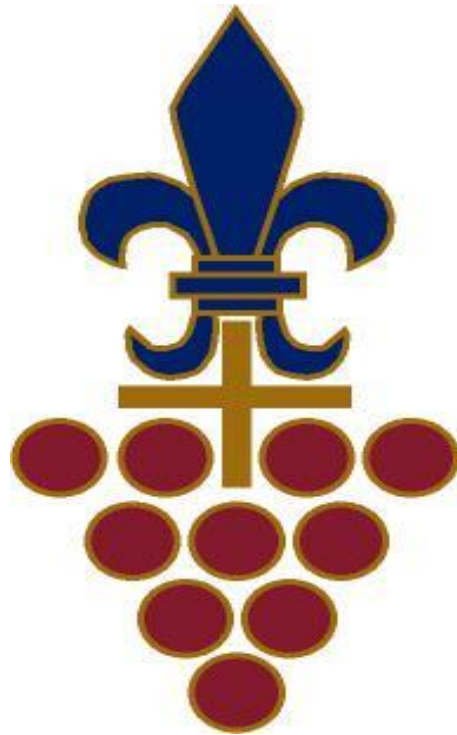


**STELLENBOSCH MUNICIPALITY**



**RATES POLICY**

**2019/2020**



# STELLENBOSCH MUNICIPALITY

## RATES POLICY

### TABLE OF CONTENTS

	<b>PAGE</b>
1. BACKGROUND	1
2. LEGISLATIVE CONTEXT	1
3. GUIDING PRINCIPLES	1
4. DEFINITIONS	2
5. IMPOSITION OF RATES	4
6. CATEGORIES	5
6.1 Categories of Property	5
6.2 Categories for Relief Measures	5
7. APPLICATION OF RATING	6
7.1 Vacant Properties	6
7.2 Multiple use Properties	6
7.3 Public Service Purposes Properties	6
7.4 Public Service Infrastructure properties (PSI)	6
7.5 Rural Properties	6
7.5.1 <i>Agricultural Use</i>	6
7.5.2 <i>Alternate Criteria and Use</i>	7
7.6 Municipal Properties	7
7.7 Special Rating Area (SRA)	7
7.8 Land Reform Beneficiary properties	7
7.9 Adjoining properties	7
8. RELIEF MEASURES	8
8.1 Applying relief measures on Rates	8
8.2 Residential Property	8
8.3 Senior Citizens and Disabled Persons	8
8.4 Conservation Area	9
8.5 Religious Organisations	9
8.6 Stellenbosch Special Rebate	10
8.7 Public Benefit Organizations (PBO)	10
8.8 Non-Profit Organizations (NPO)	10
8.8.1 <i>Prescribed not-for-gain organisations</i>	10
8.9 Heritage Properties	11
8.10 Properties affected by Disaster or adverse Economic Conditions	11
8.11 Exceptional General Valuation Rates Increases: Phasing in	11
9. LIABILITY FOR AND PAYMENT OF RATES	12
9.1 Liability for and payment of rates	12

9.2	Rates in arrears for longer than 90 days	12
10.	QUANTIFICATION OF COSTS TO MUNICIPALITY AND BENEFITS TO COMMUNITY	12
11.	OBJECTION AND APPEALS	12
12.	CLEARANCE CERTIFICATES	13
13.	ADJUSTMENTS OF RATES PRIOR TO SUPPLEMENTARY VALUATION	13
14.	GENERAL	14
14.1.	Applications for Relief Measures	14
14.2.	Regular policy review processes	14
14.3.	Language Interpretation	14
14.4.	Severance	14
15.	BY-LAWS	14
16.	SHORT TITLE	14
17.	CATEGORY AND REBATE CODES	15
17.1	Category Codes	15
17.2	Rebate Codes	16

## **1. BACKGROUND**

In 2007, Stellenbosch Municipality initiated a process to prepare a General Valuation (GV) Roll of all property situated within the geographical boundaries of Stellenbosch Municipality (WC024) in terms of the requirements of the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004) including any subsequent amendments and consequential regulations (the MPRA) which became effective on 1 July 2009 at Stellenbosch Municipality. 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, 1996 (Act 108 of 1996), a municipality may impose rates on property.
- 2.2 In terms of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), 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 provisions of the MPRA.
- 2.4 This Policy must be read together with, and is subject to the provisions of the MPRA.
- 2.5 In terms of Section 62 (1) (f) (ii) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (the MFMA), a municipality must have and implement a rates policy as may be prescribed by any applicable national legislation.
- 2.6 In terms of Section 8(1) of the MPRA, Stellenbosch Municipality will, as the primary instrument, levy rates on the use of property, but implemented as per paragraph 5.5 of this Policy.
- 2.7 All citations to applicable Acts as referenced in this Policy shall include all amendments and regulations to such as promulgated.

