

UMNGENI MUNICIPALITY

AMENDED RATES POLICY 2015/16



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uMNGENI LOCAL MUNICIPALITY

RATES POLICY

Date Approved:	31 March 2015
Date Implemented:	1 July 2015

1. DEFINITIONS

“Municipal Finance Management Act” means the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“Municipal Property Rates Act” means the Local Government : Municipal Property Rates Act, 2004 (Act No. 6 of 2004) as amended;

“Municipal Systems Act” means the Local Government : Municipal Systems Act, 2000 (Act No. 32 of 2000);

2. OBJECTIVE

In developing and adopting this rates policy, the Council has sought to give effect to the sentiments expressed in the preamble of the Municipal Property Rates Act, 2004 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 fulfill 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 Municipal Property Rates Act 2004, including any regulations promulgated in terms of that Act.

3. IMPOSITION 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's valuation roll and supplementary valuation rolls. Rateable property shall include any rights registered against such property, with the exception of a mortgage bond.

The Council pledges itself to limit as far as possible each annual increase over the period preceding the financial year to which the increase relates. The Council shall, in imposing the rate for each financial year, take proper cognisance of the aggregate burden of rates and service charges on representative property owners, in the various categories of property ownership.

4. REBATES ON RATES

In imposing the rate in the rand for each annual operating budget component, the Council shall grant the following rebates to the categories of properties and categories of owners indicated below, but the Council reserves the right to amend these rebates if the circumstances of a particular annual budget so dictate.

Any exemptions, rebates or reductions granted and provided for in this rates policy, must comply and be implemented in accordance with a national framework that may be 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 an exemption, rebate or reduction as provided for in its rates policy and granted in terms of section 15 of the Municipal Property Rates Act, 2004; or the owners of properties on an individual basis.

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.

Category of Property	Description	Category Rebate	Additional Rebate
1	Residential	30%	
2	Industrial	0%	On application per the Municipal Incentive Scheme, BBBEE status
3	Business & Commercial	0%	On application per the Municipal Incentive Scheme, BBBEE status
4	Rural - Agriculture	82.5%	
5	Rural - Commercial	30%	On application per the Municipal Incentive Scheme, BBBEE status
6	Rural Residential – Residential	30%	20%
6	Rural Residential – Agriculture	82.5%	
7	State Owned Properties	30%	
8	Municipal Properties	100%	
9	PSI– per MPRA amendment phase out	0%	

10	Informal Settlements	30%	
11	Mining & Quarries	20%	
12	Vacant Land	0%	
13	Protected Areas	100%	
14	Multi Purpose	0%	
15	Public Benefit Organization (PBO)	82.5%	
16	Place of worship	100%	
17	Education	82.5%	
18	Bulk Development Land	40 %	

CATERGORY OF PROPERTY AND USED CODES						
Property Use	Default Prop Cat	Prop Use Code	Capital Exemption	Primary Rebate	Additional Rebate	
Catorgory 1: Residential						
Single family	Residential	A01	R 100,000.00	30%	0%	
Two family	Residential	A02	R 100,000.00	30%	0%	
Residential & Business(mostly residential-51% and more residential)	Residential	A04	R 100,000.00	30%	0%	
Rural Residential	Rural Residential	A06	R 100,000.00	30%	20%	
Block of flats	Residential	D01	R 100,000.00	30%	0%	
Retirement Village	Residential	D04	R 100,000.00	30%	20%	
Old age home/Nursing home	Residential	D07	R 100,000.00	30%	0%	
Rerraced/Mult dwelling (3+units)	Residential	D08	R 100,000.00	30%	0%	
ST Parent Property	Residential	E00	R 100,000.00	30%	0%	
ST-Dwellings	Residential	E01	R 100,000.00	30%	0%	
ST-Flats	Residential	E02	R 100,000.00	30%	0%	
SB-Dwellings	Residential	E07	R 100,000.00	30%	0%	
SB-Flats	Residential	E08	R 100,000.00	30%	0%	
ST-Residential Garage	Residential	E13	R 100,000.00	30%	0%	
ST-Residential Granny Flat	Residential	E15	R 100,000.00	30%	0%	
ST-Residential Storage	Residential	E16	R 100,000.00	30%	0%	
Investigate	Residential	L01	R 100,000.00	30%	0%	
Invalid Entry	Residential	L02	R 100,000.00	30%	0%	
In addition to the above:						
if the customer is pensioner , further 30 % rebates will be granted by linking it to Discount category						
If the customer is disable, further 30% rebates will be granted by linking it to discount category						
if the customer is indigent, further 70% rebates will be granted by linking it to a discount category						
Old age Home / nursing home with a usage Code of D07 should have a further rebate of 70 %						
Catorgory 2: Industrial						
Container storage	Industrial	C02	R -	0%	0%	
Heavy industrial	Industrial	C03	R -	0%	0%	
Light Industrial	Industrial	C05	R -	0%	0%	
Storage	Industrial	C06	R -	0%	0%	
Warehouse	Industrial	C10	R -	0%	0%	
Workshop	Industrial	C11	R -	0%	0%	
ST-Industrial	Industrial	E04	R -	0%	0%	
Special discount /rebate for new industrial development						
with a sliding scale of 100%, 75%, 25%, 0% over four years for industrial incentives						

