



CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD

## **ANNEXURE 5**

# **RATES POLICY**

## RATES POLICY 2017/18

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## **1. BACKGROUND**

In 2015, the City initiated a process to prepare the new General Valuation Roll of all property situated within the geographical boundaries of the City in terms of the Municipal Property Rates Act (MPRA) (as amended from time to time). This Policy is formulated in terms of Section 3 of the MPRA.

## **2. LEGISLATIVE CONTEXT**

- 2.1. In terms of Section 229 of the Constitution, a municipality may impose rates on property.
- 2.2. In terms of Section 4(1)(c) of the Systems Act, a municipality has the right to finance the affairs of the municipality by imposing, inter alia, rates on property.
- 2.3. In terms of Section 2(1) of the MPRA, a metropolitan or local municipality may levy a rate on property in its area in accordance with the other provisions of the MPRA.
- 2.4. This Policy must be read together with, and is subject to the provisions of the MPRA and the Rates By-Law.
- 2.5. In terms of Section 8 (1) of the MPRA, the City levies rates on the use of the property.
- 2.6. In terms of Section 8 (2) of the MPRA, the City levies different rates on different categories of properties in relation to the usage as reflected in this policy. The categories are “Residential Property” and “Non-Residential Property”.
- 2.7. In terms of the MPRA, the City allows for certain rebates based on the ownership of properties.

### 3. DEFINITIONS

In addition to the definitions contained in the MPRA and the Rates By-Law, the following words and phrases bear the meanings assigned to them below:

**“CFO”** means the Chief Financial Officer of the City, being a person designated in terms of Section 80(2)(a) of the MFMA, or his/her nominee;

**“Agricultural use”** means a farm or a smallholding used for the production of goods or products through farming or forestry activities;

**“Audited Financial Statements”** Means an annual report issued by an independent registered auditor or a person certified by a registered body or a certified bookkeeper expressing an opinion on the company’s financial statements.

This includes a statement of financial position; a statement of financial performance; a cash-flow statement; other statements that may be prescribed; and any notes to these statements.

**“Cemeteries”** means properties used for the burial of human bodies and storage of cinerary urns: properties per Section 5.12.11 and 5.16 will not be treated as vacant land and such usage will not attract availability charges.

**“General Valuation”** means the periodic revaluation of all properties in the municipal area in terms of Section 30 of the MPRA.

**“Gross monthly household income”** means the gross monthly household income of both the owner and spouse or partner including any party in a co- habitation relationship from all sources, including but not limited to salaries, wages, dividends, pensions, grants, rentals, board and lodging, interest received, and any investment income. This income definition is specific to the Rates Policy and does not relate to any other external definitions of income.

**“Guest House / Bed and Breakfast”** means a property where more than 40% of the

bedrooms are used or available to be used for providing accommodation for temporary visitors at a fee;

**“MFMA”** means the Local Government: Municipal Finance Management Act, 56 of 2003;

**“MPRA”** means the Local Government: Municipal Property Rates Act, 6 of 2004 as amended from time to time as well as regulations published in terms of the MPRA, which is referred to as the “Property Rates Act” in the by-law but for the purposes of brevity, shall be referred to as the “MPRA” in this Policy;

**“MPRA Rate Ratio Regulations”** means the Municipal Property Rates Regulations on the Rate Ratio between Residential and Non-Residential Properties promulgated in terms of the MPRA published under Government Notice R195, Government Gazette 33016, on 12 March 2010; with specific reference to “public benefit organisation” property means property owned by public benefit organisations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act.”

**“Non-Residential Property”** means all properties other than those defined as residential but including all vacant land. Such non-residential properties are rated at the ratio of 2:1 to the rate levied on residential properties. The cent-in-the-land for all properties other than residential is therefore twice that of the residential cent-in-the-land. In the Tariff Policy this category could be further refined in terms of Commercial and Industrial properties as in the Tariff Policy it becomes necessary to differentiate between these users.

**“Primary Residence”** means a residence –

- (i) in which a natural person ordinarily resides as his or her main residence;
- (ii) is used mainly for residential purposes, and

(iii) is used mainly for domestic purposes

**“Ratepayer”** means a person or entity that is liable, in terms of the MPRA, for the payment of rates on property levied by the City;

**“Rates By-law”** means the City of Cape Town: Rates By-law;

**“Residential Property”** means improved property, that is:

- used predominantly (60% or more) for residential purposes based on either the size of the house or the size of the property (depending on the non-residential use), and includes any adjoining/adjacent developed property registered in the name of the same owner and used together with such residential property as if it were one property. The physical configuration of the two properties must be such that the two properties cannot be dealt with as separate viable economic units and can only function as if they are one entity. (Any such grouping shall be regarded as one residential property for rating purposes and for clearance application purposes); or
- a unit registered in terms of the Sectional Titles Act, 95 of 1986, used predominantly (60% or more) based on the size of the section (depending on the non-residential use) for residential purposes, and includes any unit in the same sectional title scheme registered in the name of the same owner which is used together with the residential unit as if it were one property, for example a garage or domestic worker's quarters. (Any such grouping shall be regarded as one residential property for rating purposes and for clearance application purposes);

If more than 40% of the extent of a house or the sectional title unit referred to above is being used for purposes other than residential purposes, these properties do not qualify for the residential rebate.

For the following properties identified below, section 9 of the MPRA may be applied if

applicable at the discretion of the Municipal Valuer:

- owned by a shareblock company and used predominantly (60% or more) for residential purposes; or
- a retirement scheme or life right scheme used predominantly (60% or more) for residential purposes; or
- a hostel used predominantly (60% or more) for residential purposes; or
- an old age home used predominantly (60% or more) for residential purposes; or
- a block of flats used predominantly (60% or more) for residential purposes; or
- a residence used for residential purposes situated on property used for or related to educational purposes.

For the sake of clarity, the following properties are specifically excluded from the definition:

- residential apartments that form part of a hotel rental pool and are not being used as a primary place of residence for residential purposes ;
- guest house / bed and breakfast and
- any vacant land irrespective of its zoning or intended usage.

**“Residential purposes”** in relation to the use of the property means improved properties where people reside as their primary place of residence.