## **3. GUIDING PRINCIPLES**

- 3.1 The rating of property will be implemented impartially, fairly, equitably and without bias, and these principles also apply to the setting of criteria for exemptions, reductions, and rebates contemplated in Section 15 of the MPRA.
- 3.2 The rating of property will be implemented in a way that:-
  - is developmentally oriented;
  - supports sustainable local government by providing a stable and buoyant revenue source within the legislative control of the Municipality;
  - supports local and socio-economic development;
  - promotes simplicity, uniformity, and certainty in the property rates assessment process;
  - gives due consideration to the need for simple and practical process of billing and collection of property rates;
  - promotes sustainable land management, especially that which reduces the risk from natural disasters;
  - achieves national and local environmental management objectives; and
  - balances the affordability to the public versus the financial sustainability of the Municipality.

3.3 Other principles that will steer the processes of this Policy:

- All ratepayers within a specific category will be treated equally and reasonably.
- The Municipality will, when levying property rates for each financial year, take cognizance of the aggregate burden of rates on property owners in the various categories of property ownership.
- Rates Increases/Decreases will be guided by the budget requirements of the Municipality, and by Section 20 of the MPRA.
- In dealing with the poor/indigent ratepayers the Municipality may provide relief measures through exemptions, reductions or rebates.

3.4 Further determinants that will guide the processes of this Policy:

- The Zoning Scheme of the Municipality determines, via the provisions therein, the zoning and thus the legally binding use of a given property.
- However, the rating of said property is governed by the MPRA which determines a collection of rules that by implication sets the conditions by which the use of a property is categorised. It is therefore possible that even though an owner is using a property within the set rules of the Zoning Scheme, said property would not be rated on the same basis due to the definitions and provisions as applied according to the MPRA and this Policy.
- Moreover, such categorisation instituted according to the MPRA or this Policy does not condone any unlawful use of a property regardless of circumstances.

#### 4. DEFINITIONS

In this Policy, a word or expression derived from a word or expression as defined, has a corresponding meaning unless the context indicates that another meaning is intended.

The following four definitions in the MPRA are merely shown for clarity:

**“Exclusion”**, in relation to a municipality's rating power, means a restriction of that power.

**“Exemption”**, in relation to the payment of a rate, means an exemption granted by a municipality.

**“Reduction”**, in relation to a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of the property at that lower amount.

**“Rebate”**, in relation to a rate payable on a property, means a discount granted on the amount of the rate payable on the property.

In addition to the definitions contained in the MPRA, the following definitions apply for the purpose of the application of this Rates Policy.

Furthermore, specific terms or phrases used, but not defined in the MPRA are defined herein to elucidate said term or phrase for a specific perspective of the MPRA by the Municipality: -

**“the Municipality”** means Stellenbosch Municipality (WC024).

**“MPRA”** refers to the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004) including any subsequent amendments and consequential regulations.

**“Accommodation Establishment”** means a property used for the supply of overnight sleeping facilities to transient guests at a fee.

**“agricultural Activities”** means the intensive cultivation of soils for purposes of planting or growing, and gathering of trees or crops in a managed and structured manner; the intensive rearing of livestock or aquaculture. In addition, all the provisions as detailed in the definition of **“Agricultural Property”** in the MPRA persist in this Policy.

**"agricultural purposes"** refers to the active pursuit by a *bona fide* farmer to derive the principle source of income, and is commercially sustainable, from agricultural activities.

**"bed & breakfast"** in relation to *Accommodation Establishment* means an enterprise operated on a property of which the residential character is maintained, where the owner or operator permanently resides in the same dwelling, where normally only breakfast is served and sleeping accommodation to transient guests is limited to no more than 3 guest bedrooms. Provided further, that the enterprise has not been registered as a Guesthouse. This property will be deemed to be a Residential Category.

**"bona fide farmer"** is a person or legal entity that is a legitimate farmer whose primary income originates from agricultural activities and the business of which must be registered with SARS.

**"business and commercial property"** means a property that is used for the purpose described as the activity of buying, selling or trade in goods, commodities or services and includes any office or other buildings on the same property, the use of which is incidental to such business. This definition excludes the business of mining and agriculture activities.

**"Chief Financial Officer (CFO)"** means a person designated in terms of Section 80(2) (a) of the Local government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

**"Conservation Area"** means:

- a Protected Area as defined in Section 1 of the MPRA and listed in the "Protected Areas Register" as stipulated in Section 10 of the Protected Areas Act defined in the MPRA as the National Environmental Management: Protected Areas Act, 2003 (Act 57 of 2003); nevertheless, specifically those parts of properties as described in Section 17 (1) (e) of the MPRA; or
- a mountain catchment area as described in Section 9 of the *Protected Areas Act* and declared in terms of the Mountain Catchment Areas Act, 1970 (Act 63 of 1970).

**"Guesthouse"** in relation to *Accommodation Establishment* means an enterprise that has either been registered as a Guesthouse; or an enterprise that is operated on a property of which the residential character is maintained and where the sleeping accommodation to transient guests exceeds 3 but limited to 16 guest bedrooms and/or if any services is offered beyond the limited breakfast only service of a Bed and Breakfast establishment. This property will be deemed to be a Business Category.

**"industrial property"** means a property that is used for the purpose described as the branch of trade or manufacturing, production assembling or processing of finished or partially finished products from raw materials or fabricated parts, typically via a high-volume production process and on such large scale that capital and labour are significantly necessitated; and includes any office or other buildings on the same property, the use of which is incidental to such business.

