



# ETHEKWINI MUNICIPALITY

## RATES POLICY

### 2013 / 2014

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## **PREAMBLE**

In terms of Section 229 (1) on the Constitution of the Republic of South Africa Act 108 of 1996, the Municipality has the power to levy a rate on property in its area.

In terms of Section 3 (1) of the Local Government: Municipal Property Rates Act 6 of 2004 (hereinafter referred to as the MPRA) and Section 62 (1)(f) of the Local Government: Municipal Finance Management Act 56 of 2003 (hereinafter referred to as the MFMA), a Municipality should adopt and implement a policy on the levying of rates on rateable property.

This document sets out the rates policy of the eThekweni Municipality and must be read with the MPRA.

## **PURPOSE**

The objective of this policy is to regulate the power of the Municipality to impose rates on property in a sustainable, fair and equitable way.

## **DEFINITIONS**

In addition to the Definitions provided for in the MPRA the following Definitions apply for the purpose of this Policy.

**"Agricultural property"** means any land or buildings in respect of which there is current an agricultural certificate issued.

**"Back-packer lodge"** means a commercial accommodation establishment where beds are available to guests in communal rooms.

**"Bed & Breakfast"** means a commercial accommodation establishment with less than or equal to 4 bedrooms available to guests.

**"Billing Cycle"** means the start of the cycle in which the account is printed to the date on which it falls due and payable.

**"Business or Commercial"** property means :

- (a) Property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity;
- (b) Property on which the administration of the business of private or public entities takes place;

- (c) property used for the provision of commercial accommodation;
- (d) property used for education purposes;
- (e) Property used by the State or any organ of State; or
- (f) Property excluded from any other category of property.

**“Commercial accommodation”** means lodging or board and lodging, together with domestic goods and services, in any house, flat, apartment, room, hotel, motel, Inn, guesthouse, bed & Breakfast, boarding house, residential establishment, holiday accommodation, student accommodation, unit, chalet, tent, caravan, camping site or similar establishment which is regularly or systematically supplied but excludes a dwelling supplied in terms of an agreement for letting and hiring thereof.

**“Community Tourism Organisation” (CTO)** means an independent local organization registered with Tourism KwaZulu Natal, responsible for the promotion of tourism establishments and tourism operators within a local area.

Where the property was previously governed by the Black Estates Act, and the estate has not yet been finalized, the occupants of the property shall be regarded as **“Deemed Owners”** for the purposes of the Municipal accounts only, and shall be responsible for the consolidated account, including rates.

“Deemed Ownership” does not confer any rights to the occupants other than the liability to pay the Municipal accounts and benefit from rebates.

**“Development Phasing Line”** means the geographical area within which municipal services are mostly not available. The line defines the area within which development is generally not promoted at the time of this Policy coming into effect. See hatched area on Annexure B hereto.

**“Guest-house”** means a commercial accommodation establishment with between 5 and 10 bedrooms available to guests.

**“Highest Order Use”** means, in relation to a multiple use property, the use that occupies greater than 1/3<sup>rd</sup> in relation to the square meter development of the property.

**“Industrial Property”** means property used for a branch of trade or manufacturing, production, assembly or processing of finished or partially finished products from raw material or fabricated parts in respect of which capital and labour are involved, and includes :

- (a) The production of raw products on the property;
- (b) The storage and warehousing of products; and
- (c) Any office or other accommodation on the same property the use of which is incidental to such activity.

In addition to the persons defined in the Act, **“owner”** includes:

- a) An owner in a Sectional Title Scheme who owns in addition to the residential unit, a garage, parking, granny flat or storage room, on separate Title, is deemed to be the owner of ONE property for the purposes of 7.2 and 7.3. herein;
- b) An owner of two or more properties which are notarially tied to each other, is deemed to be the owner of ONE property for the purposes of 7.2 and 7.3 herein;
- c) Trustees and beneficiaries jointly, in the case of property in a trust;
- d) An executor or administrator, in the case of property in a deceased estate;
- e) A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- f) A judicial manager, in the case of a property in the estate of a person under judicial management;
- g) A curator, in the case of property in the estate of a person under curatorship;
- h) A person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude, as joint owner together with the registered owner;
- i) A lessee, in the case of a property that is registered in the name of the Municipality and is leased by it; or
- j) A buyer, in the case of a property that was sold by the Municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;
- k) A fideicommissary as joint owner together with the fiduciary.