**“Supplemental Valuation”** means the updating of the valuation roll whenever necessary as per Section 78 of the MPRA.

**“Systems Act”** means the Local Government: Municipal Systems Act, 32 of 2000;



**“Unproductive vacant land”** This is land with no development potential and which is likely to attract no more than a nominal value. It includes properties that are lanes, stairs, slivers of land and small irregularly shaped pieces of land that cannot be developed. It can also sometimes include strips of land bordering rivers, as well as road reserves (excluding roads). These parcels of land will be treated as part of the adjoining/adjacent developed property for rating purposes if the unproductive vacant land is registered in the name of the same owner of the adjoining/adjacent developed property.

**“Valuation Roll”** means a valuation roll prepared in terms of Section 30 of the MPRA or a supplementary valuation roll prepared in terms of Section 78 of the MPRA;

**“Vacant Land”** means a property without any improvements, buildings or structures, as determined by the Municipal Valuer. Properties used as cemeteries will not be treated as vacant land in the context of Sections 5.12.11 and 5.16 of this Policy.

**“Vulnerable Groups”** means *bona fide* NPOs operating subsistence survival gardens supporting certain categories of poor people as defined in the Urban Agriculture Policy for the City of Cape Town, 2007 and who have applied for and been registered by Council on an annual basis to qualify for special tariffs.

#### **4. GUIDING PRINCIPLES**

- 4.1. The City's Rates Policy (the/this Policy) is based on the following guiding principles:
- equity;
  - affordability;
  - poverty alleviation;
  - social and economic development;
  - financial sustainability; and
  - cost efficiency.
- 4.2. Rates are levied in accordance with the MPRA as a cent-in-the-rand based on the property value contained in the City's General Valuation Roll (GV) of 2015 and Supplementary Valuations (SVs).
- 4.3. As provided for in the MPRA, the City has chosen to differentiate between various categories of property and owners of property. Some categories of property and categories of owners are granted relief from rates. However, the City does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis, other than by way of an exemption, rebate or reduction provided for in this Policy.
- 4.4. The rate charged as a cent-in-the-rand for Residential Properties as per the definitions (above) is the base rate and the rates charged in respect of all other categories of properties are reflected as ratios to the residential rate.
- 4.5. The cent-in-the-rand for all other properties other than residential properties will be levied at double the residential rate (subject to the rebates as determined in terms of this policy). This non-residential rate is levied in order to grant relief in respect of the payment of rates as provided for in terms of this policy. The ability of non-residential property owners to recover part of their costs via lower income tax and the ability to recover such costs from their own customers supports the rate differentiation.

## 5. APPLICATION OF THE POLICY

### 5.1. Residential Property

- 5.1.1. As an important part of the City's indigent relief measures aimed primarily at alleviating poverty amongst those persons owning low-value properties, the City will not levy a rate on the first R200 000 of the market value of Residential Properties assigned in the Valuation Roll of Residential Properties, as follows:
- on the first R15 000 on the basis set out in Section 17(1)(h) of the MPRA; and
  - on the balance of the market value up to a maximum further amount of R185 000.
- 5.1.2. The maximum reduction of up to R200 000 of the market value will be granted to every individually-valued Residential Property.
- 5.1.3. The City may grant a residential rebate on rates levied on the balance of the market value of Residential Properties, if any, as determined by Council during the City's budget process.

**Note:** At the Council meeting of 30 May 2017 it was resolved:

In terms of Section 5.1.3 of the Rates Policy a R50 rebate per month be granted to the owners of residential property valued from R400 001 to R750 000, provided that the owner/s do not receive any other indigent relief.

- 5.1.4. When a residential property is demolished/partly demolished with the sole purpose of rebuilding a similar residential unit on that property, the property will continue to be billed for rates as a residential property at the municipal value of the property just prior to the demolition for a period of 6 months unless rates on a vacant land value result in less rates payable. The Municipal Valuer may extend the six months period on the submission of compelling evidence that the delay was due to

structural and approval matters beyond the control of the owner.

## **5.2. State-owned Properties**

5.2.1. State-owned properties no longer qualify for any rates rebate by virtue of ownership. However, the exemptions, rebates and reductions relating to the usage of properties as specified in this Policy apply to state-owned properties.

### **5.2.2. Diplomatic Immunities and Privileges Act 37 of 2001**

Section 11 - Adjustment of loss of revenue to Municipalities and statutory public utility organisations.

The loss of revenue caused to any municipality or statutory public utility organisation by reason of this Act relating to exemption from taxation, must be made good to such municipality or organisation out of funds approved by Parliament for that purpose.

Accreditation and responsibility for payment of land taxes (Rates) is that of the Department of International Relations and Cooperation and accounts are to be forwarded to them for their attention.

## **5.3. Public Service Infrastructure**

5.3.1. Public service infrastructure (PSI) (as defined in the MPRA) may not be rated on the first 30% of the assigned-market value in terms of Section 17(1)(a) of the MPRA.

5.3.2. The levying of rates on certain PSI properties is being phased out over five financial years as from 1 July 2015 in terms of Section 93A of the MPRA.

#### **5.4. Land Restitution**

Properties owned by land reform beneficiaries will not be rated for the first ten years of ownership in terms of Section 17(1)(g) of the MPRA and thereafter the normal rates would be phased in over three financial years in terms of Section 21(1)(b) of the Act.

#### **5.5. Agricultural Use**

- 5.5.1. A farm is an area of land, including various structures thereon, devoted primarily to the practice of producing and managing food (produce, grains or livestock) or forestry products. The farming activity must be intense, must not be a mere hobby and must contribute to the local economy.
- 5.5.2. Farms may be owned and/or operated by a single individual, family, community or corporate entity. In the event that the farmer is an individual, the farmer must be dependent on the income from the farm to support his or her family. A farm can be a holding of any size.
- 5.5.3. In terms of the MPRA, the definition of agricultural purpose excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game.
- 5.5.4. As a result of, and taking into account, limited rate-funded services supplied to such properties in general, the contribution of agriculture to the local economy, the extent to which agriculture assists in meeting the service delivery and development obligations of the City, and the contribution of agriculture to the social and economic welfare of farm workers, the City bills a reduced rate (as set out below) in respect of properties subject to agricultural use. This rate rebate is 80% (inclusive of the 75% in terms of the MPRA Rate Ratio Regulations) of the rate levied on Residential Properties, which rate on properties subject to agricultural use does not exceed the maximum ratio to the rate on Residential Property prescribed in the MPRA Rate Ratio Regulations.