**"Open Space"** means a property, but specifically land that is used as a park, garden, for passive leisure or maintained in its natural state and which is zoned as open space. These properties may either be publicly owned being commonly open to public access; or privately owned and used without financial gain.

**"SARS"** means the South African Revenue Service.

**"ratepayer"** means a person or legal entity that is liable in terms of the MPRA for the payment of rates on property levied by the Municipality. The term "Ratepayer" is herein considered to be synonymous with the MPRA definition of the term "owner".

**"residential purposes"** in relation to the use of the property means improved property primarily intended for human habitation and inhabited as such; taking cognisance of paragraph 7.9 of this Policy and provided that:

- the following properties are specifically excluded from this definition: hostels, old age homes, guesthouses, and vacant land; and
- to qualify, the predominant use of a property with not more than two dwelling units on said property, must be 80% or more (based upon a percentage of the total area of buildings and structures) for this purpose; or
- to qualify, properties registered in terms of the Sectional Title Act, 1986 (Act 95 of 1986) must solely be used for this purpose; or
- to qualify, properties owned by a share-block company must solely be used for this purpose; or
- to qualify, a block of flats must solely be used for this purpose; or
- to qualify, a dwelling used for this purpose must be situated on property used for or related to educational purposes; or
- to qualify, the predominant use of a retirement scheme or life right scheme must be 60% or more for this purpose.

“**vacant land**” means a property without any buildings or structures, and where no immovable improvements have been erected.

“**valuation roll**” means a valuation roll drawn up in terms of Section 30 of the MPRA or a supplementary valuation roll drawn up in terms of Section 78 of the MPRA.

## 5. IMPOSITION OF RATES

- 5.1 The Municipality shall as part of the annual budgeting cycle, set for each category a rate, (being a cent amount in the Rand) that will be imposed, in accordance with the MPRA, on the market value of a property, for all rateable properties as recorded in the Municipality’s valuation roll, drawn up in terms of the MPRA. The amount so determined together with any relief measures as described in this Policy shall be the Rates due and payable by the owner of said property.

The levying of rates forms part of the Municipality’s annual budget process as set out in Chapter 4 of the MFMA.

Details of the resolution pertaining to the rate for each of the various property categories are to be published in the *Provincial Gazette* as set out in Section 14 of the MPRA.

- 5.2 The rates charged as a cent amount in the Rand for the residential property as per paragraph 6.1 (a) of this Policy is the base rate and the rate charged to all other categories of properties are reflected as a ratio to the residential rate if so prescribed by Regulations promulgated in accordance with the MPRA.
- 5.3 The Municipality will be guided by the definition of “ratio” in the MPRA and directed by Regulations pertaining to rate ratios as promulgated in terms of Section 19 of the MPRA and as applicable to the prescribed non-residential properties.
- 5.4 For properties used for multiple purposes, the Municipality may apply the category of multiple use. For such properties, the Municipal Valuer will apportion a value to each distinct use and apply the appropriate category for billing at the applicable rate.

5.5 For the purposes of determining a property’s category, the Municipality will determine such as per Section 8 (1) of the MPRA. It should be noted that the Municipality considers permitted use to be appropriate on vacant properties and that all other properties would be categorised according to the actual use of said property.

5.6 Building Clause references

Obligations pertaining to Building Clauses as per the development agreements or contracts will be dealt with according to the contract obligations.

Properties that have attached building clause obligations as per the development agreements or contracts will not be considered as being vacant.

5.7 Period for which rates are levied

The Valuation Roll will, according to Section 32(1) of the MPRA, remain valid for a General Valuation cycle of four years.

**6. CATEGORIES**

6.1 Categories of Property

Property Categories, each of which correlates to a distinct use of a property, have been determined as described below.

The codes that have been associated with each property Category are listed in paragraph 17.1 of this Policy. In addition, paragraph 17.1 identifies the attributes and criteria that determines the basis for application.

The Municipality will apply the following property Categories:

Item	Category (of property)	Purpose/Use
(a)	Residential	Refer Section 1 (“Definitions”) in the MPRA and the defined term “Residential Purposes” as per paragraph 4 in this Policy.
(b)	Industrial	Refer the definitions as per paragraph 4 in this Policy.
(c)	Business (and commercial)	Refer the definitions as per paragraph 4 in this Policy.
(d)	Agricultural	Refer Section 1 (“Definitions”) in the MPRA and the defined term “Agricultural Purposes” as per paragraph 4 in this Policy.
(e)	Mining	Refer Section 1 (“Definitions”) in the MPRA.
(f)	Public Service Purposes	Refer Section 1 (“Definitions”) in the MPRA.
(g)	Public Service Infrastructure	Refer Sections 1 and Sub-sections 17(1)(a) and 17(1)(aA) in the MPRA.
(h)	Public Benefit Organisation	Used for a “Specified public benefit activity” as defined in Section 1 in the MPRA.
(i)	Multiple Use	Refer paragraph 7.2 in this Policy.
(j)	Heritage	Refer paragraph 8.9 in this Policy and Section 15(2A)(b) in the MPRA.
(k)	Vacant Residential	Vacant and Permitted use set for a Residential property.
(l)	Vacant Other	Vacant and Permitted use set for a property category other than Residential.

