



RATES POLICY

2026/27

FINANCIAL YEAR

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1. OBJECTIVE

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

- the Constitution encourages local government to be developmental in nature in addressing the service delivery authorities 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 fulfill its developmental responsibilities:
- revenues derived from property rates represents 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 enhance certainty, uniformity and simplicity across the nation, and which takes account of historical imbalances and burden of rates on the poor

In applying its rates policy, the council shall adhere to all the requirements of the Property Rates

2. DEFINITIONS

"Act" means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);

"Agent", in relation to the owner of the property, means a person appointed by the owner of the property –

(a) to receive rental or other payments in respect of the property on behalf of the owner;
or

(b) to make payments in respect of the property on behalf of the owner;

(c)

"Business Property", means-

- a) A property used for the activity of buying, selling or trading in commodities or services and includes offices, crèches, private hospitals, private clinics, cell phone and Telkom towers and hotels; or
- b) Property on which the administration of the business of private or public entities take place;

"Agricultural purpose" in relation to the use of a property includes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game.

"Annually" means every year;

"Category"

- (a) in relation to property, means a category determined in terms of Section 7 of this policy; and

- (b) in relation to owners of properties, means a category of owners determined in terms of Section 8 of this policy;

“Definitions, words and expressions” as used in the Act are applicable to this policy document where ever it is used;

“Industrial property” means a branch of trade or manufacturing, production, assembling or processing of finished or practically finished products from raw materials or fabricated parts. This includes grain silos, factories and any office or other accommodation on the same property, the use of which is incidental to the use of such a property

“Land reform beneficiary”, in relation to a property, means a person who –

- (a) acquired the property through –
 - (i) the Provision of Land and Assistance Act, 1993 (Act no 126 of 1993); or
 - (ii) the Restitution of Land Rights Act, 1994 (Act no 22 of 1994);
- (b) holds the property subject to the Communal Property Associations Act; 1996 (Act No 28 of 1996);
- (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution (Act No 108 of 1996) be enacted after this Act has been effect;

“Land tenure right” means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004 (Act No 11 of 2004);

“Multi-Purpose” in relation to a property, means a property that cannot be assigned to a single category due to the different uses of such a property in which event the property will be valued based on the apportionment of uses in accordance with the applicable category of property in terms of this policy

“Municipality” means the Mohokare Local Municipality;

“Newly Ratable property” means any ratable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding –

- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
- (b) a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified;

“Owner” –

- (a) in relation to a property referred to in paragraph (a) of the definition of “property” , means 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, means a person in whose name the right is registered;

- (c) in relation to land tenure right referred to in paragraph (c) of "property" means a person in whose name the right is registered to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of "property", means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of "publicly controlled";

Provided that a person mentioned below may for the purposes of this Act be regarded by the municipality as the owner of a property in the following cases: -

- (i) a trustee, in case of a property in a 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 in liquidation;
- (iv) a judicial manager, in the case of a property in the estate of a 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; or
- (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

"Property" means –

- (a) immovable property registered in the name of a person, including in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) public service infrastructure.

"Public service infrastructure" means publicly controlled infrastructure of the following kinds: (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;

- (b) water and 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;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels forming part of a scheme for transporting such fuels;

- (e) railway lines forming part of a national railway system;
- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) any other publicly controlled infrastructure as may be prescribed; or
- (i) rights of way easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i);

“Public service purposes”, in relation to the use of a property, means property owned and used by an organ of state as— (a) Hospitals or clinics;

(b) Schools, pre-schools, early childhood development centers 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’;’’

“Residential property” means improved property that:

(a) is used predominantly for residential purposes 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. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes.

(b) is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes.

(c) Is owned by a share-block company and used solely for residential purposes.

(d) Is a residence used for residential purposes situated on property used for or related to educational purposes.

And specifically exclude vacant land irrespective of its zoning or intended use.

“Vacant Land” means land on which no immovable improvements have been erected excluding farm properties not used for any purposes as contemplated in section 8(2)(e) of the MPRA.

3. IMPOSITIONS OF RATES

The council shall as part of each annual operating budget component impose a rate in the rand on the market value of all rateable property as recorded in the municipality valuation roll and

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

Rateable property (ies) shall include property not yet registered at the SA Deeds Office, but appearing on the maps of the Surveyor General.