- 5.5.5. Unless the usage of a property has changed, owners of qualifying agricultural properties must apply for the rebate in the year when a new GV or SV or change of ownership, as the case may be, and which affects the property, is implemented. Applications made when a new GV is implemented must be received by the City by 31 August of the financial year when the GV will be implemented. Applications made when a SV is implemented or the ownership has changed must be received by the City by the last day of the third month following the effective date of the SV or within three months from the date of registration of the change of ownership of the property in the Deeds Office, failing which no such rebate may be granted for that financial year.
- 5.5.6. Owners of properties where a change of use qualifies the property for an agricultural rebate must apply for the rebate after such change of use and the rebate will be granted from the date the application is received by the City.
- 5.5.7. Approved applications will remain valid until the next GV, SV or changes of ownership affecting those properties are implemented. An owner is required to immediately inform Council should the agricultural activities be terminated. Paragraph 7.2 of this Policy will apply should an owner fail to do so.
- 5.5.8. The City reserves the right to inspect such properties before or after granting such rebates and to revoke or amend any decision made prior to such inspection.
- 5.5.9. No other rebates will be granted to properties that qualify for the agricultural rebate. For the avoidance of doubt, properties that qualify for the agricultural rebate will not be entitled to the residential rate rebate as set out in paragraph 5.1 above.
- 5.5.10. The registered owner or the tenant of the property has to apply for the agricultural rebate and provide the City with information specified by the City in an affidavit by the due dates set out above and declare in an

affidavit that no contraventions of the zoning scheme are taking place on the property. Qualifying requirements are that the owner or tenant should be taxed by SARS as a farmer and the most recent tax assessment must be provided as proof, or where the owner or tenant is not taxed as a farmer, proof is required that income from farming activities exceeds 40% of the household income. Proof in the form of the last tax return must be submitted.

- 5.5.11. Owners or tenants of farms and smallholdings with a residential component and with no or limited agricultural activities may apply to be rated at the residential rate and to receive the valuation reduction (i.e. such properties which do not qualify for the agricultural rebate). The owner must apply to the City by the due dates set out above and declare in an affidavit that no contraventions of the zoning scheme are taking place on the property. Should they meet the relevant criteria, the owners of these properties, are not precluded from applying for a senior citizens and disabled person's rate rebate, in terms of the City's indigent relief measures.
- 5.5.12. If more than 40% of the extent of farms and smallholdings is being used for commercial or industrial purposes (such as truck depots, construction yards or factories), these properties do not qualify for the residential rate or any rebates. Farms and smallholdings used in contravention of the zoning scheme will be reported to the Planning Directorate and will not qualify for any rebate.
- 5.5.13. If 40% or less of the extent of farms and smallholdings is being used for commercial or industrial purposes and where the municipal valuer considers it reasonable to apply the category of multiple-use properties, the apportionment of value for each distinct use of the property will be calculated by the municipal valuer and used for billing at the applicable rate. This also caters for wind and solar energy plants.

## **5.6. Multiple-Use Properties**

Properties used for multiple purposes may be included into the category of multiple-use properties, for which an apportionment of value for each distinct use of the property will be calculated by the municipal valuer and used for billing at the appropriate and applicable rate, in cases where the municipal valuer considers it reasonable to apply this category.

## **5.7. Municipal Properties**

Only municipal properties used by any one of the four trading undertakings i.e. electricity, water, sanitation and solid waste, will be rated.

Council properties leased to third parties will also be rated, except for the Council public-rented stock (primarily state-subsidised rental houses). Subject to the terms of any existing agreements with lessees, the City shall impose a liability to pay rates on lessees when amending or renewing existing lease agreements in respect of Council-owned properties.

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 at a later date, will be deemed to be the owner and will be liable for the payment of rates.

## **5.8. Senior Citizens Rate Rebate**

- 5.8.1. Registered owners of Residential Properties who are senior citizens qualify for special rebates according to gross monthly household income of the persons normally residing on that property. To qualify for the rebate a property owner must be a natural person and the property must satisfy the requirements of the definition of Residential Property, and must on 1 July of the financial year:



- occupy the property as his/her Primary Residence, provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or partner or children (including minor children) may satisfy the occupancy requirement; and
- be at least 60 years of age; and
- be in receipt of a gross monthly household income as defined in paragraph 3 above not exceeding R15 000 as proven by the submission of the applicant's most recent income tax return and the minimum of three months bank statements from all financial institutions or, if the person does not have a bank account, such proof as the City may require to substantiate the person's level of gross monthly household income; and
- The applicant and/or spouse and/or life partner together, whether jointly or individually, should not be the owner in part or in whole of more than one property nationally (with the exception of any unproductive vacant land) or internationally, subject to paragraph 5.8.11.

5.8.2. A usufructuary or habitatio (right of habitation) or an executor or administrator of a deceased estate will be regarded as an owner. The applicant must produce a letter or an Affidavit from the Master of the High Court or suitably endorsed Title Deed or addendum to the Title Deed to substantiate the appointment.

5.8.3. The criteria of a natural person may be waived at the sole discretion of the CFO to allow for a property owned by a trust where at least one beneficiary meets all of the other requirements of paragraph 5.8 of this Policy; provided that the gross monthly household income of the persons normally residing on that property be added to the gross monthly household income of all beneficiaries, which income may, collectively, not exceed R15 000.

- 5.8.4. The criteria of a natural person may be waived at the sole discretion of the CFO to allow for a property owned by a Close Corporation (CC) where the total number of members meets all of the other requirements of paragraph 5.8 of this Policy; provided that the gross monthly household income of the persons normally residing on that property be added to the gross monthly household income of all members, which income may, collectively, not exceed R15 000.
- 5.8.5. The criteria of a natural person may be waived at the sole discretion of the CFO to allow for a property owned by multiple owners where at least one co-owner meets all of the other requirements of paragraph 5.8 of this Policy; provided that the gross monthly household income of the persons normally residing on that property be added to the gross monthly household income of the co-owners of that property, which income may, collectively, not exceed R15 000.
- 5.8.6. The criteria of registered owner (per the Deeds Office) may be waived at the sole discretion of the CFO to allow the holder of a share or the holder of a life right and who occupies that property which that person has the right to occupy and such person is responsible for the payment of the rates in terms of their right to occupy, to allow that owner and occupant to apply for this rebate (subject to all the other applicable requirements of paragraph 5.8).
- 5.8.7. Owners must apply for the rebate in the year when a new GV or SV, as the case may be, are implemented. Applications made when a new GV is implemented must be received by the City by 31 August of the financial year when the GV will be implemented. Applications made when a SV is implemented, must be received by the City by the last day of the third month following the implementation date of the SV, failing which no such rebate may be granted for those financial years.
- 5.8.8. Owners of properties where a change of gross household income qualifies the property for a rebate or a different percentage rebate must apply for

the rebate within three months of when the change occurred, failing which no such rebate may be granted for that financial year.