**“Municipal Financial Year”** means the year starting 1 July each year.

**“Primary Property”** means the residential property on which the owner permanently resides for at least 9 (nine) months in the year.

**“Public Benefit Organisation”** means an organization as described in Section 30 of the Income Tax Act.

**“Rate”** means a tax on property which is imposed by the Municipality, as envisaged in Section 229 (1) (a) of the Constitution.

**“Residential property”** means a dwelling, in any building, premises, structure, or any other place, or any part thereof, used predominantly as a place of residence or abode of any natural person **excluding** a dwelling where more than one third of the total floor area is used for any purpose other than residential, or where it is used in the supply of commercial accommodation.

**“Rural Residential”** means privately owned land, with multiple residential structures, situated within identified rural areas of the Municipality, where each residential structure does not exceed the value as determined by Council in its budget, as the maximum reduction amount for residential property.

**“School Not For Gain”** means an Independent or Private School which enrolls learners in one or more grades between zero and grade twelve and is not subsidized, either wholly or in part, by the State.

**“Senior Citizen”** means a natural person who is over the age of sixty (60).

**“Special Rating Area”** means a geographic area within which property owners agree to pay for certain services supplementary to those supplied by the Municipality. These services are financed by levying an additional rate, which is added to the rates bill of the property owners within the precinct.

**“The Municipality”** means eThekweni Municipality.

**“Trading Services”** shall include: property used by the Municipality’s Electricity Department ; Municipal Parking Areas/Buildings; Market Buildings; Municipal Entities; property used by the municipality’s water, refuse and sanitation departments; Moses Mabhida Stadium; Ushaka Marine World; ICC Durban and Durban Exhibition Centre.

**“Vacant land”** means land that has not been developed with any permanent structures.

**“Value of property”** means the market value of the property as valued in terms of the Act.

## **PROBLEM STATEMENT**

Rates are necessary to fund service delivery and other municipal services and outputs. To ensure excellence in corporate governance, all municipal stakeholders must be consulted on the Municipality’s rationale to the levying of rates, and informed about the rates process.

This is the sixth review of the original Rates Policy written in terms of the MPRA and adopted in 2008.

The rates policy will be available for perusal free of charge at all municipal offices and the City Hall, Durban.

## **POLICY**

### **1. INSTITUTIONAL REQUIREMENTS**

- 1.1 Treasury is the responsible municipal cluster.
- 1.2 In applying the rates policy, the Municipality will meet the requirements of the MPRA and the MFMA, including any Regulations made under these Acts.
- 1.3 Section 3 of the Act provides that the Rates Policy takes effect on the effective date of the first valuation roll prepared by the Municipality in terms of this Act.

1.4 Council shall review the Rates Policy, together with the Municipality's budget, annually.

**2. LIABILITY FOR RATES**

2.1 Rates levied on property must be paid by the owner of the property.

2.2 Joint owners are jointly and severally liable for payment of Rates on the property.

2.3 Service of accounts or documents or process on any one owner is deemed to be service on all owners.

**3. AMOUNT DUE FOR RATES**

The Municipality will, by resolution, as part of each annual operating budget process, determine a rate in the rand for every category of property.

**4. METHOD AND FREQUENCY OF PAYMENT OF RATES**

4.1 The Municipality shall recover a rate on a monthly basis in twelve (12) near equal instalments, together with any supplementary rates.

4.2 The Municipality may recover a rate annually, on application, from owners with fifty (50) or more property rates accounts.

4.2.1 Such application to reach the Municipality on or before 30 April of each year.

4.2.2 Such annual amount to be paid by 31 October of each year.

4.3 The Municipality may recover a rate annually for National and Provincial Government owned property.

4.4 The payment of rates shall not be affected by reason of objections, an appeal or non-compliance with the rates policy.

4.5 The Municipality may publish a number of Supplementary Valuation Rolls during the year, in accordance with Section 78 of the MPRA. The rates, as adjusted by the Supplementary Valuation Roll, will be levied accordingly.

**5. CATEGORIES OF PROPERTY**

5.1 The Municipality may levy different Rates for different categories of Property, the details of which are published in annexure A hereto.

5.2 The categories of property are determined according to the actual use of the property and the property shall be rated on such actual use.