All property (ies) not yet surveyed shall be required to make a flat rate contribution towards municipal infrastructure development at a rate determined by the council from time to time.

The council pledges itself to limit each annual increase as far as practicable to the increase in the consumer price index over the 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 burden of rates and service charges on representative property owners, in the various categories of property ownership and of the extent to which this burden is or remains competitive with the comparable burden

The council shall further, in imposing the rate for each financial year, strive to ensure that the aggregated budget revenues from property rates, less revenues forgone and less any contributions to the provision for bad debts, equal at least 25% (twenty-five percent) of the municipality's aggregate budget net revenues for the financial year concerned. This will have to be phased in over a number of years as and when circumstances permit it without causing an unnecessary burden on the rate payers.

4. DIFFERENTIAL RATES

Subject to section 19 of the Local Government: Municipal Property Rates Act No. 6 of 2004, a municipality may, in terms of the criteria set out in its rates policy, levy different rates for different categories of rateable property, determined in subsection (2) and (3), which must be determined according to the -

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

The municipality, therefore categorises properties in terms of rating purposes on the use of the property as listed in section 8 (1) of the Local Government: Municipal Property Rates Act No. 6 of 2004.

A municipality must determine the following categories of rateable property in terms of subsection (1): Provided such property category exists within the municipal jurisdiction: -

- (a) residential properties;
- (b) industrial properties;
- (c) business and commercial properties;
- (d) agricultural properties;
- (e) mining properties;
- (f) properties owned by an organ of state and used for public service purposes;

- (g) public service infrastructure properties;
- (h) properties owned by public benefit organisations and used for specified public benefit activities;
- (i) properties used for multiple purposes, subject to section 9; or
- (j) any other category of property as may be determined by the Minister, with the concurrence of the Minister of Finance, by notice in the *Gazette*.

In addition to the categories of rateable property determined in terms of subsection (2), a municipality may determine additional categories of rateable property, including vacant land: Provided that, with the exception of vacant land, the determination of such property categories does not circumvent the categories of rateable property that must be determined in terms of subsection (2).

Where a municipality can on good cause show that there is a need to sub-categorise the property categories listed in subsection (2), a municipality must apply to the Minister in writing for authorisation to create one or more such sub-categories.

Such application must -

- (i) be accompanied by a motivation for such sub-categorisation;
- (ii) demonstrate that such sub-categorisation is not in contravention of section 19; and
- (iii) reach the Minister at least 15 months before the start of the municipal financial year in which the municipality envisages levying a rate on such sub-categorised property.

5. EXEMPTIONS, REBATES AND REDUCTIONS ON RATES

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 annual budget so dictate.

In determining whether a property forms part of a particular category indicated below, the municipality shall have regard to the actual use 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)	residential properties	None
(b)	industrial properties	None
(c)	business and commercial properties	None
(d)	agricultural properties	7.5%
(e)	mining properties	None
(f)	properties owned by an organ of state and used for public service purposes	100%
(g)	public service infrastructure properties	100%
(h)	properties owned by public benefit organisations and used for specified public benefit activities	100%
(i)	properties used for multiple purposes, subject to section 9 or	None
(j)	any other category of property as may be determined by the Minister, with the concurrence of the Minister of Finance, by notice in the <i>Gazette</i>	None

- * A ratepayer who settles his rate account within the first three months from the billing date each year will qualify for an additional discount of 5% (five percent)

NOTE: In addition to the foregoing, the first R15 000 or such other amount as determined by NT or COGTA of the market value of all residential properties and of all properties used for multiple purposes, provided one or more components of such properties are used for residential purposes, is exempt from the payment of rates in terms of Section 17(1) (h) of the Property Rates Act.

Properties used for multiple purpose, will be levied by the dominant use of the property. Where one component on average represents 90% or more of the property's actual use such property shall be rated as though it were used for that use only.

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

Property owners who are both the permanent occupants and the sole owners of the property concerned & who are registered indigents in terms of the municipality's indigence management	Up to R 120 000 (100%) of the rates based on the rateable value of the property
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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 efficient pensioners
- The services provided to the community by public services organisations
- The value of agriculture 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 forgone 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.

