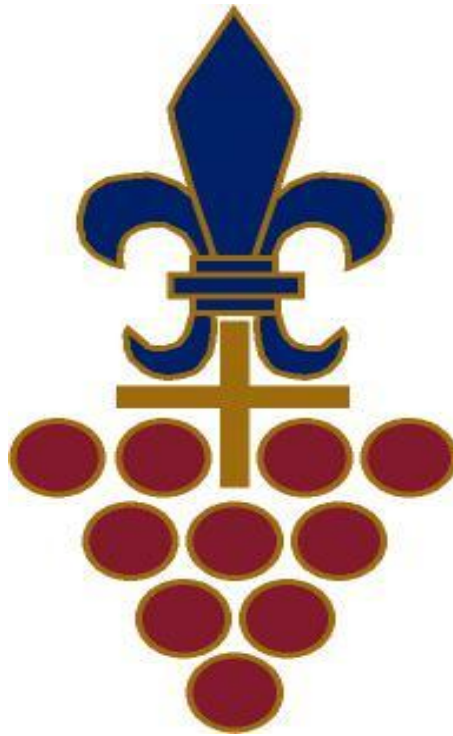


# **APPENDIX 6**

## **STELLENBOSCH MUNICIPALITY**



### **RATES POLICY**

**2026/2027**



# STELLENBOSCH MUNICIPALITY

## RATES POLICY

### TABLE OF CONTENTS

|                                                                    | PAGE |
|--------------------------------------------------------------------|------|
| 1. BACKGROUND                                                      | 1    |
| 2. LEGISLATIVE CONTEXT                                             | 1    |
| 3. GUIDING PRINCIPLES                                              | 1    |
| 4. DEFINITIONS                                                     | 2    |
| 5. IMPOSITION OF RATES                                             | 5    |
| 6. CATEGORIES                                                      | 6    |
| 6.1 Categories of Property                                         | 6    |
| 6.2 Categories for Relief Measures                                 | 6    |
| 7. APPLICATION OF RATING                                           | 7    |
| 7.1 Vacant Properties                                              | 7    |
| 7.2 Multiple use Properties                                        | 7    |
| 7.3 Public Service Purposes Properties                             | 8    |
| 7.4 Public Service Infrastructure properties                       | 8    |
| 7.5 Public Benefit Organizations (PBO)                             | 8    |
| 7.6 Rural Properties                                               | 8    |
| 7.6.1 <i>Agricultural Use</i>                                      | 8    |
| 7.6.2 <i>Alternate Criteria and Use</i>                            | 9    |
| 7.7 Municipal Properties                                           | 9    |
| 7.8 Special Rating Area (SRA)                                      | 9    |
| 7.9 Land Reform Beneficiary properties                             | 10   |
| 7.10 Adjoining properties                                          | 10   |
| 8. RELIEF MEASURES                                                 | 10   |
| 8.1 Applying relief measures on Rates                              | 10   |
| 8.2 Residential Property                                           | 11   |
| 8.3 Senior Citizens and Disabled Persons                           | 11   |
| 8.4 Conservation Area                                              | 12   |
| 8.5 Religious Organisations                                        | 12   |
| 8.6 Stellenbosch Special Rebate                                    | 13   |
| 8.7 Non-Profit Organizations (NPO)                                 | 13   |
| 8.7.1 <i>Prescribed not-for-gain organisations</i>                 | 13   |
| 8.8 Properties affected by Disaster or adverse Economic Conditions | 14   |
| 8.9 Exceptional General Valuation Rates Increases: Phasing in      | 14   |
| 9. LIABILITY FOR AND PAYMENT OF RATES                              | 15   |
| 9.1 Liability for and payment of rates                             | 15   |
| 9.2 Rates in arrears for longer than 90 days                       | 15   |

|     |                                                                   |    |
|-----|-------------------------------------------------------------------|----|
| 10. | QUANTIFICATION OF COSTS TO MUNICIPALITY AND BENEFITS TO COMMUNITY | 15 |
| 11. | OBJECTION AND APPEALS                                             | 16 |
| 12. | CLEARANCE CERTIFICATES                                            | 16 |
| 13. | ADJUSTMENTS OF RATES PRIOR TO SUPPLEMENTARY VALUATION             | 17 |
| 14. | GENERAL                                                           | 17 |
|     | 14.1. Applications for Relief Measures                            | 17 |
|     | 14.2. Regular policy review processes                             | 18 |
|     | 14.3. Language Interpretation                                     | 18 |
|     | 14.4. Severance                                                   | 18 |
| 15. | BY-LAWS                                                           | 18 |
| 16. | CONTACT OF RESPONSIBLE OFFICE                                     | 18 |
| 17. | SHORT TITLE                                                       | 18 |
| 18. | CATEGORY AND REBATE CODES                                         | 19 |
|     | 18.1 Category Codes                                               | 19 |
|     | 18.2 Rebate Codes                                                 | 20 |

## **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, the 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 ambit 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 by ratepayers 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 only 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 describe 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, which is commercially sustainable, from agricultural activities exclusively on Agricultural Properties.