- 5.3 A change in use may result in a change in the category of the property.
- 5.4 The Municipality does not separately value jura in re aliena (Rights in land) except:
- i) Public Service Infrastructure;
  - ii) Rights of Extension in Sectional Title Schemes.
- 5.5 Differential rating among the various property categories may be executed by different rate randages for each property category.
- 5.6 The Municipality has determined the following **categories of property**:
- a) **Residential**
  - b) **Agricultural**
  - c) **Industrial**
  - d) **Business & Commercial**
  - e) **Multiple Use**
  - f) **Public Service Infrastructure**
  - g) **Vacant Land**
  - h) **Unauthorised or Illegal Development/Use**
  - i) **Rural Residential**
  - j) **Development Phasing Line (vacant land)**

## **6. CATEGORIES OF OWNERS OF PROPERTY**

- 6.1 The Municipality may, in terms of the criteria set out in this Policy :
- a) exempt a specific category of owners of properties, or the owners of a specific category of properties, from the payment of a rate levied on their property; or
  - b) grant to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties, as determined in clause 7.below.
- 6.2 The Municipality has determined the following **categories of owners of property**:
- a) **Residential**
  - b) **Senior Citizens**

- c) **Disability Grantees / Medically Boarded Persons**
- d) **Child Headed Households**
- e) **Public Benefit Organisations**
- f) **Life Rights Schemes and Retirement Complexes**
- g) **Bed & Breakfasts and Guesthouses**
- h) **Schools not for gain**
- i) **Sporting Bodies**
- j) **Land Reform Beneficiaries**
- k) **Municipal**
- l) **Public Service Infrastructure**
- m) **Owners of property affected by Natural and other disasters.**
- n) **Vacant Land**
- o) **Nature Reserves / Conservation Areas**

## **7. EXEMPTIONS, REBATES AND REDUCTIONS**

The Municipality grants Exemptions, Rebates and Reductions, on categories of owners, based on local conditions and circumstances.

### **7.1 RESIDENTIAL PROPERTY**

- 7.1.1 The MPRA imposes a R15 000 exclusion in the value of residential property.
- 7.1.2 The Municipality may grant an additional reduction on the valuation of residential property by resolution of Council at its annual budget. This further reduction is aimed primarily at persons owning low-cost properties and is an integral part of the municipality's indigent relief measures.

### **7.2 SENIOR CITIZENS**

**The aim of this rebate is to alleviate the burden on senior citizens who have a fixed income and limited resources.**

- 7.2.1 Senior Citizens may be granted a rebate on the residential primary property as determined by a resolution of Council at its annual budget, with effect from the next practical billing cycle, following the date of application, subject to the following:
- 7.2.2 The Applicant must meet the following criterion
  - a) He/She must be sixty (60) years or older;
  - b) He/She must produce a South African bar coded identity document;



- c) He/She must be the owner or “deemed owner” of the primary property. This includes co-owners who are married to each other or property owned solely by either spouse;
- d) In the case of joint ownership, all owners must meet the qualifying criteria in 7.2 or 7.3 (ie as a senior citizen / disabled / medically boarded person);
- e) He/She must reside permanently on the primary property; If the owner has more than one primary property, the rebate will be granted ONLY on one property.
- f) The value of the primary property must not exceed a value as determined by Council at its annual budget;
- g) In the case of a Trust, The Trustee/s must meet all of the above criteria. A copy of the Title Deed must be produced;
- h) In the case of a usufruct or other personal servitude, the servitude must be registered over the whole property. The holder of the personal servitude must meet all of the above criteria. A copy of The Title Deed must be produced. The holder/s of the servitude will be granted the rebate jointly on one property only.
- i) Executors/Administrators of deceased estates, Liquidators and Trustees are excluded from the rebates.

7.2.3 Once the Application is approved, the Applicant must renew the application, as prescribed, by no later than 30 April preceding the start of the Municipal year for which relief is sought.

7.2.4 the senior citizens rebate will lapse:

- a) on death of the applicant;
- b) On application for a Revenue Clearance Certificate which results in the alienation of the property;
- c) when the Applicant ceases to reside permanently on the primary property;
- d) When the Trustee/s no longer meets the qualifying criteria;
- e) When the holder of the personal servitude no longer meets the qualifying criteria;
- or
- f) if applications are not renewed annually on or before 30 April. Late renewals may be re-instated with effect from the next practical billing cycle.