CATERGORY OF PROPERTY AND USED CODES						
Property Use	Default Prop Cat	Prop Use Code	Capital Exemption	Primary Rebate	Additional Rebate	
Catogory 3: Business and Commercial						
Bank	Business and commercial	B01	R	-	0%	0%
Bar/Lounge	Business and commercial	B02	R	-	0%	0%
Car sales/Showroom	Business and commercial	B03	R	-	0%	0%
Car wash	Business and commercial	B04	R	-	0%	0%
Club (sports club)	Business and commercial	B05	R	-	0%	0%
Commecial & Residential (mostly commercial)	Business and commercial	B06	R	-	0%	0%
Convenience store	Business and commercial	B07	R	-	0%	0%
Creche	Business and commercial	B08	R	-	0%	0%
Funeral parlour/Undertaker	Business and commercial	B12	R	-	0%	0%
Health club	Business and commercial	B13	R	-	0%	0%
Hotel	Business and commercial	B14	R	-	0%	0%
Medical centre (Office)	Business and commercial	B15	R	-	0%	0%
Medical clinic	Business and commercial	B16	R	-	0%	0%
Office	Business and commercial	B17	R	-	0%	0%
Office-dwelling conversion	Business and commercial	B18	R	-	0%	0%
Office and retail	Business and commercial	B19	R	-	0%	0%
Petrol station/Convenience store	Business and commercial	B21	R	-	0%	0%
Restaurant	Business and commercial	B22	R	-	0%	0%
Retail-dwelling conversion	Business and commercial	B23	R	-	0%	0%
Retail shop	Business and commercial	B24	R	-	0%	0%
Shopping centre-neighbourhood	Business and commercial	B25	R	-	0%	0%
Shoppng centre- regional	Business and commercial	B26	R	-	0%	0%
Supermarket	Business and commercial	B28	R	-	0%	0%
Light Industrial	Business and commercial	B37	R	-	0%	0%
Special discount /rebate for new business and commercial development in terms of Municipal Incentive Scheme						
Guest House / B & B	Business and commercial	D05	R	-	0%	0%
ST Offices and/or Retail	Business and commercial	E06	R	-	0%	0%
ST Hotel	Business and commercial	E21	R	-	0%	0%
Special discount /rebate for new business and commercial development in terms of Municipal Incentive Scheme						
Exhibition / Conference Centre	Business and commercial	F02	R	-	0%	0%
Private Hospital	Business and commercial	F03	R	-	0%	0%
Private Medical Clinic	Business and commercial	F05	R	-	0%	0%
Public Buildings (Library / Musuem / Courts etc)	Business and commercial	F09	R	-	0%	0%
Golf Course	Business and commercial	H05	R	-	0%	0%
Police / Fire / Ambulance / Traffic Control	Business and commercial	H07	R	-	30%	0%
Sports / Country Club	Business and commercial	H09	R	-	0%	0%
Stadium / Sports Facility	Business and commercial	H10	R	-	0%	0%
Catogory 4: Rural Agricultural						
Farms-Agriculture	Farms-Agriculture	G02	R	-	82.5%	0%
Smallholding-Agriculture	Smallholdings-Agriculture	G07	R	-	82.5%	0%
An agricultural property owner who qaulifies as a persioner will receive a further 30 % rebate						
Catogory 5: Rural - Commercial						
Farm: Comm/Ind/Bus	Farms-Commercial	G03	R	-	30%	0%
Smallholding:Comm/Ind/Bus	Smallholdings-Commercial	G08	R	-	30%	0%
Farm:Other	Farms-Others	G05	R	-	82.5%	0%
Category 6: Rural - Residential						
Rural Residential	Rural Residential	G01	R	100,000.00	30%	20%
Smallholding-Residential	Rural Residential	G06	R	100,000.00	30%	20%
Rural Residential Agriculture	Farms-Residential	G10	R	-	82.5%	0%