6. FREQUENCY OF PAYMENTS

Payments for rates shall be made on or before the date specified in each monthly rate account

7. CORRECT OF ERRORS AND OMISSIONS

Where the rates levied on a particular property have been incorrectly determined whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted or 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. In addition, 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.

8. FREQUENCY OF VALUATIONS

The municipality shall prepare a new valuation roll every 5 (five years and supplementary valuation rolls every 12 (twelve) months.

9. LEGAL REQUIREMENTS

A paraphrase – and in some instances an abridgement – of the requirements of the Local Government: Property Rates Act no. 6 is attached as an annexure to this policy.

10. REGISTERS AND RECONCILIATIONS

A property register shall be maintained by the municipality in terms of the Municipal Property Rates Act. The property register shall be updated and reviewed on an annual basis. The appointed valuator shall ensure the correctness of the amounts.

Furthermore, the municipality shall also maintain a property transfer register, which shall be reconciled on a monthly basis to the property register. The monthly reconciliations shall be reviewed by the delegated official. Deed searches shall be performed on a bi-annual basis and be reconciled with the property register.

On detailed rateable valuation reconciliation shall be performed between the property register and the rates that were levied. The monthly reconciliations shall be reviewed by the delegated official.

11. NON-ROUTINE JOURNALS

All non-routine journals shall be prepared and reviewed as per the delegations. A delegated official shall review the journals before it is captured on the financial system.

ANNEXURE A: CHECKLIST

The following checklist represents a basis summary of the key controls which the municipality should perform:

Reported monthly to CFO

No	Description:	Comments
1	A new valuation roll shall be updated and approved every 5 years, as per the legislative requirements.	
2	The supplementary valuation roll shall be updated annually.	
3	The municipality shall maintain a property register which is reviewed on a timely basis.	
4	Deed searches shall be performed on a bi-annual basis. The results of the deed searches shall be reconciled to the property register.	
5	A rateable valuation reconciliation shall be performed annually between the property register and the rates that are levied. The reconciliation shall be reviewed by a delegated official.	

PARAPHRASE OF KEY REQUIREMENTS OF THE LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES ACT NO.6 OF 2004

CAUTIONARY NOTE

This paraphrase is not meant to cover the complete of the Property Rates Act but it's focused rather on those requirements which are immediately relevant to a municipality rates policy. Thus the section dealing with transitional arrangements has been omitted and so have most of the provisions dealing with the valuation process.

SECTION 2: POWER TO LEVY RATES

A metropolitan or local municipality may levy a rate on property in its municipal area.

A metropolitan or local municipality may levy rates on property subject to Section 229 and any other applicable provision of the Constitution, the provisions of the Act and rates policy it must adopt in terms of this Act.

SECTION 3: ADOPTION AND CONTENTS OF RATES POLICY

The council of a municipality must adopt a policy consistent with the present Act on the levying of rates on rateable property in the municipality.

Such a rates policy will effect on the effective date of the first valuation roll prepared by the municipality in terms of the present Act, and such policy must accompany the municipality's budget for the financial year concerned when that budget is tabled in the council in terms of the requirements of the Municipal Finance Management Act.

A rates policy must:

- treat person liability for rates equitably
- determine the criteria to be applied by the municipality's
 - * levies different rates for different categories of property
 - * exempts a specific category of owners of properties of the owners of a specific category of properties from payment of a rate on their properties
 - * grants a specific category of owners' properties or to the owners of a specific category of category of properties a rebate on or a reduction in the rate payable in respect of their properties: or increase rates
- Determine or provided criteria for the determined of categories of properties for the purposes of levying different rates, and categories of owners of properties, or categories of properties, for the purpose of granting exemptions, rebates and reductions:
- determined how the municipality's powers in terms of Section 9 must be exercised in relation to properties used for multiple purposes;
- Identify and quantify in terms of cost to the municipality and any benefit to the local community, exemptions, rebates and reductions; exclusions; and rates on properties that must be phased in terms of Section 21;
- Take into account the effect of rates on the poor and include appropriate measure to alleviate the rates burden on them;
- Take into account the effect of rates on organizations conducting specified public benefit activities and registered in terms of then income Tax Act for tax reductions because of those activities, in the case of property owned and used by such organizations for those activities;
- Take into account the effect of rates on public service infrastructure
- Allow the municipality to promote local, social and economic development; and
- Identify on a basis as may be prescribed all rateable properties in a municipality that are not rated in terms of Section 7

When considering the criteria to be applied in respect of any exemptions, rebates and reductions on properties used for agriculture must take into account

- The extend of service provided by the municipality in respect of such properties
- The contribution of agriculture to the local economy
- The extent of which agriculture to the social and economic welfare of farm workers.

