

LANGEBERG MUNICIPALITY

RATES POLICY

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Part 1

1. Objective

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

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

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

2. Definitions

In this policy, unless inconsistent with the context,

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

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

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

Part 2

Property Rates Advice Forum

1. Establishment of a Property Rates Advice Forum

The Council shall establish a Property Rates Advice Forum to advice Council on property rates issues.

2. Composition of Property Rates Advice Forum

The Property Rates Advice Forum consists of:

- a) The Executive Mayor as chairman. In the absence of the Executive Mayor, the members shall elect one of their members to be chairman;
- b) One or more councillors nominated by the Executive Mayor;
- c) Organised Agriculture;
- d) Ratepayers Associations of the various towns;
- e) Breede River / Winelands Chamber of Commerce;
- f) The Cellar Forum;
- g) Municipal Manager;
- h) Personnel nominated by the Municipal Manager; and
- i) Any organisation that applies through the Executive Mayor be allowed.

Each organisation may nominate a maximum of two members to attend meetings.

3. Quorum

The members present shall be a quorum.

4. Meetings of the Property Rates Forum

The Property Rates Forum will meet when ever the need arises. Council must consult the Property Rates Forum before any tax is imposed.

Part 3

Imposition of Rates

1. General Rates

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

Council must consider the recommendations of the Property Rates Advice Forum when imposing a rate.

Rateable property shall include any rights registered against such property with the exception of a mortgage bond.

The council pledges itself to limit each annual increase as far as practicable to the increase in the consumer price index over a period preceding the financial year to which the increase relates, except when the approved integrated development plan of the municipality provides for a greater increase.

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

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

Liability for the payment of Rates

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

Rates due on a supplementary Valuation Roll

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

2. Special Rating Areas

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

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

The ratio between rates on residential and non-residential property may not exceed the ratio prescribed by the Minister of Provincial and Local Government. The present ratio is 1 : 1.

4. Method of assessing Rates

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

5. Adjustment of Rates

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

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

6. Supplementary Valuation Rolls

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

7. Accounts to be Furnished

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

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

8. Properties used for multiple purposes

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

Part 4

4.1 Exemptions, Rebates and Reductions on Rates

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

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

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

• Property used for bona-fide agriculture purposes	0%
• Small holdings used for bona-fide agriculture purposes	0%
• Property used for bona-fide agriculture purposes where the owner/tenant supply free basic services to farm workers	0%
• Property zoned as agriculture which is not used for agriculture purposes	50%
• State-owned property: residential	0%
• State-owned property: public infrastructure	30%
• Other state property	0%
• Municipal property used for municipal purpose;	100%
• Municipal property not used for municipal purpose;	0%
• State owned property: Schools	20%
• State trust land	0%
• Protected areas	100%

<ul style="list-style-type: none"> • Properties on which national monuments are situated and used for residential purposes only 	0%
<ul style="list-style-type: none"> • Properties on which national monuments are situated and used for business and commercial purposes 	0%
<ul style="list-style-type: none"> • Properties owned by benevolent organisations and used to further the objectives of such organisations 	100%
<ul style="list-style-type: none"> • Properties owned by a land reform beneficiary or his/her heirs for the first ten years as from date of the first registration of the title deed in the Deeds Office 	100%

<ul style="list-style-type: none"> • Property registered in the name of a religious body or organisation and primarily used as a place of worship including the official dwelling of a minister or employee of that organisation who officiates at services. 	100%
<ul style="list-style-type: none"> • Property registered in the name of a private school which is registered in terms of an act. 	20%
<ul style="list-style-type: none"> • Property situated in the rural area which is zoned as non-agriculture 	30%
<ul style="list-style-type: none"> • Property registered in the name of a charitable organisation and/or church that house the poor 	100%
<ul style="list-style-type: none"> • Property in the rural area that are used for a hall, on condition that the halls have a separate title deed and are owned by a non-profit organization. 	100%
<ul style="list-style-type: none"> • Property owned by a sportclub, on condition that these properties of the sporting codes have a separate title deed and are owned by the sporting body. 	100%

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

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

<ul style="list-style-type: none"> • Registered indigents who are the sole owners of the property concerned and 	0% - the first R 80 000 of the valuation are exempted from rates
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occupy the property permanently	
<ul style="list-style-type: none"> • Owners of properties being developed for approved commercial or industrial use 	80% of the rates on the rateable value until the development is completed; 60% of the rateable value for municipality's financial year immediately following the completion of the development and 40% of the rates based on the rateable value for each of the two ensuing years.
<ul style="list-style-type: none"> • Property owners who are over 60 years of age with a monthly household income of less than R 3000 who own one property and occupy it permanently 	60% of the rates
<ul style="list-style-type: none"> • Property owners who are over 60 years of age with a monthly household income of less than R 4000 who own one property and occupy it permanently 	50% of the rates
<ul style="list-style-type: none"> • Property owners who are over 60 years of age with a monthly household income of less than R 5000 who own one property and occupy it permanently 	40% of the rates

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

- The inability of residential property owners to pass on the burden of rates, as opposed to the ability of the owners of business, commercial, industrial and certain other properties to recover such rates as part of the expenses associated with the goods or services which they produce.
- The need to accommodate indigents and less affluent pensioners.
- The services provided to the community by public service organisations.
- The value of agricultural activities to the local economy coupled with the limited municipal services extended to such activities, but also taking into account the municipal services provided to municipal residents who are employed in such activities.
- The need to preserve the cultural heritage of the local community.
- The need to encourage the expansion of public service infrastructure.

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

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

4.2 Application for exemption and rebates

- (1) Owners of property qualifying for exemptions and rebates, excluding exemptions and rates prescribed by the Act, must apply on the prescribed form before 30 September every third year as from 1 July 2009 for exemptions and rebates on rates for the medium term of three years.
- (2) All applications for exemptions or rebates on rates must be considered by the Chief Financial Officer or his nominee who must approve or reject it.
- (3) If an application is rejected, reasons for the rejection must be provided to the applicant.

Part 5

Date on which rates become due and payable

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

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

Part 6

Correction of errors and omissions

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

- a) An error or omission on the part of the municipality; or
- b) False information provided by the owner of the property; or
- c) Property used in contravention of the zoning regulations.

The rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.

Where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

Part 7

Frequency of Valuations

The municipality shall prepare a new valuation roll every four years and supplementary valuation rolls at least annually.

Part 8

Annexure: Legal Requirements

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

Part 9

Repeal and Commencement

1. Repeal of Policy

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

2. Commencement

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