7.2.5 Deferment of Rates for senior citizens.

With effect from the date of implementation of the MPRA (1 July 2008), the facility to defer rates for senior citizens has been removed. The following will apply to the rates previously deferred:

- a) No new applications for deferment shall be accepted;
- b) rates that have already been deferred shall remain so deferred provided that the accumulated amount of deferred rates and interest may not exceed 50% of the value of the property concerned;
- c) The Deferment will lapse upon:
  - i) death of the owner, except where the property concerned has been inherited by and occupied by the surviving spouse;

- ii) the expropriation, sale, disposal or alienation of the property; or
- iii) the failure of the applicant to reside permanently on the property.
- d) Owners whose rates were previously deferred and who meet the qualifying criteria may apply for a pensioners rebate in terms of 7.2 above, for their current rates.
- e) An application for the current rebate prevents future deferment.

7.2.6 Rebates granted in error or due to false/incorrect information supplied by the applicant, will be reversed immediately from date of inception of the rebate.

7.2.7 Council may approve further rebates based on its indigence support programme.

### **7.3 DISABILITY GRANTEES / MEDICALLY BOARDED PERSONS**

7.3.1 The intension of this rebate is to assist those people who have a physical or mental condition that constrains him/her from performing normal work related functions and as a consequence he/she is unable to find employment or unable to maximise his/her earning capacity. In the spirit of this, the Chief Financial Officer (CFO) or his nominee may hear representations where an application has been rejected. The Applicant may be required to submit to further medical examinations by a Municipal appointed medical practitioner, at the expense of the Applicant. The CFO or his nominee may make a decision, that is binding.

7.3.2 Disability Grantees / Medically Boarded persons may, on annual application, be granted a rebate, as determined by a resolution of Council at its annual budget, with effect from the next practical billing cycle following the date of application, subject to the following:

- a) Disability grantees : the applicant must be in possession of a letter, issued by the Department of Social welfare, confirming receipt of a disability grant, OR a specialist medical practitioner confirming disability and inability to work;
- b) Medically boarded persons: the applicant must produce a letter from the Applicant's relevant ex-employer or the underwriter for the employer confirming medical boarding;
- c) the applicant must produce a South African bar coded identity document;
- d) the applicant must reside permanently on the primary property;
- e) the applicant must be the registered owner of the primary property. This includes co-owners who are married to each other or property owned solely by either spouse;
- f) Joint owners must each meet the above criteria or the criteria set out in 7.2 above (ie as a senior citizen / disabled / medically boarded person).
- g) In the case of a Trust, The Trustee must meet all of the above criteria. A copy of the Title Deed must be produced;
- h) In the case of a usufruct or other personal servitude, the servitude must be registered over the whole property. The holder of the personal servitude must meet all of the above criteria. A copy of The Title Deed must be produced. The holder/s of the servitude will be granted the rebate jointly on one property only.

- j) Executors/Administrators of deceased estates, Liquidators and Trustees of Insolvent Estates and temporary disability grantees are excluded from the rebates.

7.3.3 the rebate will lapse:

- a) on death of the applicant;
- b) On application for a Revenue Clearance Certificate and on alienation of the property;
- c) when the applicant ceases to reside permanently on the primary property;
- d) If a medically boarded person gains employment;
- e) If applications are not renewed annually on or before 30 April. Late renewals may be re-instated with effect from the next practical billing cycle.

7.3.4 Rebates granted in error or due to false/incorrect information supplied by the applicant, will be reversed immediately from date of inception of the rebate.

#### **7.4 CHILD HEADED HOUSEHOLDS**

Property shall be classified as a “Child Headed Household” if the minors in the household have been investigated by a social worker from the Department of Social Development and declared as such. For the purposes of this rebate, the age of majority shall be 21.

7.4.1 Such Child Headed Household may receive a rebate, as determined by a resolution of Council at its annual budget, from a date as determined by the Chief Financial Officer, subject to the following:

- a) The terminally ill parent, the child or the deceased estate of the parent as aforesaid must be the owner of the property;
- b) The Application must be accompanied by :
  - i) confirmation from the Department of Social Development that the above criterion have been met and that the property is one that is a Child Headed Household;
  - ii) if the parent is deceased:
    - a copy of the letter of Executorship or Administration of the Deceased Estate;
    - a copy of the Liquidation and Distribution Account showing transfer of the property to the minors;
    - the death certificate of the parent;
  - iii) if the parent is terminally ill, a certified copy of the Medical Report confirming his status; and
  - iv) birth certificates of minors residing on the property.
- c) The minors must reside permanently on the property;

d) The value of the applicants property must not exceed a value as determined by a resolution of Council at its annual budget;

e) Applications must be renewed annually by the Department of Social Welfare.