CATERGORY OF PROPERTY AND USED CODES						
Property Use	Default Prop Cat	Prop Use Code	Capital Exemption	Primary Rebate	Additional Rebate	
Category 7: State Owned Properties						
Electrical Power Line Corridors	State Owned	I07	R	-	30%	0%
Transmission element (substation)	State Owned	I08	R	-	30%	0%
Water pipeline corridors	State Owned	I09	R	-	30%	0%
Electrical Power stations	State Owned	I10	R	-	30%	0%
Telecommunication other property	State Owned	I12	R	-	30%	0%
Gas/Liquid fuel Corridor	State Owned	I13	R	-	30%	0%
Water reservoirs/treatment works/Pump House	State Owned	I15	R	-	30%	0%
Dam	State Owned	I16	R	-	30%	0%
National Monument	National Monuments	F13	R	-	100%	0%
Category 8: Municipal Properties						
Bus/Tax terminal	Municipal Properties	H03	R	-	100%	0%
Cemetery	Municipal Properties	H04	R	-	100%	0%
Sewerage/Water treatment	Municipal Properties	H08	R	-	100%	0%
Public Buldings(Office, Library, Museum, courts etc)	Municipal Properties	K01	R	-	100%	0%
Municipal Depot	Municipal Properties	K02	R	-	100%	0%
Residential Land	Municipal Properties	K03	R	-	100%	0%
Other Land	Municipal Properties	K04	R	-	100%	0%
Parks	Municipal Properties	K05	R	-	100%	0%
Roads other property	Municipal Properties	K06	R	-	100%	0%
Roads	Municipal Properties	K07	R	-	100%	0%
Category 9: PSI						
Airport element	PSI	I01	R	-	0%	0%
Harbour element	PSI	I02	R	-	0%	0%
National Roads Corridor	PSI	I03	R	-	0%	0%
Provincial Road Corridor	PSI	I04	R	-	0%	0%
Railway Corridors	PSI	I05	R	-	0%	0%
Railway other property (transnet)	PSI	I06	R	-	0%	0%
Category 10: Informal Settlements						
Informal Settlements	Informal Settlements	J11	R	-	30%	0%
Category 11: Mining and Qaurries						
Quarries	Mining and Quarries	H11	R	-	20%	0%
Category 12: Vacant land						
Private road	Vacant Land	J03	R	-	0%	0%
Vacant commecial land	Vacant Land	J06	R	-	0%	0%
Vacant Industrial land	Vacant Land	J07	R	-	0%	0%
Vacant residential land	Vacant Land	J08	R	-	0%	0%
Farms:Vacant Land	Smallholdings- Others	G09	R	-	82.5%	0%
Farm:Vacant Land	Farms- Others	G04	R	-	82.5%	0%
Category 13: Protected areas						
Proctected Areas/Wild life reserve	Protected Areas	H13	R	-	100%	0%
Nature reserve	Protected Areas	J01	R	-	100%	0%
Private open space	Protected Areas	J02	R	-	100%	0%
Private road	Vacant Land	J03	R	-	100%	0%
Public open space	Protected Areas	J04	R	-	100%	0%
Public Park	Protected Areas	J05	R	-	100%	0%
CATERGORY OF PROPERTY AND USED CODES						
Property Use	Default Prop Cat	Prop Use Code	Capital Exemption	Primary Rebate	Additional Rebate	
Category 14: Multi Purpose						
	Multi Purpose	L04	R	-	0%	0%
Category 15: Public Benefit Organisation						
NPO/PBO Activity	Public Benefit Organisation	L03	R	-	82.5%	0%
Category 16: Place of Worship						
Worship Centre	Worship	F12	R	-	100%	0%
Category 17: Education						
College / University / Technikon (Tertiary)	Education	F01	R	-	82.5%	0%
Private Schools	Education	F10	R	-	82.5%	0%
Public Schools	Education	F11	R	-	82.5%	0%
Category 18: Bulk Development Land						
	Bulk Development Land	L05	R	-	40.0%	0%
Various Categoriess: Common Property						
Common Property	Residential	C14	R	-	0%	0%

Notes on Categories and Definitions - Differential Rates

In terms of Section 8(1) of the Municipal Property Rates Act 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, which may include categories determined according to the:-

- (a) use of the property
- (b) permitted use of the property, or
- (c) geographical area in which the property is situated

Categories

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

1. Residential

Residential properties are improved properties located within a formal township (within the municipal town planning scheme) or Sectional Title Scheme, within an established urban area. Its primary use is to provide residential accommodation and is improved with dwellings. They are therefore categorised in terms of Section 8(2) (a) of the Municipal Property Rates Act 6 of 2004.