Any exemptions, rebates or reductions granted and provided for in the rates policy adopted by a municipality must comply and be implemented in accordance with a national framework that may prescribed after consultation with organized local government.

No municipality may grant relief in respect of the payment of rates to:

- A category of owners of properties, or to the owners of a category of properties, other than by way of exemption, rebate or reduction as provided for in its rates policy and granted in term of Section 15 of the present Act; or
- The owners of properties on an individual basis.

SECTION 4: COMMUNITY PARTICIPATION

Before a municipality adopts its rates policy, the municipality must follow the process of community participation envisaged in Chapter 4 of the Municipal Systems Act and comply with the following requirements as set out below;

The municipal manager of the municipality must:

- Conspicuously display the draft rates policy for a period of at least 30 days at the municipality head and satellite offices and libraries and if municipality has an official website or a website available for it on that website as well; and
- Advertise in the media a notice stating that a draft rates policy has been prepared for submission to the council, and that such policy is available at the various municipal offices for public inspection, and (where applicable) is also available on the relevant website; and inviting the local community to submit comments and representations to the municipality with a period specified in the notice, but which period shall not less than 30 days.

The council must take all comments and representations made to in into account when it considers the draft rates policy.

SECTION 5: ANNUAL REVIEW OF RATES POLICY

The council must annually review and – if needed - amend its rates policy. Any amendments to the rates policy must accompany the municipality annual budget when it is submitted to council in terms of the Municipal Finance Management Act.

When the council decides to amend the rates policy, community participation must be allowed for as part of the municipality's annual budget process.

SECTION 6: BY-LAWS TO GIVE EFFECT TO RATES POLICY

A municipality must adopt by-laws to give effect to the implementation of its rates policy and such by-laws may differentiate between different categories of properties and different categories of owners of properties liable for the payment of rates

When levying rates, a municipality must levy such rates on all rateable property in its area but it is nevertheless not obliged to levy rates on:

- Properties of which the municipality itself is the owner
- Public services infrastructure owned by a municipal entity
- Rights registered against immovable property in the name of a person;
- Properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure attributed to past racially discriminatory laws or practices.

The requirement to levy rates on all rateable properties does not prevent a municipality from granting exemptions from rebates on or reductions in rates levied.

SECTION 8: DIFFERENTIAL RATES

A municipality may in terms of the criteria set out in its rates policy levy different rates for different categories of rateable property and these categories may be determined according to the:

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

Categories of rateable property that may be determined include the following:

- (a) residential properties
- (b) industrial properties
- (c) business and commercial properties
- (d) agricultural properties
- (e) mining properties
- (f) properties owned by an organ of state and used for public service purposes
- (g) public service infrastructure properties
- (h) properties owned by public benefit organisations and used for specified public benefit activities
- (i) properties used for multiple purposes, subject to section 9 or
- (j) any other category of property as may be determined by the Minister, with the concurrence of the Minister of Finance, by notice in the *Gazette*.

SECTION 9: PROPERTIES USED FOR MULTIPLE PURPOSES

A property used for multiple purposes must for rates purposes be assigned to a category determined by the municipality for properties used for:

- A purpose corresponding with the permitted use of the property, if the permitted use of the property is regulated
- A purpose corresponding with the dominant use of the property; or
- Multiple purposes as specified in Section 8 above

A rate levied on a property assigned to a category of properties used for multiple purposes must be determined by:

- 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

- Applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments

SECTION 10: LEVYING OF RATES ON PROPERTIES IN SECTIONAL TITLE SCHEMES

A rate on a property which is subject to a sectional title scheme must be levied on the individual sectional title units in the scheme, and not on the property on a whole.