7.4.2 The rebate will lapse:

- a) when the minor reaches the age of majority;
- b) on alienation of the property;
- c) when the minors ceases to reside permanently on the property;
- d) if the Department of Social Development no longer regards the Household as being Child Headed.
- e) if applications are not submitted annually; Late applications may be reinstated with effect from the next practical billing cycle.

## **7.5 PUBLIC BENEFIT ORGANISATIONS**

7.5.1 Only The following Public Benefit Organisations may apply for the exemption of property rates:

i) Welfare & Humanitarian Institutions

Properties used exclusively as an orphanage, non-profit retirement villages or life – rights schemes, old age home or other non-profit institution for the benefit of the public or a section thereof, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes.

ii) Health Care Institutions

Properties used exclusively as a hospital, clinic or mental hospital, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes.

iii) Animal Welfare

Property registered in the name of and used by institutions/ organisations whose exclusive aim is to protect birds, reptiles and animals on a non-profit basis.

iv) Schools for the mentally and physically challenged

Property registered in the name of and used exclusively for the education and rehabilitation of the mentally and physically challenged on a non profit basis.

v) cemeteries

property used exclusively for the purposes of a cemetery or crematorium.

vi) Heritage sites

Property registered in the name of the Heritage Trust and used primarily for the purposes of promoting the heritage of the Country as a whole.

7.5.2 The above Exemptions shall be subject to the following conditions:

- i) Applications must be in writing in the prescribed form and must reach the Municipality before 30 April ;
- ii) Applicants must produce a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (Act 58 of 1962);
- iii) The Municipal Manager or his/her nominee must approve all applications;
- iv) The Municipality retains the right to refuse an exemption if the details supplied on the application form are incomplete, incorrect or false;
- v) the use of any land or buildings, or any part thereof, in terms of **7.5.1** above, shall not be for the private pecuniary benefit of any individual, whether as a shareholder in a company or otherwise;
- vi) if during the currency of any financial year, any such land or building is used for any purpose other than the purpose for which it was so exempted, the Municipality shall impose rates thereon or on such portion so used, at a rate proportionate to the period of such use; and
- vii) the applicant shall not be state owned.
- viii) Once the Application is granted, the Applicant is required to submit annually, an affidavit confirming the use of the property.

7.5.3 Religious institutions - As required in terms of 17(1)(i) of the Act, property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

## **7.6 LIFE RIGHTS SCHEMES AND RETIREMENT COMPLEXES**

7.6.1 On application, Life Rights Schemes and Retirement Complexes may receive a rebate as determined by Council at its annual budget.

### **7.6.2 Qualifying Criteria**

- a) The Scheme must be registered in terms of the Housing Development Scheme for Retired Persons Act 65 of 1988 ;
- b) The Scheme must be registered with and regulated by the South African Association for Homes for the Aged (SAHA)
- d) The Title Deeds of the property must be appropriately endorsed.

## **7.7 BED & BREAKFAST, GUEST HOUSES, BACK-PACKERS LODGES AND OTHER ACCOMMODATION ESTABLISHMENTS**

On Application, Bed and Breakfast, Guesthouse establishments, Holiday Accommodation, Student Accommodation and Back-packers lodges may receive a rebate as determined by Council at its annual budget. All other accommodation establishments operating as a business, will not qualify for a rebate.

### **7.7.1 Qualifying Criteria for Bed & Breakfast / Guesthouse:**

- a) The owner of the property must permanently reside on the property. In the case of a Company, Close Corporation or Trust being the registered owner, at least one director/member/trustee thereof must reside permanently on the property, subject to any of the members of such companies, close corporations and trusts not being a member of another company, close corporation or trust that owns a Bed and Breakfast establishment, Guest House or Back-packer lodge;
- b) The Bed & Breakfast / Guesthouse / Back-packer lodge must be registered with Tourism KwaZulu – Natal and a local Community Tourism Organisation (CTO). In the absence of a CTO, then the establishment must be registered with **Durban Tourism**;
- c) The Bed & Breakfast / Guesthouse / Back-packer lodge must offer accommodation facilities and dining facilities only to registered guests. Establishments that in addition, offer conferencing, spa's, hair salons etc. will not qualify;
- d) The applicant must provide details of the establishment in respect of total size of developed property, total number of rooms, and facilities available to guests. This will be required to be certified by the member Association;
- e) An annual application must be made by 30 April preceding the start of the new financial year for which relief is sought.
- f) A Business License Registration Certificate in terms of the "Accommodation Establishment Bylaws" must accompany the application.
- g) Town Planning approval