2. Industrial

Industrial properties are properties located within a formal township (within the municipal town planning scheme) or Sectional Title Scheme, within an established urban area, and they are improved with buildings suitable for manufacturing, warehousing, workshops, etc. They are therefore categorised in terms of Section 8(2) (b) of the Municipal Property Rates Act 6 of 2004.

3. Business and Commercial

Business and Commercial properties are properties located within a formal township (within the municipal town planning scheme) or Sectional Title Scheme, within an established urban area, and they are improved with buildings suitable for conducting a business and / or commercial enterprise such as retail shops, offices, and garages. They are therefore categorised in terms of Section 8(2) (c) of the Municipal Property Rates Act 6 of 2004.

4. Rural-Agricultural

Rural-Agricultural properties are agricultural land properties located in a rural location outside of a formal township (and or outside of the municipal urban town planning scheme), zoned for agricultural use and or the bona fide dominant use is that of farming relative to the agricultural carrying capacity of the property. Properties where limited farming is taking place relative to the properties agricultural carrying capacity and where the property's dominant and most likely use is that of a residence, business, hospitality establishment or lifestyle property may not be included under this category. These properties, due to their location, are not

provided with municipal services/infrastructure. It should further be noted that the Act stipulates that properties used for eco-tourism or for the trading in or hunting of game are not to be categorised as agriculture. They are therefore categorised in terms of Section 8(2) (d) (i) of the Municipal Property Rates Act 6 of 2004. Documentary proof of registration as a farming entity with SARS may be called for to qualify for inclusion in this category. Reference to agricultural land is made below.

“agricultural land” means any land which is or may be used for the production of biomass that provides food, fodder, fibre, fuel, timber and other biotic material for human use, either directly or through animal husbandry including aquaculture and inland and coastal fisheries or any other agricultural purpose, excluding land which the Minister, after consultation with other relevant Ministers and MEC’s concerned, excludes by means of a notice in the Gazette.

5. Rural-Commercial

Rural-Commercial properties are properties located outside of a formal township/urban area (outside of the municipal urban town planning scheme) and are improved with buildings suitable for conducting a business and / or commercial enterprise (excluding agricultural and / or farming enterprises) such as retail shops and offices, restaurants, hotels, garages and hospitality and tourism related businesses including, but not limited to, Midlands Meander type businesses etc. These properties, due to their location, are generally not provided with municipal services/infrastructure.

6. Rural-Residential

Rural-Residential properties are divided into two distinct land use groups:

1. Rural Residential – Residential, are properties made up of Freehold or Sectional Title Properties located generally outside of, but may fall within a municipal town planning scheme, (e.g the village of Nottingham Road), improved with dwellings and primarily used for residential purposes and would include properties within approved rural residential development estates and which are administered by a recognised Homeowners Association. These properties, due to their location, are currently not provided with any municipal services/infrastructure on the estate and or property and within the immediate surrounding precinct.
2. Rural Residential – Agriculture, include agricultural properties which may have agricultural value based on current approved zoning, land use and extent. These properties, due to their location, are currently not provided with any municipal services/infrastructure. Reference to agricultural land below.

“agricultural land” means any land which is or may be used for the production of biomass that provides food, fodder, fibre, fuel, timber and other biotic material for human use, either directly or through animal husbandry including aquaculture and inland and coastal fisheries or any other agricultural purpose, excluding land which the Minister, after consultation with other relevant Ministers and MEC’s concerned, excludes by means of a notice in the Gazette.

7. State Owned

State owned properties are properties registered in the name of the state and are used for a variety of purposes, including but not limited to police stations, magistrates courts, water reservoirs, water treatment plants, power stations, pipelines, communication systems etc. They are therefore categorised in terms of Section 8(2) (f) (ii) of the Municipal Property Rates Act 6 of 2004.

8. Municipal

Municipal owned properties are properties registered in the name of a local municipality and are used for a variety of purposes, including but not limited to clinics, offices, vacant land, etc. Municipal properties shall include properties owned by municipal entities. They are therefore categorised in terms of Section 8(2) (h) of the Municipal Property Rates Act 6 of 2004.

9. Public Service Infrastructure

Public Service Infrastructure (PSI) means publicly controlled infrastructure such as roads, railway lines etc. PSI properties are divided into “Linear PSI” and “Individual PSI” properties.