**“bed & breakfast”** in relation to *Accommodation Establishment* means:

- an initiative 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.
- 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.

**“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 initiative 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, or
- if any services are offered beyond the limited services of a *Bed & Breakfast* establishment.
- This property will be deemed to be a Business Category.

**“household income”** means the gross sum of all monthly income from all sources. Income sources may include wages, salaries, profits, dividends, pensions, rentals, board & lodging, interest received, grants or investment income and other forms of financial contributions.

**“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.

**“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; subject to paragraph 7.10 of this Policy and provided that:

- the following properties are specifically excluded from this definition: hostels, old age homes, and vacant land;
- properties registered in terms of the Sectional Title Act, 1986 (Act 95 of 1986) must solely be used for this purpose; or
- properties owned by a share-block company must solely be used for this purpose; or
- a block of flats must solely be used for this purpose; or
- a dwelling used for this purpose and which is situated on property used for or related to educational purposes; or
- the predominant use of a retirement scheme or life right scheme must be 60% or more for this purpose.

**“SARS”** means the South African Revenue Service.

**“vacant land”** means a property:

- without any buildings or structures; or
- where immovable improvements have been erected but deemed incomplete and unoccupied.

**“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(6) 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 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 under the obligation or constraint of Section 19(1)(d) of the MPRA not be administered as part of the valuation nor the rating processes.

## 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.

## 5.8 Valuation value constraints

- (a) For the purposes of valuing a property, no valuation value shall be less than R1 000 unless the valuer determines that said property's valuation value must be zero.
- (b) For administrative purposes all valuation values exceeding R1 000 may be rounded to the nearest R1 000 interval.

# 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 18.1 of this Policy. In addition, paragraph 18.1 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 ( <i>Definitions</i> ) in the MPRA and the defined term " <i>Residential Purposes</i> " 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 ( <i>Definitions</i> ) in the MPRA and the defined term " <i>Agricultural Purposes</i> " as per paragraph 4 in this Policy. |
| (e)  | Mining                        | Refer Section 1 ( <i>Definitions</i> ) in the MPRA.                                                                                         |
| (f)  | Public Service Purposes       | Refer Section 1 ( <i>Definitions</i> ) 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   | Refer to Section 8(2)(h) in the MPRA.                                                                                                       |
| (i)  | Multiple Use                  | Refer paragraph 7.2 in this Policy.                                                                                                         |
| (j)  | Heritage                      | Refer Section 15(2A)(b) in the MPRA.                                                                                                        |
| (k)  | Vacant Residential            | Vacant and Permitted use set as Residential.                                                                                                |
| (l)  | Vacant Other                  | Vacant and Permitted use not set as 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 18.2 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

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.

Vacant property of which the permitted use has been set as residential will be rated as per the Vacant Residential Category.

Vacant property of which the permitted use has not been set as residential will be rated as per the Vacant Other Category.

Any vacant property registered in the name of the Municipality will be categorised as a Vacant Other Category and exempted from paying property rates.

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.

### 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 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. Sub-components will not be eligible for the reduction as per paragraph 8.2.1(ii).

Sub-components may be categorised for the below mentioned categories provided that the owner of said property meets the ownership criteria of the category, namely: Public Service Purposes, Public Benefit Organisation, or Public Service infrastructure.

Vacant property may not be categorised as a multiple use property. Sub-components may not be categorised as vacant.

### 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

The Municipality will apply the rate ratio as set out in the MPRA to public service infrastructure.

The Municipality acknowledges that Sections 17(1)(a) and 17(1)(aA) of the MPRA provides for the distinct grouping of kinds of public service infrastructure as in the “public service infrastructure” definition in Section 1 of the MPRA.

These groups will be processed respectively as either a PSI formulae code or a PSIE formulae code as referenced by the table in paragraph 18.1. For such properties for which the Municipality is the owner the formulae code MUNP will be used.