6.2 Categories for Relief Measures

The Municipality will consider relief measures on rates, being Exemptions, Rebates and/or Reductions on properties, according to various criteria as described in this Policy.

The codes (referred to as the Rebate Codes), associated with the specific relief measure, are listed in paragraph 17.2 of this Policy.



## **7. APPLICATION OF RATING**

The Municipality will, in addition to the various criteria referenced above, apply the following criteria when rating a property:

### **7.1 Vacant Properties**

Vacant residential property will be rated as per the Vacant Residential Category.

Vacant property other than residential property will be rated as per the Vacant Other Category.

Normally, Agricultural properties will not be considered as being vacant, however this consideration lapses if the ambit (scope) of either of the terms “*agricultural activities*” or “*bona fide farmer*” as defined in this Policy is not relevant or cannot be applied to said property.

The Category of Vacant properties will be determined according to the property’s permitted use and these properties will not qualify for any relief measures.

### **7.2 Multiple use Properties**

Properties with multiple uses as per Section 9 of the MPRA may be categorised for each distinct use as determined by the Municipality and which category will be applied for billing at the appropriate and applicable rate.

The different uses will be grouped into two or more components. The first component, which will be determined by the largest apportioned area of the property will be the primary component; the other components (sub-components) will be identified by their generalised functional name.

The category of the primary component of such a property will be directed in the first instance by the dominant use of the property, but at the sole discretion of the Municipality.

A multiple use property may only qualify for the valuation exclusion as per paragraph 8.2.1 (i) of this Policy, provided that at least one of the components has been categorised as residential.

### **7.3 Public Service Purposes Properties**

Properties used for Public Service Purposes will be categorised as per paragraph 6.1 (f) of this Policy and will be rated at the applicable rate. The exclusions, exemptions, rebates and reductions relating to the usage of properties as detailed in this Policy and the MPRA, will apply if applicable.

### **7.4 Public Service Infrastructure properties (PSI)**

The Municipality will apply the rate ratio as set out in the MPRA to public service infrastructure. Furthermore, the Municipality will grant 100% exclusion on all such properties.

### **7.5 Rural Properties**

The categorizing and/or qualification of all rural properties will be dealt with at the sole discretion of the Municipality.

#### **7.5.1 Agricultural Use**

The Municipality will apply the rate ratio as set out in the MPRA to properties that are used for agricultural purposes by *bona fide* farmers. These properties will however not qualify for any relief measures.

The Municipality deems property with extent less than two hectares not to be agricultural property.

#### 7.5.2 *Alternate Criteria and Use*

- (a) Where a property in a rural area is being used for business, mining, or industrial purposes, such as truck depots, construction yards, restaurants, functioning venue, guesthouses, and/or factories, said property will be valued and rated according to the category for business, mining or industrial properties as applicable. The Municipality may however, consider valuating said property as a Multiple Use Property (refer to paragraph 7.2 of this Policy).
- (b) Properties in rural areas that are primarily used for residential purposes will be valued and rated as residential properties and may thus qualify in terms of the definition of residential property for the applicable relief measures (refer to paragraph 8 of this Policy).
- (c) Owners of a property in rural areas which is not categorised as agricultural, but which in the opinion of the owner should be agricultural, must apply (refer to paragraph 14.1 of this Policy) for a revaluation, submit documentation as required by the CFO and declare in an affidavit, that no contraventions of the criteria for agricultural activities are taking place on the property. The application will be dealt with according to the supplementary valuation process.

#### 7.6 **Municipal Properties**

Municipal-owned properties which are leased in terms of a lease agreement or those properties which are allocated to beneficiaries but not yet transferred, will be rated as per the provisions of this Policy. The exclusions, exemptions, rebates, and reductions relating to the usage of properties as detailed in this Policy and the MPRA, will apply if applicable. The rates of said non-excluded property will be passed on to the lessee or the allocated beneficiary.

All other Municipal-owned properties as described in Section 7 (2) (a) (i) of the MPRA, will be excluded from paying property rates.

#### 7.7 **Special Rating Area (SRA)**

The Municipality may consider the application for a Special Rating Area (SRA) provided that the owners of the predefined demarcated area have approved the budget and the specifics relating to such SRA. The process must adhere to Section 22 of the MPRA and to the Municipality's Special Rating Area Policy and By-Law.

The budget for such SRA will be raised via a pre-determined tariff applied on the municipal valuation of each property. This pre-determined tariff is linked to the annual budget proposal and would therefore be unique to a specific SRA and for a given financial year.

#### 7.8 **Land Reform Beneficiary properties**

The Municipality will apply a category for a Land Reform Beneficiary Property that corresponds to the use of said property. The said category will be applied for billing at the appropriate and applicable rate. However, the Municipality will exclude such properties from rates for a period of 10 years subject to Section 17(1)(g) and phase-in the rates as per Section 21(1)(b) of the MPRA.

#### 7.9 **Adjoining properties**

The Municipality acknowledges that there are residential properties, registered in the name of the same owner which are used basically as if such properties were one property. Consequently, these properties will be regarded as one residential property for the application of relief measures.