- 5.8.9. Approved rebate applications will remain valid until the next GV, SV or when changes to gross household income affecting those properties are implemented. An owner is required to immediately inform Council should the gross monthly household income change. Paragraph 7.2 of this Policy will apply should an owner fail to do so.
- 5.8.10. Any owner who, meets all the other criteria may apply to receive the rebate from the date of receipt by the City of the application for the remainder of the validity of that GV, where after all the criteria set out above will apply to applications for rebates in subsequent financial years.
- 5.8.11. In exceptional circumstances the CFO may, in his/her sole discretion, approve the granting of this rebate even though the applicant and/or spouse and/or life partner owns additional properties for which a market-related rental is included in the gross monthly household income.
- 5.8.12. Where a Senior Citizen's gross monthly household income changes substantially as a result of the spouse/partner passing away the surviving spouse/partner may apply for the rebate to be adjusted from the date of death.
- 5.8.13. Where a couple qualifies for a rebate in terms of paragraph 5.8 and one passes away and the surviving spouse/partner does not qualify in terms of age, the rebate be retained for a period of 12 months from the date of death subject to meeting the other criteria of paragraph 5.8.
- 5.8.14. Where a ratepayer qualifies for a rebate in terms of paragraph 5.8 and passes away, leaving only a child headed household where the child does not qualify in terms of age, the rebate be retained for a period of 12 months from the date of death subject to meeting the other criteria of paragraph 5.8.

- 5.8.15. The percentage rebate granted to different gross monthly household income levels will be determined according to the schedule below.

<b>Gross Monthly Household Income</b>		<b>% Rebate</b>
<b>2017/18</b>		<b>2016/17 and 2017/18</b>
0	4000	100%
4001	6000	95%
6001	7000	90%
7001	8000	80%
8001	9000	70%
9001	10000	60%
10001	11000	50%
11001	12000	40%
12001	13000	30%
13001	14000	20%
14001	15000	10%

## **5.9. Disabled Persons Rate Rebate**

- 5.9.1. Registered owners of Residential Properties who are disabled persons qualify for special rebates according to gross monthly household income of the persons normally residing on that property. To qualify for the rebate a property owner must be a natural person and the property must satisfy the requirements of the definition of Residential Property, and must on 1 July of the financial year:

- occupy the property as his/her Primary Residence, provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or partner or children (including minor children) may satisfy the occupancy requirement; and
- be in receipt of a disability pension; and
- be in receipt of a gross monthly household income not exceeding

R15 000 as proven by the submission of the applicant's most recent income tax return and the minimum of three months bank statements from all financial institutions or, if the person does not have a bank account, such proof as the City may require to substantiate the person's level of gross monthly household income; and

- The applicant and/or spouse and/or life partner together, whether jointly or individually, should not be the owner in part or in whole of more than one property nationally (with the exception of any unproductive vacant land) or internationally, subject to paragraph 5.9.11.

5.9.2. A usufructuary or habitation (right of habitation) or an executor or administrator of a deceased estate will be regarded as an owner. The applicant must produce a letter or an Affidavit from the Master of the High Court or suitably endorsed Title Deed or addendum to the Title Deed to substantiate the appointment.

5.9.3. The criteria of a natural person may be waived at the sole discretion of the CFO to allow for a property owned by a trust where at least one beneficiary meets all of the other requirements of paragraph 5.9 of this Policy; provided that the gross monthly household income of the persons normally residing on that property be added to the gross monthly household income of all beneficiaries, which income may, collectively, not exceed R15 000.

5.9.4. The criteria of a natural person may be waived at the sole discretion of the CFO to allow for a property owned by a Close Corporation (CC) where the total number of members meets all of the other requirements of paragraph 5.9 of this Policy; provided that the gross monthly household income of the persons normally residing on that property be added to the gross monthly household income of all members, which income may, collectively, not exceed R15 000.

- 5.9.5. The criteria of a natural person may be waived at the sole discretion of the CFO to allow for a property owned by multiple owners where at least one co-owner meets all of the other requirements of paragraph 5.9 of this Policy; provided that the gross monthly household income of the persons normally residing on that property be added to the gross monthly household income of the co-owners of that property, which income may, collectively, not exceed R15 000.
- 5.9.6. The criteria of registered owner (per the Deeds Office) may be waived at the sole discretion of the CFO to allow the holder of a share or the holder of a life right and who occupies that property which that person has the right to occupy and such person is responsible for the payment of the rates in terms of their right to occupy, to allow that owner and occupant to apply for this rebate (subject to all the other applicable requirements of paragraph 5.9).
- 5.9.7. Owners must apply for the rebate in the year when a new GV or SV, as the case may be, is implemented. Applications made when a new GV is implemented must be received by the City by 31 August of the financial year when the GV will be implemented. Applications made when a SV is implemented, must be received by the City by the last day of the third month following the implementation date of the SV, failing which no such rebate may be granted for those financial years.
- 5.9.8. Owners of properties where a change of gross household income qualifies the property for a rebate or a different percentage rebate must apply for the rebate within three months of when the change occurred, failing which no such rebate may be granted for that financial year.
- 5.9.9. Approved rebate applications will remain valid until the next GV, SV or changes of gross household income affecting those properties are implemented. An owner is required to immediately inform Council should the gross monthly household income change. Paragraph 7.2 of this Policy will apply should an owner fail to do so.

