation of residential property is exempted from rates
- 7.2. Council may grant a further residential rebate, as contained in the tariff schedule, for pensioners and persons who qualify in terms of the indigent subsidy policy.

## 8. Historical/National Monuments

- 8.1. If a property meets the definition of a residential property, the residential rebate as contained in the tariff schedule will be applicable.
- 8.2. If a property is not been used for residential purposes and registered in the name of private persons, open to the public and not operated for personal gain, Council may grant a rebate as contained in the tariff schedule.
- 8.3. Properties on which national monuments are situated and used for business and commercial purpose rebate as contained in the tariff schedule will be applicable.

## 9. Welfare Organisations

Properties owned by not for gain institutions or public benefit organisations and are solely use for the benefit of the institution and or for charitable purposes and performs welfare and humanitarian work as contemplated by Part 1 of the Ninth Schedule of the Income Tax Act (Act 58 of 1962), Council may grant a rebate as contained in the tariff schedule.

## 10. Religious Organisations

In terms of section 14(1)(i) of the MPRA, the council may not levy a rate on the property registered in the name of and used **primarily** as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

## 11. Schools on private property

Public Schools on private property may receive a rebate as contained in the tariff schedule. The rebate is only for the portion of the property where the school is and may solely be used for school purposes on which the application is applicable.

## 12. Agricultural

Agricultural properties will be granted a rebate as contained in the tariff schedule.

## 13. Cemeteries

Cemeteries may received a rebate as contained in the tariff schedule and must be exclusively be used for the purpose of a cemetery.

## 14. MULTIPLE USE PROPERTIES

Properties used for multiple purposes which do not fall within the definition of residential properties and accordingly, do not qualify for the residential Rtes rebate, may be included into the category of multiple use properties for which an apportionment of value for each distinct use of property will be calculated and used for billing at the appropriate an applicable rate.

## 15. STATE OWNED PROPERTY

State owned property will qualifies for a rebate, exemptions and reductions in relation to the usage of the property as contained in the tariff schedule.

## 16. ROADS AND OPEN SPACES

Properties, which vest in the Municipality i.e. roads open spaces, should be transferred at the cost of the developer/owner to the Municipality. Until such time, rates levied will be for the account of the developer.

**17. SPECIAL RATING AREAS**

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

**18. REPORTING**

- 18.1. The municipal manager must annually table in the Council:
- 18.2. a list of all exemptions, reductions and rebates granted by the municipality during the previous financial year; and
- 18.3. a statement reflecting the income, which the municipality has forgone during the previous financial year by way of such exemption, reductions and rebates.
- 18.4. All exemptions, reductions and rebates projected for a financial year must be reflected in the municipality's annual budget for that year as income on the revenue side and expenditure on the expenditure side.

**19. LIMITS ON ANNUAL INCREASES OF RATES**

Council shall, in imposing the rate for each financial year, revert to the requirements of Section 20 of the Act.

**20. LIABILITY FOR RATES**

- 20.1. Method and time of payment
  - 20.1.1. Rates will be levied annually in July and are payable in twelve equal instalments. Council can recover a rate annually, as may be agreed to with the owner of that property, and will be payable on or before 30 September of that current year.
  - 20.1.2. 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 Municipal Systems Act.

**21. GENERAL VALUATION OF RATEABLE PROPERTY**

- 21.1. Frequency of valuations
  - 21.1.1. Breede Valley Municipality shall prepare a new valuation roll every 4 (four) years and supplementary valuation rolls at least every 12 (twelve) months.
- 21.2. Interim valuation debits
  - 21.2.1. 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.
- 21.3. Clearance certificates
  - 21.3.1. are issued in terms of Section 118 of the Local Government: Municipal Systems Act, 2000, Act No. 32 of 2000, and will be valid till 30 June, following the date of application received.
  - 21.3.2. are issued after receipt of the applicable fees and receipts of the clearance application form.
  - 21.3.3. are only issued when all amounts due in connection with that property for municipal fees, surcharges on fees, property rates and other municipal taxes, levies and duties have been fully paid.
  - 21.3.4. Any rates, refuse and sewerage instalment is immediately payable.

**22. RATES POLICY**

The principle contained in the rates policy of the municipality are reflected in this by-law as promulgated and adjusted by Council from time to time.

**23. ENFORCEMENT OF RATES BY-LAW**

This by-law will be enforced through and non-compliance with any of the provisions contained in this by-law, will be dealt with in terms of the Credit Control and Debt Collection By-law and policy and any further enforcement mechanisms stipulated in the municipality's rates policy.

**24. COMMENCEMENT**

This by-law shall be known as the Property Rates By-law and comes into operation on the date of publication in the Provincial Gazette.