Such grouping usually consists of adjoining properties but may include in the case of properties registered in terms of the Sectional Title Act, 1986 (Act 95 of 1986) any units such as a garage or domestic worker's quarters, in the same sectional title scheme registered in the name of the same owner.

Administratively a link between the adjoining property and its associated parent property must be set so as to facilitate tracking of such pairing.

## **8. RELIEF MEASURES**

### **8.1 Applying relief measures on Rates**

Notwithstanding that the Municipality is obligated as per the MPRA to exclude specific properties or parts thereof from rating, the Municipality will consider applying relief measures on property rates, being Exemptions, Rebates and/or Reductions as described in this Policy.

- (a) The Municipality may grant exemptions, rebates and/or reductions to the categories of properties and/or categories of owners that meet the specified criteria as indicated in subparagraphs of paragraph (7) above or as indicated below.
- (b) The Municipality will exclude specific properties or parts thereof as indicated in subparagraphs of paragraph (7) above or as indicated below.
- (c) The Municipality will not grant relief in respect of payments for rates to any category of owners or properties other than that as provided for in this Policy, nor to owners of properties on an individual basis.
- (d) Any application (when required or as requested) for a relief on rates must be submitted as per paragraph 14.1 of this Policy.

### **8.2 Residential Property**

#### **8.2.1 The Municipality will not levy a rate on the initial portion of the valuation of a residential property being the sum of:**

- (i) the first R15 000 exclusion on the basis set out in Section 17 (1) (h) of the MPRA; and
- (ii) on a further R185 000 reduction, provided it does not exceed the remaining valuation in respect of a residential property, or the primary component of a multiple use property, that is categorised for *residential purposes*, as per the definition in paragraph 4 of this Policy. This reduction will only apply if the total valuation of said property does not exceed R 5 000 000. All non-primary components of a multiple use property do not qualify.

The above where applicable, will be applied once only per property.

### **8.3 Senior Citizens and Disabled Persons**

Designated owners being registered owners of properties or allocated beneficiaries as per paragraph 7.6 of this Policy who are senior citizens or who are disabled persons may qualify for a rebate according to their gross monthly household income.

To qualify for the rebate referred to above, the designated owner must be a natural person, registered as a South African citizen. If not a South African citizen, the designated owner must be the registered owner of the property within the jurisdiction of the Municipality and must submit proof of his/her permanent residency in South Africa. The property in question must satisfy the residential property requirements as per this Policy and in addition to the above-mentioned, the designated owner must also:

- 8.3.1 Occupy the property as his/her normal residence; and
- (a) be at least 60 years of age, or in receipt of a disability grant; and
  - (b) be in receipt of a gross monthly income from all sources (including financial contributions of all members of the household permanently residing at that property) not exceeding the highest income amount as referenced in the table of paragraph 8.3.4 of this Policy; and
  - (c) when being the designated owner of more than one property, a rebate will be granted only on the occupied property; and
  - (d) where the designated owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement; and
  - (e) where the occupant of a residential property is a senior citizen or a disabled person and is the usufructuary of the property, he/she may satisfy the occupancy requirement.
- 8.3.2 Apply as per paragraph 14.1 of this Policy with proof of income, which may include proof of a SARS assessment or any other relevant document as requested.
- 8.3.3 If the property in question is alienated by the designated owner, then that owner would be liable for the *pro rata* rates, inclusive of the pension rebate. The new owner will be liable for the full *pro rata* portion of the rates excluding any pension rebates.
- 8.3.4 The percentage rebate granted to different monthly household income levels will be determined according to the schedule below. The income bands and rebates for the effective financial period of this Policy are as follows:

Gross Monthly Household Income				% Rebate
Income bands				
	Up to		8 000	100%
From	8 001	to	10 000	75%
From	10 001	to	12 000	50%
From	12 001	to	15 000	25%

#### 8.4 Conservation Area

The Municipality will exclude those portions of a property within the ambit of a conservative area as defined in this Policy.

The apportioned value of any portion of such property, utilized for any purpose other than that used for such conservation purposes, or developed and used for commercial, business, agricultural or residential purposes will be categorised accordingly and rated at the applicable rate as described in paragraph 7.2 of this Policy.

The Municipality will apply Section 17 (2) of the MPRA upon withdrawal of said property from the conservation agreements inferred in Section 17 (1) (e) of the MPRA.

#### 8.5 Religious Organisations

In terms of Sections 1 and 17 (1) (i) of the MPRA, the Municipality will not levy a rate on a property used primarily as a place of public worship by a religious community, including the official residence which is occupied by the office bearer of that community who officiates at services at that place of worship.

The Municipality will apply Section 17 (5) of the MPRA if as per Section 17 (5) (a) of the MPRA said property is no longer used or has been disposed by the religious community.

## **8.6 Stellenbosch Special Rebate**

The Municipality may, for the organisations not meeting all the public benefit organisations criteria as described in paragraph 8.7, nor the criteria for NPO organisations as described in paragraph 8.8, consider a rebate which shall be identified as “Stellenbosch Special Rebate” (SSR). The Municipal Council will annually during the budget processes approve this rebates’ discount percentage.

This rebate will only be applicable to said organisations that apply as per paragraph 14.1 of this Policy for such rebate.