- 5.9.10. Any owner who, meets all the other criteria may apply to receive the rebate from the date of receipt by the City of the application for the remainder of the validity of that GV, where after all the criteria set out above will apply to applications for rebates in subsequent financial years.
- 5.9.11. In exceptional circumstances the CFO may, in his/her sole discretion, approve the granting of this rebate even though the applicant and/or spouse and/or life partner owns additional properties for which a market-related rental is included in the gross monthly household income.
- 5.9.12. Where a Disabled Person's gross monthly household income changes substantially as a result of the spouse/partner passing away the surviving spouse/partner may apply for the rebate to be adjusted from the date of death.
- 5.9.13. Where a couple qualifies for a rebate in terms of paragraph 5.9 and one passes away and the surviving spouse/partner does not qualify in terms of disability, the rebate be retained for a period of 12 months from the date of death subject to meeting the other criteria of paragraph 5.9.
- 5.9.14. Where a ratepayer qualifies for a rebate in terms of paragraph 5.9 and passes away, leaving only a child headed household where the child does not qualify in terms of disability, the rebate be retained for a period of 12 months from the date of death subject to meeting the other criteria of paragraph 5.9.

- 5.9.15. The percentage rebate granted to different gross monthly household income levels will be determined according to the schedule below.

Gross Monthly Household Income		% Rebate
2017/18		2016/17 and 2017/18
0	4000	100%
4001	6000	95%
6001	7000	90%
7001	8000	80%
8001	9000	70%
9001	10000	60%
10001	11000	50%
11001	12000	40%
12001	13000	30%
13001	14000	20%
14001	15000	10%

## 5.10. Nature Reserves, Special Nature Reserves and National Parks

- 5.10.1. Section 17(1)(e) of the MPRA precludes Council from levying rates on those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act 57 of 2003) (**Protected Areas Act**), or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 10 of 2004, which are not developed or used for commercial, business, farming or residential purposes. The apportioned value of any portion of such properties utilised for any purpose other than such conservation purposes will be rated accordingly. Landowners, who acquire conservation worthy properties with the intent for proclaiming them under the Protected Areas Act, can apply for a rates rebate from the date of transfer. If the property is not gazetted within three years, then the land owner would be rated



accordingly and rates would be backdated from date of transfer. If a valid reason exists for not gazetting within three years, then the land owner can submit a motivation to the City's Environmental Resource Management Department for an extension of the rates rebate.

- 5.10.2. Private property contracted into the Table Mountain National Park in terms of the Protected Areas Act, will be granted a 100% rebate of rates from the commencement date of the agreement between the owner of the property and SANParks and for each year that the owner foregoes beneficial occupation/use of the land. If the property is not gazetted within three years, then the land owner would be rated accordingly and rates would be backdated from date of transfer. If a valid reason exists for not gazetting within three years, then the land owner can submit a motivation to the City's Environmental Resource Management Department for an extension of the rates rebate.
- 5.10.3. Private property exhibiting sensitive ecological areas/features, identified by the City's Environmental Management Resources Department as such, may be granted a 100% rates rebate for that portion of land exhibiting these sensitive features, provided that the land is either leased to the City for nature conservation purposes or there is a written agreement, approved by the City (subject to 5.10.4 below), for the conservation management of the relevant portion of land.
- 5.10.4. Any rate rebate will only be applicable to conservation agreements where the land is conserved in perpetuity. This would require a voluntary title deed restriction.
- 5.10.5. Owners of properties with formal in perpetuity conservation agreements of over 10 hectares, may apply for a rebate on that portion of the land used for residential and/or conservation management purposes. This rebate will be equal to the percentage of the land included in the conservation agreement to the total area of the property with a maximum rebate of 90%.

- 5.10.6. The City's Environmental Management Resources Department will annually inspect every property receiving a rebate in terms of this paragraph of the Policy and certify that the conservation agreement is being honoured.
- 5.10.7. These rebates are as a result of the perpetuity nature of these conservation agreements and the fact that the costs incurred for sound conservation management will always exceed the rebates granted. The land subject to such perpetuity agreements is of immense ecological importance and the securing of these areas is of paramount importance. Private land owners who conserve land through voluntary conservation stewardship ease the burden on the City and other conservation organisations as the land is added to the overall conservation estate but it need not be purchased. In addition, the costly ecological management of these sites, in particular alien and fire management are conducted by the landowner as per an approved Environmental Management Plan.
- 5.10.8. Should privately-owned property receiving the Conservation Land rebate be utilised in a manner that is detrimental to conservation purposes, all rebates granted in terms of paragraphs 5.10.1 to 5.10.7 above during the current and previous GVs will become repayable as provided for in Section 17(2)(a) to (c) of the MPRA.

## **5.11. Religious Organisations**

- 5.11.1. In terms of Section 17(1)(i) of the MPRA, the City may not levy a rate on 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. This will also apply to properties leased from Council and properties being transferred from Council to the Religious Organisation.

- 5.11.2. Property used primarily as an office of a religious organisation or property used as parking facilities, halls used for religious purposes, accommodation for missionaries, camping sites not operated for gain and cemeteries for that religious community will also receive a 100% rebate for rates. Such rebates are subject to an annual application.
- 5.11.3. A property registered in the name of a trust, society or institution established for the sole benefit of a religious community and used for the purpose of congregation, excluding a structure used for educational instruction in which secular or religious education is the primary instructive medium, despite the existence of an element of religious instruction will also receive a 100% rebate for rates.
- 5.11.4. In exceptional circumstances the CFO may accept that a property registered in a name other than that of the religious organisation be regarded as the property of a religious community if it can be proven that the registration is merely to facilitate transfer of the property into the name of the religious community.
- 5.11.5. With the implementation of any GV or at the request of the CFO, religious organisations will be required to provide proof to the municipal valuer that their properties are still being used for religious purposes.

## **5.12. NPOs / PBOs**

- 5.12.1. The City may grant a 100% rates rebate for the categories of NPOs or public benefit organisations (PBOs) listed below, subject to paragraph 5.12.17. These categories of properties and/or owners of properties are deemed to contribute services or benefits to the community. An annual rebate will only be granted after an official application made by an owner or a user of a property (on behalf of an owner) has been approved. Owners or such users who fail to apply for the rebate by 31 August will not be entitled to the rebate for that financial year.

- 5.12.2. Such NPO or PBO must have a constitution which does not preclude any resident of the City from being a member of the said body or organisation or from benefitting from such organisation; therefore they must be open to the general public.
- 5.12.3. In order to be considered, the organisations listed below must either be registered as NPOs under the Non-Profit Organisations Act, 71 of 1997, or be PBOs that qualify for tax exemption as contemplated by Part 1 of Section 30 of the Ninth Schedule of the Income Tax Act. Such registration must be supplied annually upon application including the submission of a tax clearance certificate for NPOs and PBOs confirming that they are in good standing.