Linear PSI properties include road, railway lines, power lines and pipelines. These are fictitious properties created along the length of the services, and with standard widths according to typical specifications for each type of service. Where they overlap a longitudinal PSI subdivision created for a linear servitude, they surface / override the longitudinal PSI servitude. Individual PSI properties comprise “regular” subdivisions for sub-stations, pump stations, utility buildings, etc. They are therefore categorised in terms of Section 8(2) (i) of the Municipal Property Rates Act 6 of 2004

10. Informal Settlements

Informal Settlement properties are residential properties improved with informal structures such as wattle and daub shacks or other rudimentary shelters. These properties are generally not provided with municipal services/infrastructure. They are generally located on a separate residential sub-division. They can be located either on formal township properties or farm properties.

11. Mining and Quarries

Mining and Quarry properties are primarily used for the extraction of stone.

12. Vacant Land

Vacant land is divided into two use groups:

1. Comprising vacant sites that may be developed for residential, commercial or industrial purposes, but excludes bulk development sites on which substantial sectional title developments and townships are to be established.
2. Vacant agricultural land

13. Protected Areas

These properties are within an area that is or has been listed in the register referred to in Section 10 of the Protected Areas Act (National Environmental Management: Protected Areas Act), such as nature reserves. They are therefore categorised in terms of Section 8(2) (p) of the Municipal Property Rates Act 6 of 2004.

14. Multiple Purpose

Multiple Purpose properties are properties that are used for more than one purpose. However, in determining whether a property forms part of this particular category, the municipality shall have regard to the dominant use to which the property is put.

15. Public Benefit Organisations

These properties are 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. They may education and development, health care, welfare and humanitarian clinics. They are therefore categorised in terms of Section 8(2)(q) of the Municipal Property Rates Act 6 of 2004.

16. Place of Worship

Place of worship is 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 who officiates at services at that place of worship.

17. Education

The Education category is for properties used for educational purposes which may include both, public and private schools, pre-schools and tertiary education facilities.

18. Bulk Development Land

Bulk Development Land is land that either has development rights for future development or which may be the remaining development opportunities of a development in the process of being constructed. Categories and definitions noted

above will be taken into consideration when determining which properties fall within this category (e.g developments in rural areas of the municipality)

Note on Dominant use

Dominant use is the most likely use of the property and for which the property can be utilised for in terms of its current zoning and or any other permit, licence or development approval status that may be attached to the property, by the municipality or other relevant authority.

Municipal Incentive Scheme

Business, Commercial and Industrial Properties can also apply for special rebates in terms of uMngeni Municipality's Incentive Scheme (Guiding principles of this Scheme and what additional rebates / and or capital exemptions can be applied for – all needs to be documented). Furthermore companies that comply with BBBEE Codes and can submit proof of employment equity can apply for a special rebate which will be considered on an individual basis. Companies who can submit evidence of job creation will also be considered for a special rebate on merit (Guiding principles of what special rebates can be offered by the UM needs to be drafted.

Land Transformation

Properties in respect of land which is applied to the implementation of the land reform programme and landowners which can demonstrate their agricultural BEE or empowerment partnerships can apply for exemption from the payment of rates and Council will consider these applications on an individual basis.

Additional Rebates

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 applicable to residential properties:

Individual property owners who are both the permanent occupants and the sole owners of the property concerned and who are registered indigents in terms of the municipality's indigent policy:

Additional 70%

Individual property owners who are over 60 years of age, who are both the permanent occupants and sole owner/owners of the property concerned, and whose aggregate household income does not exceed R9000.00 per month (which should be proved to the satisfaction of the Chief Financial Officer):

Additional 30%

Individual property owners who are disabled and the permanent occupants and sole owners of the property concerned, and whose aggregate household income does not exceed R9000.00 per month (which should be proved to the satisfaction of the Chief Financial Officer):

Additional 30%

Owners of a Sectional Titles Act Zoned (Town Planning Scheme) Retirement Village unit with Older Persons Act registered Care Services compliant with the Housing Development Schemes for Retired Persons Act, with the Category of Property Code "1" and Use Code "D04" as reflected in the General Valuation Roll.

Additional 20%

Old Age Homes/Nursing Home with the Category of Property Code "1" and the Use Code "D07" as reflected in the General Valuation Roll:

Additional 70%

Agricultural property owners who qualify as a pensioner as above

Additional 10%

When a property is occupied by families led by children and that is certified by the General Manager: Community Services as such

100% Rates Exemption.