### **7.7.2 Rebate**

- a) The establishment will be rated as commercial.
- b) Bed & Breakfast / Guest-houses - :
  - i) where up to four bedrooms are available to guests, a rebate not exceeding 50%, or as determined by Council at its annual budget, will apply;
  - ii) where between five to ten bedrooms are available to guests, a rebate not exceeding 25%, or as determined by Council at its annual budget, will apply.
- c) Back –packer lodges - :
  - j) Where up to 8 beds are available to guests, a rebate not exceeding 50%, or as determined by Council at its annual budget, will apply;
  - ii) Where up to 20 beds are available to guests, a rebate not exceeding 25%, or as determined by Council at its annual budget, will apply.

- d) Holiday Accommodation -: On application, property let out for the purposes of holiday accommodation for reward, may receive a rebate as determined by Council at its annual budget.
- e) Student Accommodation - : On application, property let out for the purposes of student accommodation, may receive a rebate as determined by Council at its annual budget.

## **7.8 SCHOOLS NOT FOR GAIN**

A School Not For Gain may receive a rebate as determined by a resolution of Council at its annual budget.

7.8.1 Rebates may be granted subject to the following conditions:

- a. The applicant must produce a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (Act 58 of 1962);
- b. The Municipal Manager or his nominee must approve all applications;
- c. Applications must reach the Municipality on or before 30 April preceding the start of the new municipal year for which the rebate is sought failing which the existing application will lapse and will only be re-instated, from the next practical billing cycle, once a new application has been approved;
- d. The municipality retains the right to refuse an application if the details supplied in the application form are incomplete, incorrect or false;
- e. the use of any land or buildings, or any part thereof, shall not be for the private pecuniary benefit of any individual, whether as a shareholder in a company or otherwise;
- f. if during the currency of any financial year, any such land or building is used for any purpose other than the purpose for which it was so granted a rebate, the Municipality shall impose rates thereon or on such portion so used, at a rate proportionate to the period of such use.

**7.8.2 A School Not For Gain housed on property registered in the name of a place of public worship, shall be valued and rated in accordance with the criteria set out above.**

## **7.9 SPORTING BODIES**

- 7.9.1 Sporting bodies shall, on application, be rated on the value of the building area only.
- 7.9.2 The building area shall exclude change rooms and store rooms necessary for the sport.
- 7.9.3 Applicants must produce a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (Act 58 of 1962).

#### **7.10 LAND REFORM BENEFICIARIES**

In accordance with the Act, property belonging to a land reform beneficiary or his/her heirs is exempt from rates for ten (10) years from date on which the beneficiaries' Title was registered in the office of the Registrar of Deeds.

#### **7.11 MUNICIPAL PROPERTIES**

Except for Trading Services, Municipal leases and Housing suspensive sale agreements, property owned by the Municipality, or occupied by the Municipality for Development Housing, are exempt from paying rates. Specified Trading Services may be granted a rebate as determined by a Council resolution or valued in use.

#### **7.12 PUBLIC SERVICE INFRASTRUCTURE**

In accordance with the Act, Public Service Infrastructure will not be rated on the first 30% of the value. Major national projects undertaken by the State or organ of State on publically controlled infrastructure such as a "dig-out port" may be granted a rebate as determined by Council.

#### **7.13 NATURAL AND OTHER DISASTERS**

Properties that have been damaged by a natural disaster, as defined in terms of the Disaster Management Act 57 of 2002, may be re-valued on application, as at date of such natural disaster, in accordance with the Act.

Where property has been damaged by causes other than that defined by the Disaster Management Act, and such damage renders the property uninhabitable, then, on Application, the Municipality may grant a six month temporary rebate, as determined by a resolution of Council at its annual budget, from the date of damage to the property.

A further temporary rebate, as determined by a resolution of Council at its annual budget, may be granted thereafter, on application.

This provision excludes damage to property by arson.

#### **7.14 VACANT LAND**

The Municipality may grant a reduction in market value of vacant land outside the development phasing line, as determined by Council at its annual budget.



Vacant land within the development phasing line (i.e. within the hatched area as depicted on Annexure B) will not qualify for the reduction in market value.