## **8.7 Public Benefit Organizations (PBO)**

The Municipality will apply the rate ratio as set out in the MPRA to public benefit organisations.

As per the MPRA the specific public benefit activity listed in Item 1 (Welfare and Humanitarian), Item 2 (Health Care), and Item 4 (Education and Development) of Part I of the Ninth Schedule of the Income Tax Act will be applicable and must be conducted/executed on said property.

All Public Benefit Organisations must annually submit, according to paragraph 14.1 of this Policy proof of their status as per the above criteria.

## **8.8 Non-Profit Organizations (NPO)**

An organisation must be registered as a Non-Profit Organisation (NPO) under the Non-profit Organisations Act, 1997 (Act 71 of 1997) to be considered as a candidate for the relief measures described below.

Organizations listed in paragraph 8.8.1 below that are operated as not-for-gain (declared or registered by law) or organisations that execute activities as per Item 6 (Cultural), item 7 (Conservation, Environment and Animal Welfare) and Item 9 (Sport) of Part 1 of the Ninth Schedule to the Income Tax Act may receive a rebate. All abovementioned organisations being privately controlled must be the owner of said properties.

These rebates are not applicable to any vacant land irrespective of its zoning or intended usage unless stated otherwise in this Policy.

All NPO must annually submit, according to paragraph 14.1 of this Policy proof of their status as per the above criteria.

Abovementioned organisations which have a total revenue/income not exceeding one million Rand per annum, will receive a 100% rebate. On the other hand, those organisations having a revenue/income exceeding one million Rand per annum will receive a rebate percentage of 20%.

### **8.8.1 Prescribed not-for-gain organisations**

#### **(a) Health and welfare institutions**

Privately owned properties used exclusively as a hospital, clinic, mental hospital, orphanage, non-profit retirement village, old age home or benevolent institution, including workshops used by the inmates, laundry or cafeteria facilities.

#### **(b) Charitable institutions**

Properties used solely for the performance of charitable work.

#### **(c) Agricultural societies**

Property owned by agricultural societies used for the purposes of the society.

(d) *Cemeteries and crematoria*

Privately owned properties used as cemeteries and crematoria.

(e) *War veterans*

Property registered in the name of a trustee or organisation in terms of the Social Assistance Act, 2004 (Act 13 of 2004), maintained for the welfare of war veterans and their families.

(f) *Heritage properties*

Open to the public and used as historical monuments, museums, libraries, and art galleries.

## **8.9 Heritage Properties**

The Municipality recognises properties as described in Section 15(2A)(b) of the MPRA and as per paragraph 6.1 (j) of this Policy as Heritage properties which will be rated at the applicable rate.

Owners of heritage properties must annually submit, according to paragraph 14.1 of this Policy proof of their status as per the above criteria.

## **8.10 Properties affected by Disaster or adverse Economic Conditions**

The Municipality may consider additional relief measures as envisaged in Section 15(2)(d) of the MPRA and as approved by Council.

## **8.11 Exceptional General Valuation Rates Increases: Phasing in**

The Municipality may consider a relief measure for owners of property adversely affected by exceptional rates increase of a new General Valuation (GV) cycle. This incentive will only be implemented as from the implementation date of a GV and on proviso that:

- (a) for a property to qualify, the Rates for the first financial year of the GV cycle for the property, as result of the property valuation of a GV cycle, must be at least four (4) times more than that of the rates for said property during the financial year preceding the start of the GV cycle.
- (b) the rates for the financial year preceding the start of the GV cycle must be at least R1 000 per annum;
- (c) the rebate granted would be phased-out over two financial years;
- (d) the rebate for the first financial year will be 50% and during the second year it will be 25% rebate on the rates applicable for that year;
- (e) this incentive will not be cumulative on any other rebate that may be granted to said owner;
- (f) the most beneficial rebate between this incentive and any other rebate which said owner may receive in each financial year will prevail;
- (g) improvements or errors of valuations to said property that could have influenced the GV valuation will be reviewed during the application approval;
- (h) applications will only be considered until the end of the initial 6 months of a GV cycle; and
- (i) owners of such property must apply as per paragraph 14.1 of this Policy.

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

### **9.1 Liability for and payment of rates**

Liability for and payment of rates is governed by criteria in this Policy, by the MPRA, the Stellenbosch Municipality's Credit Control and Debt Collection Policy, By-Laws and any other applicable legislation. Actions as per the applicable By-Laws and/or Policies shall be taken against defaulters.

There are one of two methods of payment that the owner of the property must agree upon, namely (i) paying the rates on a monthly basis or (ii) paying the rates in one amount every annum.

The paying of rates on a monthly basis will be the preferred method unless the owner has selected (via a written request before 31 May preceding a financial year) the annual method of payment.

- (i) When paying on a monthly basis the amount due shall be paid not later than the date as specified on the monthly accounts. The cycle of such payments will start on the first day of July (the start of a financial year) and extend to the 30th of June the following year.
- (ii) When paying a once-off amount (the full rates for that financial year), then that amount shall be paid in full not later than the date as specified on the account.

Changes to the preferred method of payment must be exercised by the owner before 31 May of a financial year and once set the method of payment will not be changed during a current financial year.