If a residential property is not used exclusively for residential purposes although categorized as such (1), i.e. Bed & Breakfast, such property is not entitled to any exemptions and/or rebates applicable to that category, however application can be made for special rebates in terms of the uMngeni Municipality Incentive Scheme

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 organizations.

The value of agricultural activities to the local economy coupled with the limited municipal services and infrastructure 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 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.

5. DEFERMENT OF RATES

The following special circumstances qualify persons to apply for deferment of the payment of rates in terms of section 26(3) of the Municipal Property Rates Act:-

- property owners who are over sixty (60) years of age; or
- property owners who are not over sixty (60) years of age, but have retired from employment by reason of illness or disability certified by a medical practitioner, and are in necessitous circumstances.

Such deferment may either be indefinitely, or for such period as the Municipality may decide.

Such deferment may be for the whole or any portion of such rates; provided that the total amount of all rates so deferred, together with accumulated interest thereon, shall not at any time exceed twenty percent (20%) of the value of the property concerned, as shown in the valuation roll.

Interest

The accumulated amount of the deferred rates shall bear interest compounded monthly at a rate determined from time to time and the Council may also approve the waiver of such interest.

Liability

Should the total amount of the rates deferred together with interest thereon exceed twenty percent (20%) of the value of the property as shown in the valuation roll, any such excess shall become due and payable and shall be deemed to be rates due.

Termination

Any deferment granted shall terminate:-

- upon the death of the registered owner; provided that the Council may continue such deferment, in any case where it is established that the property concerned has been inherited by the surviving spouse and that such spouse is continuing in occupation of the property;

- upon expropriation, sale or other disposal of the property;
- upon the owner ceasing to reside permanently on the property;
- if the owner fails by the final date for the payment thereof, to pay rates or any part thereof owing in respect of the property, after allowing for the amount of the deferment;
- on expiry of the period of deferment

Application for deferment

Should an applicant wish to apply for a rebate/deferment of rates, he/she may apply before the 31st of July in any year.

6. FREQUENCY OF VALUATIONS

The municipality shall prepare a new valuation roll every 4 (four) years and supplementary valuation rolls twice a year in around July and December.

7. LEGAL REQUIREMENTS

This policy is subject to the requirements of the Municipal Property Rates Act, 2004 and the Municipal Systems Act, 2000.

8. 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, 2000; 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 (thirty) days at the municipality's head and satellite offices and libraries, and, if the municipality has an official website or a website available to 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 within a period specified in the notice, but which period shall not be less than 30 (thirty) days.

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

9. ANNUAL REVIEW OF RATES POLICY (SECTION 5 OF THE MPRA ACT)

The Council must annually review, and – if needed – amend its rates policy. Any amendments to the rates policy must accompany the municipality's annual budget when it is tabled in the Council in terms of the Municipal Finance Management Act, 56 of 2003.

10. AMOUNT DUE FOR RATES (SECTION 11 OF THE MPA ACT)

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

- on the market value on the property;
- in the case of public service infrastructure, on the market value of the public service infrastructure less 30% of that value;
- in the case of property to which Section 17(1)(h) applies, i.e. on the first R100 000 of the market value of property assigned to a category determined for:
 - residential purposes; or
 - Properties used for multiple purposes, provided one or more components of the property are used for residential purposes.

(It is noted that the market value of a property is determined as of 1 July 2014 for the 2015-2019 valuation roll)

Council reserves the right to grant property owners a further exemption on the market value of their properties over and above the amount as stated as impermissible in section 17(1)(h) which will be determined annually during the budget process.

11. PROMULGATION OF RESOLUTIONS 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 the 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 (thirty) days at the municipality's head and satellite offices and libraries, and if the municipality has an official 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's head and satellite offices.

12. EXEMPTIONS, REDUCTIONS AND REBATES

The municipality may:-

- 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 terms of section 8 of the Municipal Property Rates Act, 2004, exemptions, reductions or rebates are determined per Council resolution in respect of owners of properties of the following categories:-

- indigent owners;
- owners dependent on pensions or social grants for their livelihood;
- owners of property situated within an area affected by a disaster or any other serious adverse social or economic conditions;
- owners of residential properties 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 reflecting 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's annual budget for that year as income on the revenue side and expenditure on the expenditure side.

13. CONSTITUTIONALLY IMPERMISSIBLE RATES

The 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.

14. OTHER IMPERMISSIBLE RATES

A municipality may not levy a rate on:

- the first 30% of the market value of public service infrastructure;
- 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, agricultural or residential purposes;
- mineral rights;
- property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses 10 (ten) years from the date on which such beneficiary's title was registered in the office of the registrar of deeds;
- the first R100 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.