## **7.15 NATURE RESERVES / CONSERVATION AREAS**

7.15.1 Nature Reserves and Conservation areas which are proclaimed in terms of the National Environmental Management: Protected Areas Act, 2003, shall be excluded from rates.

7.15.2 Newly Proclaimed Nature Reserves / Conservation areas shall receive an exclusion upon application and production of the relevant Proclamation.

7.15.3 Nature Reserves not Proclaimed as aforesaid, shall be rated as vacant land and may be excluded from rates, once the owners are in receipt of an Environmental Certificate in terms of **7.15.4** below.

7.15.4 Upon application to the Environment Planning and Climate Protection Department, by no later than 30 April preceding the start of the new Municipal year for which the certificate is sought, an Environmental Certificate may be granted to owners of any piece of land or part thereof, where:

- a) The Municipality considers the land to be environmentally sensitive, e.g. it forms part of the Durban Metropolitan Open Space System (DMOSS);
- b) The land is zoned for conservation purposes or an environmental servitude has been registered in favour of the Municipality over the environmentally sensitive area; and
- c) The landowner, with the assistance of the Municipality, prepares and implements an approved management plan aimed at protecting and improving the local environment.

7.15.5 Where the land is not zoned for conservation purposes and an environmental servitude has not been registered in favour of the Municipality, an owner may be granted a reduction or rebate, provided the owner has agreed to the Municipality rezoning the affected land to protect the environment.

7.15.6 The owner of a Nature Reserve / Conservation area cannot receive a reduction or rebate on the Nature Reserve/Conservation area component of the property in addition to the rate benefits in terms of **7.15.4** above.

7.15.7 The Environmental Certificate will lapse if the property is no longer used for bona fide environmental conservation purposes, in which event, the property will be rated on its new use from date of such use.

7.15.8 Parks and environmental protection areas within a Home Owners' Association shall receive an exemption once a servitude restricting its use is registered or the land is zoned for environmental protection.

## **8. AGRICULTURAL PROPERTY**

8.1 Property shall be rated as Agricultural Property once the owners are in receipt of an Agricultural Certificate from the Real Estates department.

8.2 Upon application therefore, an Agricultural Certificate may be granted to owners of any piece of land or part thereof, on the following basis:

- a) the municipal valuer is satisfied that such land is used exclusively for *bona fide* agricultural purposes;
- b) the owner must apply annually to the Real Estate Unit, by no later than 30th April preceding the start of the new Municipal year for which the certificate is sought;
- c) the certificate must be issued by the municipal valuer; and
- d) the Applicants must produce a tax certificate issued by the South African Revenue Services (SARS) proving that they are taxed as a farmer or a mill contract proving that he/she is an active farmer.

8.3 the owner of agricultural property cannot receive reduction or rebate on the agricultural component of the property in addition to the agricultural randage.

8.4 Capital Intensive farming shall not receive an agricultural rebate.

## **9. SPECIAL RATING AREAS**

9.1 On application to the Planning and development Unit, the Municipality may, by resolution of Council, establish Special Rating Areas (hereinafter called SRA) and levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area.

9.2 Any Rebate granted in terms of clause 7 hereof does not apply to the additional rate payable by the owner in a SRA.

Refer to the approved Special Rating Area Policy

## **10. MULTIPLE USE PROPERTIES**

10.1 Where a Sectional Title Scheme has not been approved, the municipality shall apply the highest order use principle when rating properties which are used for multiple purposes, with the exception of the instances set out in 10.2, 10.3 and 10.4 below.

- 10.2 Except for Bed commercial accommodation, to qualify for residential categorisation, the non – residential use must not occupy more than one third of the total building area.
- 10.3 Where one use is exempt, the property will be categorized under a “Multiple Use” category and the exempt portion will be treated separately to the remainder.
- 10.4 Where the remainder is also used for multiple uses, “highest order use” will apply.
- 10.5 In the case of agricultural property, the multiple use category will apply where:
- a) a portion is used for residential purposes by the owner or tenant (not a farm manager);  
or
  - b) a portion is used for non residential and non agricultural purposes.
- 10.6 In any other Multiple Use Property , the Highest Order Use will prevail.