SECTION 11: AMOUNT DUE FOR RATES

A rate levied by a municipality on property must be stated as an amount in the rand

- Or the market value on the property
- If the base of public service infrastructure on the name value of the public service infrastructure less 30% of that value
- In case of property to which Section 17(1)(h) applies, on the market value of the property less the amount stated in that section (note the section concerned deals with the requirements that the first R15 000 of the market value of certain properties is not rateable)

SECTION 12: PERIODS FOR WHICH RATES MAY BE LEVIED

In levying rates, a municipality must levy the rate for a financial year. A rate lapses at the end of the financial year for which it was levied.

The levying of rates forms part of the municipality's annual budget process, and the municipality must therefore annually, at the time of its budget process review the amount in the rand of its current rates in line with the annual budget for the next financial year.

SECTION 13: COMMENCEMENT OF RATES

A rate becomes payable as from the start of the particular financial, or if the municipality's annual budget is not approved by the start of the financial year, as from such later date when the municipality's annual budget, including the resolution levying the rates, is approved by the provincial executive in terms of the provisions of the Municipal Finance Management Act.

SECTION 14: PROMULGATION OF RESOLUTION LEVYING RATES

A rate is levied by a municipality by a resolution passed by the council with a supporting vote of a majority of its members.

The resolution levying rates must be promulgated by publishing the resolution in the provincial gazette. Whenever a municipality passes a resolution to levy rates the municipal manager must without delay conspicuously display the resolution for a period of at least 30 days at the municipality's head, satellite offices and libraries, and if the municipality has an office website or a website is available to it, on that website as well; and advertise in the media a notice stating that the resolution levying the property rates has been passed by the council, and that the resolution is available at the municipality head and satellite offices as so forth.

SECTION 15: EXEMPTIONS, REDUCTIONS AND REBATES

A municipality may in terms of the criteria which it has set out in its rates policy:

- Exempt, a specific category of owners of properties, or the owners of a specific category of properties, from payment of the rate levied on their property; or
- Grant to a specific category of owners, or to the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.

In granting exemptions, reductions and rebates in respect of owners or categories of properties a municipality may determine such categories in accordance with Section 8 of the present Act, and when granting exemptions, reductions or rebates in respect of categories of owners of properties, such categories may include:

- Indigents owner
- Owners dependent on pension or social grants for their living hood
- Owners temporarily without income
- Owners of property situated within an area affected by a disaster or any other serious adverse social or economic conditions
- Owners of residents' property with a market value lower than an amount determined by the municipality, and
- Owners of agricultural properties who are bona fide farmers

The municipal manager must annually table in the council:

- A list of all exemptions, reductions and rebates granted by the municipality during the previous financial year; and
- A statement the income which the municipality has forgone during the previous financial year by way of such exemption, reductions and rebates, exclusions referred to in the Act, and the phasing in discount granted in terms of Section 21.

All exemptions, reductions and rebates projected for a financial year must be reflected in the municipality annual budget for that year as income on the revenue side and expenditure side.

SECTION 16: CONSTITUTIONALLY IMPERMISSIBLE RATES (ABRIDGED)

In terms of the Constitution a municipality may not exercise its power to levy rates on property in a manner that materially and unreasonably prejudices national economic policies, economic activities across its boundaries, or the national mobility of goods, services, capital and labour.

In a rate on a specific category of properties or a rate on a specific category of properties above a specific amount in the rand is materially and unreasonably prejudicing any of the matters referred to above the minister of province and local government may by notice in the gazette give notice to the relevant municipality that the rate must be limited to an amount in the rand specified in the notice.

SECTION 17: OTHER IMPERMISSIBLE RATES (ABRIDGED)

A municipality may not levy a rate on:

- The first 30% of the market value of public services infrastructure;

- Any part of the seashore;
- Any part of the territorial waters of the Republic
- Any island of which the state is the owner;
- Those parts of a special nature reserve, national park or nature reserve or national botanical garden which are not developed or used for commercial, business, agriculture or residential purposes;
- Mineral rights
- Property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses 10 years from the date on which such beneficiary's title was registered in the office of the registrar of deeds:
- The first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll to a category determined by the municipality for residential purposes or for properties used for multiple purposes, provided one or more components of the property are used for residential purposes
- A 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 and who officiates at services at that place of workshop

(the remaining of this Section deals with situation where the various exemptions lapse)

SECTION 18: EXEMPTIONS OF MUNICIPALITY FROM PROVISIONS OF SECTION 17

A municipality may apply in writing to the minister for Provincial and Local Government to be exempted from applying the exemptions granted in respect of the first 30% of the market value of public infrastructure the exemptions on nature reserve, national parks and national botanical gardens, the exemption on property belonging to land beneficiaries, and the exemption applying to the first R15 000 of the market value of residential and mixed used property, if the municipality can demonstrate that such exclusions are compromising or impeding its ability or right to exercise its powers or perform its functions within the meaning of the Constitution.