15. EXEMPTION OF MUNICIPALITIES FROM PROVISIONS OF SECTION 13

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 reserves, national parks and national botanical gardens, the exemption on property belonging to land beneficiaries, and the exemption applying to the first R100 000 of the market value of residential and mixed use 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.

16. IMPERMISSIBLE DIFFERENTIATION

A municipality may not levy:

- different rates (rate randage) on residential properties (except where transitional arrangements apply or where some of the properties are newly ratable);
- 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 18.

17. LIMITS ON ANNUAL INCREASES OF RATES RANDAGE (and collective rates income)

On written application by the municipality, and on good cause shown, the municipality may apply for exemption from the upper limit set by the Minister of Provincial and Local Government, on the percentage by which rates on properties or a rate on a specific category of properties may be increased.

18. 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 three financial years.

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

The phasing in discount on a property must:

1. The prohibition on the levying of rates on public service infrastructure referred in section 17(1)(aA) must be phased in over a period of five municipal financial years, with effect from the date of commencement of the Act.
2. The rates levied on property referred to subsection (1) must
 - (a) In the first year, be no more than 80 per cent of the rate for that year otherwise applicable to that property
 - (b) In the second year, be no more than 60 per cent of the rate for that year otherwise applicable to that property
 - (c) In the third year, be no more than 40 per cent of the rate for that year otherwise applicable to that property
 - (d) In the fourth year, be no more than 20 per cent of the rate for that year otherwise applicable to that property; and
 - (e) In the fifth year, be no more than 10 per cent of the rate for that year otherwise applicable to that property

19. SPECIAL RATING AREAS (Nodes/categories)

A municipality may by a resolution of its Council determine an area (node/category) within that municipality as a special rating area, levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading specific to that area, and

differentiate between categories of properties when levying such additional rate, for so long as such differentiation is not unreasonable.

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.

20. 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 agricultural 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 the agricultural property, or to hold any joint owner only liable for that portion of the rates levied on the property that represent that joint owner's undivided share in the agricultural property.

21. PAYMENT OF RATES ON PROPERTY 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, or 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.

22. METHOD AND TIME OF PAYMENT

uMngeni municipality will recover a rate on a monthly basis in twelve equal installments.

23. ACCOUNTS TO BE FURNISHED

A municipality must furnish each person liable 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 the amount was calculated;
- the market value of the property;
- if the property is subject to any compulsory phasing-in discount in terms of Section 17, the amount of the discount, and

- if the property is subject to any additional rate in terms of Section 18, the amount due for additional rates.

The person liable for payment of the rates remains liable for such payment whether or not such person has received a 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.

**24. RECOVERY OF RATES IN ARREARS FROM TENANTS AND OCCUPIERS
IN TERM OF SECTION 28 OF THE MPRA ACT**

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 due or payable, but not yet paid, by such tenant or occupier to the owner of the property.

25. RECOVERY OF RATES FROM AGENTS IN TERMS OF SECTIO 29 OF THE MPRA ACT

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.

**26. GENERAL VALUATION AND PREPARATION OF VALUATION ROLLS IN TERMS OF
SECTION 30 OF THE MPRA ACT AND CHAPTER 4**

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 ratable properties in a municipal area must be valued during such general valuation, including all properties fully 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 17 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 not been valued, because of any of the foregoing considerations, must nevertheless be included in the valuation roll.

27. GENERAL BASIS OF VALUATION

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

In determining the market value of a property, the following must be considered for purposes of valuing the property:-

- the value of any license, permission or other privilege granted in terms of legislation in relation to the property;
- the value of any immovable improvement on the property that was erected or is being used for purpose which is inconsistent with or in contravention of the permitted use of the property, as if the improvement was erected or is being used for a lawful purpose; and
- the value of the property for a purpose which is inconsistent with or in contravention of the permitted use of the property, as if the property is being used for a lawful purpose.

In determining the market value of a property the following must be disregarded for the purposes of valuing the property:-

- the value of any building or other immovable structure under the surface of the property which is the subject matter of any mining authorization or mining rights defined in the Minerals Act, 1991
- the value of any equipment or machinery which, in relation to the property concerned, is immovable property, excluding –
 - a lift
 - an escalator
 - an air conditioning plant
 - fire extinguishers
 - a water pump installation for a swimming pool or for irrigations on domestic purposes; and
 - any other equipment or machinery that may be prescribed;
 - any unregistered lease in respect of the property.

In determining the market value of a property used for agricultural purposes, the value of any annual of crops or growing timber on the property that have not yet been harvested as at the date of valuation must be disregarded for purposes of valuing the property.