### **9.2 Rates in arrears for longer than 90 days**

When an owner's rates account is in arrears for longer than 90 (ninety) days, then the Municipality may initiate the proceedings as described in Sections 28 or 29 of the MPRA.

A notice to this effect will be forwarded to the tenant, occupier or agent providing the required legal information regarding their payments to the owner, which are to be redirected to the Municipality so as to cover the arrear rates account.

A notice will be forwarded to the owner in question to indicate the legal proceedings and the actions that the Municipality has initiated.

## **10. QUANTIFICATION OF COSTS TO MUNICIPALITY AND BENEFITS TO COMMUNITY**

The cost to the Municipality and benefit to the local community in terms of exemptions, rebates, reductions and exclusions referred to in the MPRA and rates on properties that must be phased-in in terms of the MPRA will be reflected in the Municipality's budget.

## **11. OBJECTION AND APPEALS**

- (a) Any person may lodge an objection to a valuation subject to Section 50 of the MPRA but within the period stated in the notice referred to in Sections 49(1)(a) and 78(5)(b) of the MPRA.
- (b) An appeal to an appeal board against a decision of a municipal valuer in terms of section 51 of the MPRA may be lodged in the prescribed manner subject to Section 54 of the MPRA. The appeal must be lodged (as a guideline), within a period of 30 days nonetheless, as set out in Section 54(2) of the MPRA.

- (c) The administrative actions or processes as described in the MPRA for the handling of objections or appeals will be the basis that the Municipality will follow.
- (d) The lodging of an objection or appeal: -
  - (i) In terms of Section 50 of the MPRA does not defer liability for the payment of rates in terms of this Policy; or
  - (ii) In terms of Section 54 of the MPRA does not defer liability for the payment of rates in terms of this Policy.

## **12 CLEARANCE CERTIFICATES**

All monies collected by the Municipality, specifically in respect of Special Rating Areas and any estimated amounts in terms of Section 118(1A) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) (the Systems Act), or Section 89 of the Insolvency Act, 1936 (Act 24 of 1936), are for the purpose of Section 118 of the Systems Act, deemed to be due and must be paid in order to facilitate the transfer of immovable property:

- (i) 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; and
- (ii) No interest shall be paid by the Municipality to the registered seller in respect of these payments which are deemed to be due.
- (iii) The Municipality will not be responsible for the apportionment of rates and/or services due or paid in respect of any rates clearances and registrations.
- (iv) The Municipality will issue only one clearance certificate for properties deemed to be in an adjoined state as per paragraph 7.9 of this Policy.

## **13 ADJUSTMENTS OF RATES PRIOR TO SUPPLEMENTARY VALUATION**

13.1 If the owner of a property which has been subdivided or consolidated after the last general valuation wishes to sell the consolidated erf, or one or more of the erven which have been subdivided from the parent erf, as the case may be, applies to the Municipality for a clearance certificate in terms of Section 118 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), and if the Municipality has not yet included such valuation of the relevant property(ies) in a supplementary valuation:-

- (a) the Municipal Valuer shall conduct a valuation of the relevant property(ies) for purposes of a supplementary valuation; and
- (b) 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 relevant subdivision or consolidation (as the case may be) was registered in the Deeds Office

13.2 Any valuations performed in terms of paragraph 13 shall be included in the next supplementary as per the provisions in Section 78 of the MPRA.



## **14. GENERAL**

### **14.1 Applications for Relief Measures**

- (a) All applications, required in terms of this Policy for a specific relief measure must be submitted to the Municipality by 30 November of each year, which date precedes the financial year in which the rate is to be levied. If the relief measure applied for is granted, the relief measure will apply for the full financial year. All successful applicants are bound by all the criteria as per paragraph 14.1 of this Policy.
- (b) Any applicant who, during a financial year, for the first time, meets all the criteria other than (a) above, may apply to receive the relief measure initiated from the month following the approval by the Municipality of said application for the remainder of that financial year, thereafter all the criteria as per paragraph (a) above will apply to applications for subsequent financial years.
- (c) Late applications received after 30 November of a given year may be considered by the Municipality, in which case, if the relief measure applied for is granted, a *pro rata* rebate for the remainder of the next (new) financial year may be applicable.
- (d) Persons who have submitted false information and/or false affidavits will have the relief measure withdrawn with effect from the commencement of the financial year in question.
- (e) All applications for relief measures will require the applicant's municipal accounts to have been paid up to date or the conclusion of a suitable arrangement with the Municipality as provided for in the Stellenbosch Municipality's Credit Control and Debt Collection By-Law and Policy.
- (f) The Municipality reserves the right to request current and/or previous audited financial statements or to inspect all properties before or after implementing the applicable rate and to revoke or amend any decision made prior to such investigation or financial review.
- (g) The Municipality reserves the right to recover any rates and/or relief measures from owners of properties after the status of said properties have changed.
- (h) The Municipality reserves the right to request any additional information as may be deemed necessary.

### **14.2 Regular policy review processes**

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

### **14.3 Language Interpretation**

The legal interpretation of the English version of this Policy only shall prevail above all other language translations of this Policy.