SECTION 19: IMPERMISSIBLE DIFFERENTIATION

A municipality may not levy

- Different rates on residential properties (except where transitional arrangements apply or where some of the properties are newly rateable);
- A rate on non- residential properties that exceeds a prescribed ratio to the rate on residential properties;
- Rates which unreasonably discriminate between categories of non-residential properties; and
- Additional rates, except as provided for in Section 22.

SECTION 20: LIMITS ON ANNUAL INCREASES OF RATES

The ministers of Provincial Local Government may with the concurrence of the Minister of Finance and by notice in the gazette set an upper limit on the percentage by which rates on properties or a rate on a specific category of properties may be increased. Different limits may be set for different kinds of municipalities or different categories of properties.

The minister may on written application by a municipality and on good cause shown exempt such municipality such municipality limits in terms of the limits in terms of the foregoing.

SECTION 21: COMPULSORY PHASING-IN OF CERTAIN RATES

A rate levied on newly rateable property must be phased in over a period of three financial years. Similarly, a rate levied on property owned by a land reform beneficiary must after the exclusion period has lapsed be phased in over a period of four financial years.

A rate levied on a newly rateable property owned and used by organization conducting specified public benefit activities must be phased in over a period of four financial years.

The phasing in discount on a property must;

- In the first year, be at least 75% of the rate for that year otherwise applicable to that property
- In the second year, be at least 50% of the rate for that year otherwise applicable to that property; and
- In the third year be at least 25% of the rate for that year otherwise applicable to that property.

No rate may be levied during the first year on newly rateable property owned and used by organizations conducting specified public benefit activities. Thereafter the phasing in discount shall apply as for other newly rateable property except that the 75% discount shall apply to the second year the 50 % to the third year and the 25% to the fourth year.

A rate levied on newly rateable property may not be higher than the rate levied on similar property or categories of property in the municipality.

SECTION 22: SPECIAL RATING AREAS (ABRIDGED)

A municipality may by a resolution of its council determine an area within that municipality as a special rating area levy and additional rate on property in that area for the purposes of raising funds for improving or upgrading that area, and differentiate between categories of properties when levying such additional rate.

For determining such a special rating area, the municipality must undertake a prescribed process of consultation with the local community and obtain the consent of the majority of the members of the local community in the proposed special rating area who are liable for paying the additional rate.

The levying of an additional rate may not be used to reinforce existing inequities in the development of the municipality, and any determination of a special rating area must be consistent with the objectives of the municipality's IDP.

SECTION 23: REGISTER OF PROPERTIES

The municipality must draw up and maintain a register in respect of all properties situated within that municipality, dividing such register into a part A and a part B.

Part A of the Register consist of the current valuation roll of the municipality including any supplementary valuation rolls prepared from time to time.

Part B of the register specified which properties or the valuation roll on any supplementary valuation rolls are subjects to;

- An exemption from rates in terms of Section 15 of the present roll
- A rebate or a reduction in the terms of Section 15
- A phasing in the rate in terms of section 21 and
- An exclusion referred to in section 17

The register must be open for inspection by the public during office hours and if the municipality has an official website or a website available to it, the register must also be displayed on that website.

The municipality must at regular intervals, but least annually update part B of the register.

SECTION 24: PROPERTY RATES PAYABLE BY OWNERS

A rate levied by a municipality on property must be paid by the owner of the property. Joint owners of a property are jointly and severally liable for the amount due for rates on that property.

In the case of agriculture property owned by more than one owner in undivided shares the municipality must consider whether in the particular circumstances it would be more appropriate for the municipality to hold any one of the joint owners liable for all rates levied in respect of agriculture property or to hold any joint owner only liable for that portion of the rates levied on the property that that represents that joint owner undivided share in the agriculture property.