Where the available market related data is insufficient to determine the market value of public service infrastructure, such public service infrastructure may be valued in accordance with any other method of valuation as may be prescribed.

28. OBJECTIONS

Any person who objects to the valuation of a property which is found to be vexatious shall be liable for the cost of dealing with that objection by the municipal valuer.

29. DATE OF VALUATION

For the purposes of a general valuation a municipality must determine a date that may be not more than twelve (12) months before the start of the financial year in which the valuation roll is to be first implemented. The date of valuation in respect of uMngeni Municipality is **2 July 2014**.

The general valuation and supplementary valuation entries 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 the present Act.

30. VALUATION OF PROPERTY IN SECTIONAL TITLE SCHEMES

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

31. RIGHT OF APPEAL

An appeal to an Appeal Board against a decision of the municipal value in terms of the Act, may be lodged in the prescribed manner and upon payment of the approved fee with the municipal manager.

32. UPDATING OF VALUATION ROLLS

The municipality must regularly, but at least once a year, update it's valuation roll by causing a supplementary valuation roll to be prepared in terms of Section 78 of the Municipal Property Rates Act; or the valuation roll is to be amended in terms of Section 79 of the Municipal Property Rates Act.

Rates payable on the values included in a supplementary roll will be determined in accordance with Section 78 (4) of the MPRA.

33. REGISTER OF PROPERTIES

- The Municipality must draw up and maintain a register in respect of properties situated within that municipality, consisting of a Part A and a Part B.
- Part A of the register consists of the current valuation roll of the Municipality, including any supplementary valuation rolls prepared in terms of section 78 of the Municipal Property Rates Act.
- Part B of the register must specify which properties are subject to:-
 - an exemption;
 - a rebate on or reduction in the rate;
 - a phasing-in of the rate;
 - an exclusion referred to in section 17.

34. RATES CLEARANCE CERTIFICATES

- The following policy shall apply to the issue of a municipal clearance certificate for the purpose of effecting transfer of a property to a new owner:-
- Assessments
- Application shall be made in the prescribed format, providing the following information in respect of the property in question-
 - present owner of the property
 - property description
 - physical address
 - rates account numbers
 - electricity account numbers (or electricity meter numbers)
 - water account numbers (or water meter numbers)
 - Preferably copies of all the accounts must accompany the application. If the relevant information is not provided, the application will be returned to the conveyancer.
- Every effort will be made to issue an assessment within five (5) days of receipt of application. Certain delays may be experienced in respect of –
 - new sub-divisions
 - pending building plans (this needs to be linked to a date, agricultural properties were not required to have building plans and submission of plans for such properties only became applicable as from DD/MM/YR – in addition, requirements for “as built plans” seem to change annually which adds to further delays in the issuing of rates clearance – this point also contravenes the MPRA in terms of the issuing of rates clearance certificates.
 - special investigations
 - Conveyances will be notified of possible delays.
- The assessment shall include the following:-
 - Rates for the balance of the year (30 June) still outstanding

- Where application is made after 31 March, the assessment shall include an estimate for the three months of the new financial year to 30 September.
- Water and electricity
 - Actual balance outstanding at date of application together with an estimate for three months following.
- Other
 - Actual balance outstanding at date of application.
- Assessment fee
 - Tariff fee of R193.80 (excluding VAT).
- Period of validity
 - The assessment shall remain valid for a period of one (1) month. If payment has not been received within this period, a re-assessment may be required and payment of a further assessment fee will apply.
- The onus rests with the seller to ensure:-
 - that all buildings on the property are in accordance with the building plans approved by the Council;
 - the premises in question are being utilized in accordance with its zoning;
 - that all outstanding debts accruing to Council in respect of the property is fully paid.
 - Any discrepancies in respect of the above may result in delays in issuing of a clearance certificate, and in addition may result in levying of additional backdated rates and/or penalties.
- Clearance certificates
 - Every effort will be made to issue a municipal clearance certificate within five (5) days of receiving payment.
- Only in exceptional circumstances, which must be fully motivated, will an unconditional guarantee be accepted in lieu of a cash payment. The guarantee must be –
 - issued by a recognized bank
 - unconditional
 - for the full amount outstanding
 - for a specified period of time acceptable to Council.
 - An attorney trust cheque may also be accepted in lieu of cash payment.
 - There shall be no refunds on the cancellation of a sale.
- Valuation Certificates
 - For the issuing of a valuation certificate a fee of R125.40 is payable by the applicant.