These rebates are intended to assist organisations with limited resources that are liable for the payment of the rates and not for those who have the ability to pay as determined from their Audited Financial Statements by the CFO or his/her nominee in terms of paragraph 5.12. 3.1.

5.12.3.1. Assessment to determine the ability to pay rates by:

- analysing the audited annual financial statements in terms of income and overall resources;
- examining the credibility of year on year expenditure;
- ensuring that profits or surpluses are calculated by excluding transfers to reserves and excessive writing off or depreciation of assets;
- comparing the total annual turnover to the rates billed to determine whether the rates exceed 5% of the total turnover;
- accumulated reserves for specific purposes would not be taken into account with this assessment;

Note: Funds raised from external sources (such as grants,

subsidies and donations) must be excluded when determining the ability to pay.

- 5.12.4. In exceptional circumstances the CFO may accept that a property registered in a name other than that of the organisation be regarded as the property of the organisation if it can be proven that the registration is merely to facilitate transfer of the property into the name of the organisation.
- 5.12.5. Property used primarily as parking facilities in conjunction with a PBO / NPO activity may also qualify for the rebate as provided for in 5.12
- 5.12.6. These rebates are not applicable to any Vacant Land irrespective of its zoning or intended usage unless stated otherwise in this Policy.

#### **Categories of NPOs/PBOs referred to in 5.12.1:**

##### **5.12.7. Health and welfare institutions**

Privately-owned properties used exclusively as a home catering for persons with disabilities, a hospital, clinic, mental institution, frail care centre, orphanage, non-profit retirement scheme, old age home or any benevolent institution, including workshops, laundry or cafeteria facilities used by the beneficiaries, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or for charitable purposes may qualify for the rebate.

##### **5.12.8. Educational institutions registered as a NPO or PBO**

Property owned and/or used as well as declared or registered by law for educational purposes, including a residence registered in the name of the educational institution and used by full-time employees of the educational institution, may qualify for the rebate. This includes any playgrounds, parking areas, sports grounds, dormitories or sport fields

owned and/or used by such institution.

#### **5.12.9. Heritage Resources**

Those properties that are Heritage Resources worthy of conservation and are Grade I, II or III in terms of the National Heritage Resources Act, Act 25 of 1999 will be dealt with as follows:

- Those properties that meet the definition of Residential Property will be dealt with in terms of Paragraph 5.1.
- Those properties that do not meet the definition of Residential Property, and are registered in the name of private persons or organizations or leased from the City, and are open to the public, may qualify for the rebate.

The merit of the application and associated public benefit will be assessed on annual application, as will be the heritage status of the property which will be confirmed by the Heritage Resources Section.

A Vacant site declared as a Heritage Site may still qualify.

#### **5.12.10. Charitable institutions**

Properties owned and/or used by NPOs or PBOs solely for the performance of charitable work may qualify for the rebate.

#### **5.12.11. Cemeteries and crematoria**

Properties used as cemeteries and/or crematoria and registered in the names of private persons or organisations may qualify for the rebate. Owners must apply for the rebate when a new GV or SV, as the case may be, are implemented and the use of the properties must be confirmed by the City's Cemetery Co-ordinator, Community Services Directorate after inspection.

**5.12.12. Cultural institutions**

Properties declared in terms of the Cultural Institutions Act, 29 of 1969 or the Cultural Institutions Act, 66 of 1989 may qualify for the rebate.

**5.12.13. Museums, libraries, art galleries and botanical gardens**

Properties registered in the name of private persons or organisations or leased from the City and open to the public may qualify for the rebate.

**5.12.14. War veterans organisations**

Properties registered in the name of a trustee or trustees of organisations defined in the Social Aid Act, 66 of 1989 or the Military Veterans Act 18 of 2011 or similar organisations maintained for the welfare of war veterans and their families may qualify for the rebate. Properties leased from the City may also qualify.

**5.12.15. Youth development organisations**

Properties owned or leased from the City by organisations such as the Scouts, Girl Guides, Voortrekkers or organisations the Council deems to be similar may qualify for the rebate.

**5.12.16. Animal protection**

Properties owned or leased from the City and used by institutions or organisations whose exclusive aim is to protect birds, reptiles and other animals may qualify for the rebate.

**5.12.17. MPRA Rate Ratio Regulations**

Any property that meets the PBO criteria as determined by the MPRA

Rate Ratio Regulations, yet does not qualify for the 100% rebate in terms of this policy, shall be rated at 25% of the residential cent-in-the-rand.

## **6. PROVISIONS FOR OTHER REBATES INCLUDING NON-PBOS/NPOs AND PBO/NPOs**

### **6.1. Social Housing Institutions**

Property registered in the name of an institution accredited in terms of the Social Housing Act 16 of 2008 which provides or intends to provide rental or co-operative housing options for households with gross monthly household income less than the maximum housing subsidy income limit may qualify for the rebate.

Properties where the gross monthly household income exceeds the aforementioned income limit or any other Non-Residential Properties of such institutions would not qualify in terms of this paragraph.

### **6.2. Police Forums**

Properties used exclusively by police forums, excluding any government properties, may qualify for the rebate.

### **6.3. Heritage Sites and Heritage Areas, and Heritage Places protected under the Heritage Protection Overlay zoning**

- 6.3.1. Upon application the City may grant up to a 100% rates rebate on properties that are Heritage Sites declared under the National Heritage Resources Act, Act 25 of 1999 or subject to the Heritage Protection Overlay zoning under the Municipal Planning By-Law, 7414 of 2015 provided the property is open to the general public and not operated for gain. A vacant site declared by such notice may still qualify.



The merit of the application and associated public benefit will be assessed on annual application, as will be the heritage status of the property which will be confirmed by the Heritage Resources Section.

- 6.3.2. In specified areas, upon application the City may grant up to a 100% rates rebate for a specified period on properties declared as Heritage Sites under the National Heritage Resources Act, Act 25 of 1999 or properties that are heritage resources worthy of conservation and subject to the Heritage Protection Overlay zoning under the Municipal Planning By-Law where the City is of the opinion that the restoration of the property would have significant public benefit and where the owner and the City have entered into a heritage agreement with the Provincial Heritage Resources Authority regarding the restoration and stewardship of the property.