The Municipality will impose the 100% exclusion under the PSIE formulae code as directed by Section 93A of the MPRA.

For properties under the PSI formulae code the Municipality will impose the 30% exclusion as directed by Section 17(1)(a) of the MPRA and grant on the 70% remainder a further 100% exception.

### 7.5 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. A SARS TAX Clearance Certificate may be required as well.

### 7.6 Rural Properties

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

#### 7.6.1 *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.

For a property to be categorised as agricultural, processes and structures fundamental to agricultural activities on that farming unit, will be considered. Structures such as a dwelling used by the farmer and farm employees will be considered integral to such processes.

The Municipality may consider applying multiple use categorisation as per paragraph 7.2 if any structures are not used exclusively for agricultural purposes, or the structures are used for delivering or selling services or products to/for customers.

#### 7.6.2 *Alternate Criteria and Use*

- (a) Where a property in a rural area is being used for residential, 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 residential, 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) 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.

#### 7.7 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-exempted 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 exempted from paying property rates and Special Rating Area rates.

For administrative purposes it should be noted that by 1 July 2023 all exemptions as applied to municipal owned properties will be changed to exclusions.

#### 7.8 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.

## 7.9 Land Reform Beneficiary properties

The Municipality will determine a Land Reform Beneficiary that corresponds to the use of such property. The said determination will be applied for billing at the appropriate and applicable rate.

The Municipality will however 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.

## 7.10 Adjoining properties

The Municipality acknowledges that there are residential or business properties, registered in the name of the same owner, which are used basically as if such properties were one property.

- (i) For a residential property, the deemed secondary component [the adjoining property] shall be classified as a RESA formula code and will therefore not be eligible for the reduction as per paragraph 8.2.1(ii).
- (ii) The Municipality will apply the RESA formula code for units in a Sectional Title scheme such as a garage or a storage unit categorised as residential. Consequently, these properties or units will not be eligible for the reduction as per paragraph 8.2.1(ii).
- (iii) For a business property, the deemed secondary component [the adjoining property] shall be classified as a BUSA formula code.
- (iv) The Municipality will apply the BUSA formula code for units in a Sectional Title scheme such as a garage or a storage unit categorised as business.

The Municipality will not consider any notarial links between any property.

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 sub-paragraphs of paragraph 7 above or as indicated below.
- (b) The Municipality will exclude specific properties or parts thereof as indicated in sub-paragraphs 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 R235 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 sub-components of a multiple use property as per paragraph 7.2 of this policy, and the secondary component of adjoining properties or units of a sectional title scheme as per paragraph 7.10 of this policy, do not qualify.
- (iii) an additional R100 000 reduction is granted to registered indigent consumers as described in the Municipality's Indigent Policy, provided that the amount does not exceed the remaining valuation after applying the amounts referred to in sub-paragraphs (i) and/or (ii) above.

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 7.7 of this Policy who are senior citizens or who are disabled persons may qualify for a rebate according to their *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 monthly *household income* 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:

| <b>Gross Monthly Household Income</b> |        |    |        | <b>% Rebate</b> |
|---------------------------------------|--------|----|--------|-----------------|
| <b>Income bands</b>                   |        |    |        |                 |
| Up to                                 |        |    | 8 000  | 100%            |
| From                                  | 8 001  | to | 11 000 | 75%             |
| From                                  | 11 001 | to | 13 000 | 50%             |
| From                                  | 13 001 | to | 17 000 | 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 consider a rebate of 20% which shall be identified as “Stellenbosch Special Rebate” (SSR) to registered universities and colleges operating a campus within the jurisdiction of the Municipality.

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

## 8.7 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 8.7.1 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.

Any part of said property that has been categorised as agricultural will not qualify for this relief measure.

All NPO must annually submit, according to paragraph 14.1 of this Policy proof of their status as per the above criteria. A SARS TAX Clearance Certificate may be required as well.

Abovementioned organisations which have a total revenue/income as defined in the schedule of paragraph 8.7.2 of this Policy will receive a rebate as set in said schedule.

### 8.7.1 *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 members or patients, 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.

- 8.7.2 The percentage rebate granted to different total revenue/income levels (expressed as being the revenue/income excluding government subsidies before any expenses, operating costs or any deductions have been applied) will be determined according to the schedule below. The revenue/income bands and rebates for the effective financial period of this Policy are as follows:

| <b>Total Revenue/Income</b>         |           |           |           | <b>% Rebate</b> |
|-------------------------------------|-----------|-----------|-----------|-----------------|
| <b>Revenue/Income bands (Rands)</b> |           |           |           |                 |
| Up to                               |           | 2 000 000 |           | 80%             |
| From                                | 2 000 001 | to        | 5 000 000 | 50%             |
| More than                           |           | 5 000 000 |           | 20%             |

8.8 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.