### **14.4 Severance**

If any provision of this Policy is struck down as invalid by a court of law, such provision shall be severed from this Policy, and shall not affect the validity of the remaining provisions.

## **15 BY-LAWS**

The principles contained in this Policy will be reflected in the By-Law as promulgated and adjusted by Council from time to time.

## **16. SHORT TITLE**

This Policy is the Rates Policy of the Stellenbosch Municipality.

## 17. CATEGORY AND REBATE CODES

### 17.1 Category Codes

The Formulae Codes (Derived from the Categories listed in paragraph 6.1 of this Policy) as listed below will be used in the Valuation Roll and supporting letters or Notices to reflect by association the applicable Category (as indicated in the "Category (of property)" column).

Council shall on an annual basis during the budget approval cycle set the cent amount in the Rand values (being the Category Tariff) for each of the Categories in the table below.

Category (of property)	Category Code	Formulae Code	Supporting references
<b>Residential</b>	RES	RES	MPRA Sections 8(2)(a); 17(1)(h) and the Policy paragraph 8.2.1
	RES	RESA	Adjoining residential; the Policy paragraph 7.6
	RES	RESM	MPRA Section 17(1)(h) i.e. ONLY Policy paragraph 8.2.1 (i)
	RES	RELI1	MPRA Section 17(1)(i) – the official residence; the Policy paragraph 8.5
	RES	MUNRR	Municipal Owned: Rented or Leased property; the Policy paragraph 7.6
	RES	MUNR	Municipal Owned: Section 8(2)(h) and the Policy paragraph 7.6
	RES	LRBR	Land Reform Beneficiary: MPRA Section 17(1)(g); the Policy paragraph 7.8
<b>Industrial</b>	IND	IND	MPRA Section 8(2)(b); Policy Definitions for "industrial"
<b>Business</b>	BUS	BUS	MPRA Section 8(2)(c); Policy Definitions for "business"
	BUS	RELIG	MPRA Section 17(1)(i) – the place of worship; the Policy paragraph 8.5
	BUS	MUNBR	Municipal Owned: Rented or Leased property; the Policy paragraph 7.6
	BUS	MUNB	Municipal Owned: Section 8(2)(h) and the Policy paragraph 7.6
	BUS	POS	Public Open Spaces
	BUS	PROS	Private Open Spaces
<b>Agricultural</b>	AGR	AGR	MPRA Section 8(2)(d); (Not considered to be a vacant property); the Policy paragraph 7.5
	AGR	PROT	Protected Areas: MPRA Section 17(1)(e); the Policy paragraph 8.4
	AGR	MUNAR	Municipal Owned: Rented or Leased property; the Policy paragraph 7.6
	AGR	MUNA	Municipal Owned: MPRA Section 8(2)(h) and the Policy paragraph 7.6
	AGR	LRBA	Land Reform Beneficiary: Section 17(1)(g); the Policy paragraph 7.8
<b>Mining</b>	MIN	MIN	MPRA Section 8(2)(e).
<b>Public Service Purposes</b>	PSP	PSP	MPRA Section 8(2)(f); the Policy paragraph 7.3
<b>Public Service Infrastructure</b>	PSI	PSI	MPRA Sections 8(2)(g); 17(1)(a) and the Policy paragraph 7.4
	PSI	PSIE	MPRA Sections 8(2)(g); 17(1)(aA) and the Policy paragraph 7.4
	PSI	MUNP	MPRA Sections 7(2)(a)(ii) and 8(2)(h); the Policy paragraph 7.6
<b>Public Benefit Organisation</b>	PBO	PBO	MPRA Section 8(2)(h) and the Policy paragraph 8.7
<b>Multiple purposes</b>	<i>Multi tariff</i>	MULTI	MPRA Sections 8(2)(i) and 9 and the Policy paragraph 7.2
<b>Heritage</b>	HER	HER	MPRA Section 15(2A)(b) and the Policy paragraph 7.9
<b>Vacant Residential</b>	VACR	VACR	the Policy paragraph 7.1
<b>Vacant Other</b>	VACO	VACO	NOT agricultural properties; the Policy paragraph 7.1

## 17.2 Rebate Codes

The Rebate Codes in the table below serves to indicate the rebate if any that could be applicable to a property.

<b>Rebate Code</b>	<b>Purpose</b>	<b>Supporting references</b>
NONE	No rebate is applicable	
INDP	Indigent and 100% Pension rebate	Rates Policy paragraphs 8.3 and the Indigent Policy
INDIG	Indigent only rebate	Indigent Policy
PENS	100% Pension rebate	Rates Policy paragraph 8.3
PENS1	75% Pension rebate	Rates Policy paragraph 8.3
PENS2	50% Pension rebate	Rates Policy paragraph 8.3
PENS3	25% Pension rebate	Rates Policy paragraph 8.3
NPO	Non-Profit Organisation (100% rebate)	Rates Policy paragraph 8.8
NPO1	Non-Profit Organisation (Rebate as per table)	Rates Policy paragraph 8.8
SSR	Stellenbosch Special Rebate	Rates Policy paragraph 8.6
EGVI	Exceptional General Valuation Rates Increases	Rates Policy paragraph 8.11