The application will be assessed on the merit of the restoration, the heritage significance of the property and its context, and the degree of public benefit that will result from such restoration and agreement.

A Vacant site declared as a National Monument may still qualify.

#### **6.4. Cemeteries / Graveyards (Special Exemption)**

- 6.4.1. Property registered in the name of a private individual/organisation and not actively being used as a cemetery/graveyard for the selling of burial plots, may be granted a 100% Rates Rebate. Owners must apply for the rebate when a new GV or SV, as the case may be, are implemented and the use of the properties must be confirmed by the City's Cemetery Co-ordinator, Community Services Directorate after inspection.

- 6.4.2. Properties where the City Manager has identified a cemetery which is dormant and no longer being maintained by the owner, and the owner can no longer be traced and where services are provided, a prepayment electricity meter and a water management device or water prepayment meter have been installed (where applicable), may be granted a 100% rates rebate.

## **6.5. Sporting bodies**

- 6.5.1. The City may grant a 100% rates rebate for amateur sporting bodies open to the general public subject to the requirements listed in 6.5.1 to 6.5.3. Such properties must be used predominantly by sporting bodies for the purpose of amateur sport and any social activities which are connected with such sport. These properties and/or owners of properties are deemed to contribute benefits to the community. An annual rebate will only be granted after an official application made by an owner or a user of a property (on behalf of an owner) has been approved. Owners or such users who fail to apply for the rebate by 31 August will not be entitled to the rebate for that financial year.
- 6.5.2. These rebates are intended to assist sporting bodies with limited resources that are liable for the payment of the rates and not for those who have the ability to pay as determined from their Audited Financial Statements by the CFO or his/her nominee in terms of paragraph 5.12.3.1.
- 6.5.3. Although these rebates are not applicable to any Vacant Land irrespective of its zoning or intended usage, land used for sporting activities does not necessarily require improvements and may qualify for the rebate.

## **6.6. Homeless Peoples Shelters**

- 6.6.1. Homeless Peoples Shelters, assessment centres and second phase

accommodation must first apply annually to the Executive Director: Area-Based Service Delivery for accreditation as they may qualify for 100% rates rebate and special tariffs on other municipal services. This also includes organisations accredited by the Executive Director: Area-Based Service Delivery, who care for homeless children as stipulated in the Children's Act, 38 of 2005.

- 6.6.2. These rebates and special tariffs are intended to assist organisations that would be liable for the payment of the rates and tariffs and that have limited resources and not for those who have the ability to pay as determined from their audited financial statements by the CFO or his/her nominee in terms of paragraph 5.12.3.1.

## **6.7. Early Childhood Development (ECD)**

- 6.7.1. ECD organisations must apply annually to the Social Development and Early Childhood Development Portfolio Committee for accreditation in terms of their set criteria to qualify for a 100% rates rebate.
- 6.7.2. These rebates are intended to assist organisations with limited resources that are liable for the payment of the rates and not for those who have the ability to pay as determined from their Audited Financial Statements by the CFO or his/her nominee in terms of paragraph 5.12. 3.1.

## **6.8. General Exemption**

To avoid fruitless and wasteful expenditure the City will not levy a rate on any private road or any other property where the market value of the property is equal to or less than R50 000 or such other amount as determined by Council from time to time. This clause will not apply when

other service charges (including availability charges) or an additional rate in respect of property situated in a special rating area (as contemplated in Section 22 of the MPRA and the Special Rating Area By-law and Policy) are billed to that property nor will it apply to any units in a sectional title scheme.

## **7. GENERAL**

- 7.1. Except for applications in respect of Agricultural Properties, Senior Citizen and Disabled Persons Rate Rebates which are made as per paragraphs 5.5, 5.8 and 5.9 all applications for exemptions, rebates or reductions in terms of this Policy must be submitted to the City by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted, the rebate will apply for the full financial year unless the reason for granting the rebate ceases to apply during the year.
- 7.2. Persons who have submitted false information and/or false affidavits and/or failed to notify the CFO of any amended use of properties owned or used by them or changes to the gross monthly household income will have the exemptions, rebates or reductions withdrawn with effect from the date of the incident in question and interest raised as provided for in the City's Credit Control and Debt Collection By-Law. The City may also take further appropriate action against them.
- 7.3. All applications for exemptions, rebates or reductions will require the applicant's municipal accounts to have been paid up to date or the conclusion of a suitable arrangement with the City as provided for in the City's Credit Control and Debt Collection By-Law and Policy, which may include water and electricity saving measures. Should there be a default on the arrangements, all the rebates, exemptions or reductions granted will be reversed with effect from the date on which the relevant application(s) was granted.
- 7.4. No application for a Senior Citizen rebate will be considered while an

indigent status is valid on the City's billing system.

- 7.5. Any late applications or deviations from the ownership, occupancy, registration or usage requirements of this Policy must be motivated in writing to the CFO and will be dealt with in the sole discretion of the CFO, taking account of any factors which he/she deems to be relevant, including, but not limited to considerations of fairness and equity. The CFO or his/her nominee has the right to conduct a full credit check or financial analysis on any person, organization or institution applying for any benefit in terms of this policy.
- 7.6. The CFO has the right to conduct a full credit check on any person, organization or institution who applies for a rebate in terms of this policy.
- 7.7. Should a property owner/user not be satisfied with the outcome of an application for a rebate in terms of this policy, he/she may lodge an appeal in terms of Section 62 as read with Section 95(f) of the Local Government Municipal Systems Act 32 of 2000.

## **8. SUPPLEMENTARY VALUATION (SV) EFFECTIVE DATE**

- 8.1. If the date of an SV is prior to the latest date of registration, the Deeds Office registration date will be used as an effective date.
- 8.2. Although the MPRA sect. 78(4) determines the effective date of a supplementary valuation, a property transferred after the effective date of the supplementary valuation, will be billed for rates as from the date of the most recent registration in the Deeds Office.

## **9. REGULAR REVIEW PROCESSES**

The City's Rates Policy will be reviewed on an annual basis to ensure that it complies with the City's strategic objectives and with legislation.

## **10. LIABILITY FOR AND PAYMENT OF RATES**

Liability for and payment of rates is further governed by the MPRA and the City's Credit Control and Debt Collection By-Law and Policy.