8.9 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 greater than 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 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 the annual method of payment via a written request before 31 May preceding a financial year.

- (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. Please note that additional annual payments may be triggered during a financial year by a supplementary valuation on said property.

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 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.
- (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 may issue only one clearance certificate for properties deemed to be in an adjoined state as per paragraph 7.10 of this Policy.
- (v) If the amount referred to in item (i) above cannot be paid in full, then the Municipality may consider a written conditional undertaking by the Transfer Attorney.
- (vi) The Rates clearance certificate validity period is 60 days and the amount due is calculated as follows:
  - a. Clearance Fees as per Council's Tariff Schedule
  - b. All outstanding debt on the relevant property
  - c. Current plus three months in advance accounts

### **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 For new units in a Sectional Title scheme, the unit owner will be liable for the rates as from the registration date of said unit.
- 13.3 Any valuations performed in terms of paragraph 13 shall be included in the next supplementary valuation process as per the provisions in Sub-sections 78 (1) to (5) 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. Applications once approved as per paragraph 8.6 may not need to re-apply annually.
  - (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 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. **CONTACT OF RESPONSIBLE OFFICE**

The contact details for Property Rates enquiries:

E-mail Address: enquiries.navrae@ Stellenbosch.gov.za

Telephone Numbers: See Municipal Account for relevant telephone numbers

Postal Address: PO Box 17, Stellenbosch, 7601

Any Municipal Office in the jurisdiction of Stellenbosch Municipality

### 17. **SHORT TITLE**

This Policy is the Rates Policy of the Stellenbosch Municipality.

## 18. CATEGORY AND REBATE CODES

### 18.1 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                             |
|                                      | RES                 | RESA          | Adjoining residential; the Policy paragraph 7.10                                         |
|                                      | RES                 | RESM          | MPRA Section 17(1)(h); the Policy paragraph 8.2                                          |
|                                      | RES                 | RESIF         | Municipal Owned: Informal settlements, 100% exclusion will apply                         |
|                                      | RES                 | REL1          | MPRA Section 17(1)(i) – the official residence; the Policy paragraph 8.5                 |
|                                      | RES                 | MUNRR         | Municipal Owned: Rented or Leased property; the Policy paragraph 7.7                     |
|                                      | RES                 | MUNR          | Municipal Owned: Section 7(2)(a)(i) and the Policy paragraph 7.7                         |
|                                      | RES                 | LRBR          | Land Reform Beneficiary: MPRA Section 17(1)(g); the Policy paragraph 7.9                 |
| <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                 | BUSA          | Adjoining business; the Policy paragraph 7.10                                            |
|                                      | 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 7.7                     |
|                                      | BUS                 | MUNB          | Municipal Owned: MPRA Section 7(2)(a)(i) and the Policy paragraph 7.7                    |
|                                      | 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 7.6 |
|                                      | 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 7.7                     |
|                                      | AGR                 | MUNA          | Municipal Owned: MPRA Section 7(2)(a)(i) and the Policy paragraph 7.7                    |
|                                      | AGR                 | LRBA          | Land Reform Beneficiary: MPRA Section 17(1)(g); the Policy paragraph 7.9                 |
| <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)(a4) and the Policy paragraph 7.4                            |
|                                      | PSI                 | MUNP          | MPRA Sections 7(2)(a)(ii); the Policy paragraphs 7.4 and 7.7                             |
| <b>Public Benefit Organisation</b>   | PBO                 | PBO           | MPRA Section 8(2)(h) and the Policy paragraph 7.5                                        |
| <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)                                                                   |
| <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                                    |
|                                      |                     | MUNV          | Any vacant property registered in the name of the Municipality                           |

## 18.2 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 (80% rebate)          | Rates Policy paragraph 8.7                          |
| NPO1               | Non-Profit Organisation (50% rebate)          | Rates Policy paragraph 8.7                          |
| NPO2               | Non-Profit Organisation (20% rebate)          | Rates Policy paragraph 8.7                          |
| SSR                | Stellenbosch Special Rebate                   | Rates Policy paragraph 8.6                          |
| EGVI               | Exceptional General Valuation Rates Increases | Rates Policy paragraph 8.9                          |