SECTION 25: PAYMENT OF RATES ON REPORT IN SECTIONAL TITLE SCHEMES

The rate levied by a municipality on a sectional title unit is payable by the owner of the unit.

The municipality may not recover the rate on such sectional title unit of any part of such rate, from the body corporate controlling the sectional title scheme except when the body corporate itself is the owner of any specific sectional title unit.

SECTION 26: METHOD AND TIME OF PAYMENT

A municipality must recover a rate on a monthly basis or less often as may be prescribed in terms of the Municipal Financial Management Act, or annually as may be agreed to with the owner of the property.

If the rate is payable in a single annual amount it must be paid on or before a date determined by the municipality. If the rate is payable in instalments it must be paid on or before a date in each period determined by the municipality.

SECTION 27: ACCOUNTS TO BE FURNISHED

A municipality must furnish each person liable for payment for the payment of a rate with a written account specifying:

- The amount due for rates payable
- The date on or before which the amount is payable
- How amount was calculated
- the market value of the property
- if the property is subject to any compulsory phasing in discount in terms of Section 21 the amount of the discount and
- if the property is subject to any additional rate in terms of Section 22 the amount due for additional rates

The defect table for payment of the rates remains liable for such payment whether or not such person has received written account from the municipality if the person concerned has not received a written account that person must make the necessary enquiries from the municipality.

SECTION 28: RECOVERY OF RATES IN ARREARS FROM TENANTS AND OCCUPIERS

If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined for payment by the municipality, the municipality may recover the amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier. The municipality may recover an amount only after it has served a written notice on such tenant or occupier.

The amount that the municipality may recover from the tenant or occupier is limited to the amount of the rent or other money or payable, but not yet paid, by such tenant or occupier of the property.

SECTION 29: RECOVERY OF RATES FROM AGENTS

A municipality may recover the amount due for rates on a property in whole or in part from the agent of the owner, if this is more convenient for the municipality but only after the municipality has served a written notice on the agent in this regard.

The amount that the municipality may recover from the agent is limited to the amount of any rent or other money received by the agent on behalf of the owner less any commission due to the agent.

SECTION 30: GENERAL VALUATION AND PREPARATION OF VALUATION ROLLS

A municipality intending to levy a rate on property must cause a general valuation to be made of all properties in the municipality and must prepare a valuation roll of all properties in terms of such valuation.

All rateable properties in a municipal area must be valued during such general valuation, including all properties full or partially excluded from rates in terms of Section 17 of the present Act. However, if the municipality does not intend to levy rates on its own property on public service infrastructure owned by a municipal entity on rights in properties and on properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racial discrimination the municipality is not obliged to value such properties as part of the valuation process.

A municipality may also apply to the minister for exemption from the obligation to value properties excluded from rates in terms of Section 17n if the municipality can demonstrate that the valuation of such properties is too onerous for it, given its financial and administrative capacity.

Properties which have been valued because of any of the foregoing considerations must nevertheless be included in the valuation roll.

SECTION 31: DATE OF VALUATION

For the purposes of a general valuation a municipality must determine a date that may be not more than 12 months before the start of the finance year in which the valuation roll is to be first implemented.

The general valuation must reflect the market values of properties in accordance with market conditions which apply as at the date of the valuation, and in accordance with any other applicable provisions of present Act.

SECTION 32: COMMENCEMENT AND PERIOD OF VALIDITY OF VALUATION ROLLS (ABRIDGED)

A valuation roll takes effect from the start of the financial year following completion of the public inspection period present Act, and remains valid for that financial year or for more subsequent financial years as the municipality may decide but in total not for more than four financial years.

Section 32(2) provides for the extension of the period of validity of the valuation roll by the MEC for Local Government, but only up to a period of five financial years, and only in specified circumstances.

SECTION 46: GENERAL BASIS OF VALUATION (ABRIDGED)

The market value of a property is the amount the property would have realized if sold on the date of valuation in the open market by a willing seller to a willing buyer.

SECTION 47: VALUATION OF PROPERTY IN SECTIONAL TITLE SCHEMES

When valuing a property which is subject to a sectional title scheme the value must determine the market value of each sectional title in the scheme.

SECTION 77: GENERAL

A municipality must regularly but at least once a year update its valuation roll by causing a supplementary valuation roll to be prepared or the valuation roll itself to be amended.