## **11. IDENTIFICATION AND QUANTIFICATION OF COSTS AND BENEFITS**

The cost to the City and benefit to the local community of exemptions, rebates, reductions and exclusions referred to in Sections 17(1)(a),(e),(g)(h) and (i) of the MPRA and rates on properties that must be phased-in in terms of Section 21 of the MPRA are reflected in the City's budget.

## **12. DUE DATES**

The due date for payment of rates in terms of Sections 26(2)(a) and (b) and 78(4) of the MPRA means the date reflected on a municipal invoice as the final date on which payment is due and payable.

## **13. CLEARANCE CERTIFICATES**

All monies billed by the City including that in respect of Special Rating Areas (including City Improvement Districts) and any estimated amounts for the duration of the validation period of a certificate in terms of Section 118(1A) of the Systems Act or Section 89 of the Insolvency Act, 24 of 1936, are for the purpose of section 118, deemed to be due and must be paid in order to facilitate the transfer of immovable property:

13.1. In terms of Section 118 (3) of the Systems Act, an amount due for municipal service fees, surcharges on fees, property rates and other municipal rates, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.

13.1.1. All debt in terms of paragraph 13.1 is deemed to be collectable by the City despite a Clearance Certificate issued in terms of Section

118 (1)(b) and remains a charge against the property which the City will collect by attaching the property. The parties to the Section 118 (1)(b) application will be notified of the remaining debt and failing settlement, the City will proceed to attach the property in execution.

13.1.2. The processing and collecting of any amounts in terms of paragraph 13.1.1 will be in terms of the City's approved Credit Control and Debt Collection Policy with special reference to sub-items 12 (7), 12 (8) and 12 (9) without limiting any of the other provisions of the said policy that may be applicable based on the circumstances pertaining to the property and the debt involved.

13.2. All amounts that are due must be paid in full prior to the issuing of any clearance certificate in terms of Section 118, of the Systems Act;

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

13.4. All payments will be allocated to the registered seller's municipal accounts and all refunds will be made to the conveyancer or the seller.

13.5. An unregistered improved property of which there is an approved Surveyor General's general plan or diagram of subdivision in the ownership of a municipality may be reflected separately on the valuation roll.

13.6. Two or more adjacent properties under the same ownership which in the opinion of the municipal valuer form one economic entity may be treated as one property on the valuation roll.

#### **14. EFFECTS OF OBJECTIONS AND APPEALS ON LIABILITY FOR PAYMENT**

In terms of the MPRA:

14.1. the lodging of a review, an objection or an appeal in terms of Sections 50,

54 and 78(5) of the MPRA does not defer liability for the payment of rates beyond the dates determined for payment in terms of this Policy;

- 14.2. the review of the municipal valuer's decision in terms of Section 52 of the MPRA does not defer liability for the payment of rates beyond the dates determined for payment in terms of this Policy.

## **15. INDIGENCE**

In terms of Section 3(3)(f) and Section 15 of the MPRA all indigents, for rating purposes, will qualify in respect of their Residential Properties for the benefits as set out in paragraph 5.1 of this Policy and Chapter 4 of the Credit Control and Debt Collection By-Law and Policy and may also qualify for the 100% rebate in terms of paragraph 5.8 of this Policy. All the other criteria included in paragraph 5.8 will remain applicable.

## **16. INTEREST**

### **16.1. Overdue Accounts**

Interest shall be raised on overdue accounts as determined in the Credit Control and Debt Collection By-Law and Policy.

### **16.2. Overpayments caused due to successful valuation or category objections**

- 16.2.1. If an adjustment in the valuation of a property in terms of Section 51(c), 52(3), 69 or 78(5) of the MPRA affects the amounts due for rates payable on that property, then Section 55 will apply.

- 16.2.2. Interest payable by the City will be calculated at a rate as determined in the Regulations in terms of the MPRA Section 55 from the date the now overpayment occurred until the due date of the first invoice reflecting the credit owing to the customer.



## **17. ADJUSTMENT OF RATES PRIOR TO SV**

17.1. Rates raised as a charge based on an administrative error in a previously certified Valuation Roll can be written back with the authority of the CFO.

17.2. If the owner of a property which has been subdivided after the last general valuation wishes to sell one or more of the erven which have been subdivided off the parent erf, as the case may be, applies to the City for a clearance certificate in terms of Section 118 of the Systems Act and if the City has not yet included such valuation of the relevant property(ies) in a SV:

17.2.1. the municipal valuer shall provide an allocation of values of the relevant property(ies) for purposes of a clearance certificate; and

17.2.2. the valuation shall be submitted to the CFO for approval of the levying of rates on such property(ies) in accordance with such valuation, with effect from the date on which the clearance certificate is sought.

17.3. Any valuations performed in terms of paragraph 17 shall be included in the next SV prepared by the City.

### **17.4. Multiple ownership**

The City of Cape Town will not split a municipal account as a result of multiple ownerships and will hold the owners jointly and severally liable for payment.

## **18. HANGING AND HOLDING PROPERTIES**

18.1. For the purposes of creating a single account for properties forming one economic entity, specific contiguous properties may be treated as one property on the valuation roll, i.e., one valuation for a number of contiguous properties. The holding property as well as the hanging properties will be

reflected on the roll but the valuation will only be reflected against the holding property.

18.2. Properties may be created as one economic entity in terms of the following rules:

18.2.1. Properties must be in the same ownership;

18.2.2. A building(s) forming an economic entity must straddle all the contiguous erven as if they were consolidated;

18.2.3. All municipal services must be linked to the property reflecting the total municipal valuation of the erven treated as being consolidated;

18.2.4. A contiguous property with no economic viability or development potential and which is likely to attract no more than a nominal value, e.g., irregularly shaped or small pieces of land that cannot be optimally developed, small uneconomic land extensions for swimming pools or gardening, lanes, stairs, slivers of land bordering rivers, as well as road reserves may be treated as a hanging property even though the requirements of sub-sections 18.2.2 are not met; and

18.2.5. Contiguous pieces of agricultural land which are being farmed as one economic entity will also qualify should the other requirements of Section 18.2 (excluding 18.2.2) be met.

18.3. The municipal valuer will, in his/her sole discretion, decide which properties should be treated as one economic entity in terms of paragraph 18.2.

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