## **11. ABANDONED, UNAUTHORISED OR ILLEGAL DEVELOPMENT / USE**

- 11.1 Where a property is abandoned, developed or used illegally and in contravention of the Municipality’s bylaws and regulations, the Municipality shall change its category to the Unauthorised or Illegal Development / Use category, notwithstanding any other remedies available via any other Act, Bylaw or Regulation

## **12. RURAL RESIDENTIAL**

- 12.1 Individual structures, on Rural Residential land identified by the Municipality, may be valued and rated on individual accounts notwithstanding the non-registration of any subdivisions.

## **13. SECTIONAL TITLE PROPERTIES**

- 13.1 Exclusive use areas registered with the Registrar of Deeds shall be valued together with the units concerned;
- 13.2 Exclusive use areas in terms of the Rules of the Body Corporate shall form part of the common property;
- 13.3 units not used for residential purposes shall not benefit from residential rebates or reductions;
- 13.4 Unregistered units shall form part of the Developers rights or the holder of such rights;
- 13.5 the Municipality may value real rights of extension, the owner of which shall be the Holder of such right and shall be rated in accordance with the vacant land rate;
- 13.6 Where a developer pursues a phased development, the bulk land shall be valued in accordance with **13.5** above;
- 13.7 Where rights are being traded, the rights may be included in the valuation roll.

- 13.8 Where a Share Block Company as defined by the Share Blocks Control Act 59 of 1980, has opened a Sectional Title Register in respect of land and buildings to which the Share Block Scheme relates, then, holders of shares within the Share Block Company may qualify for rebates under 7.2; 7.3 and 7.4 above, provided they meet the necessary criteria as set out by the Municipality from time to time.

#### **14. ECONOMIC DEVELOPMENT**

14.1 In order to stimulate Development in certain key economic nodes of the City, identified and defined by the approved Economic Spatial Plan, Developers shall be afforded a rebate, as approved by Council at its annual budget, subject to the following criteria:

- a. The development must fall within a development node approved by Council;
- b. The developer must register the development for the rebate at least (four months) prior to the submission of building plans to the Planning and Development Department;
- c. The application must include a sales plan which will indicate the phases of development and the time period in which the developer expects the development to be complete and transferred out to prospective purchasers in the development;
- d. The developer must submit a report at the end of the Municipal financial year indicating the number of units within the development that have been transferred and any amendments to the sales plan.

14.2 The rebate shall be limited to :

- a. three years from the date the development plan is approved, for investments with a property market value, between R150 million to RR300 million, post development;
- b. five years from the date the development plan is approved, for investments with a property market value, between R300 million to R1 billion, post development.

14.3 The rebate shall be apportioned in accordance with the completion and transfer of units within the development and shall be credited to the developers rates account at the end of a Financial year.

14.3 The rebate excludes bulk services development.

#### **15. PAYMENT AND RECOVERY OF RATES**

Payment and recovery of rates shall be governed by the Municipality's Credit Control and Debt Collection Policy.

## 16. GENERAL

- 16.1 The CFO or his nominee may hear representations where applications for rebates or exemptions have been rejected and he/his nominee may take a decision, based on the spirit of the Policy, that is binding.

## 17. POLICY EVALUATION AND REVIEW

Practical implementation issues, legislative requirements and where applicable, statistics are used to evaluate and review this policy. This policy is reviewed annually in terms of the MPRA.

**THE RATES POLICY WILL BE AVAILABLE FOR PERUSAL FREE OF CHARGE AT ALL MUNICIPAL OFFICES AND THE CITY HALL, DURBAN.**

## ANNEXURE A

Rate Code	Rating Category
1	Residential
2	Agricultural
3	Vacant Land
4	Industrial
5	Business & Commercial
6	Multiple Use
8	PSI
9	Development Phasing Line
22	Unauthorised or Illegal Development/Use

Use Code	Use Code Description	Rating Category	DESCRIPTION
3	Amusement (Theatrical etc)	5	Business & Commercial
4	Banks	5	Business & Commercial
5	Barracks	1	Residential

6	Buildings Societies	5	Business & Commercial		
7	Caretakear	1	Residential		
8	Ecotourism/Hunting	5	Business & Commercial		
9	Cemeteries and Crematoria	5	Business & Commercial		
10	Place of Worship	5	Business & Commercial		
11	Bed & Breakfasts	5	Business & Commercial		
12	Tertiary Education Institution	5	Business & Commercial		
13	Compounds	1	Residential		
14	Doctors Quarters (Government)	5	Business & Commercial		
15	Single Residential	1	Residential		
16	Multiple Residential	1	Residential		
17	Petrol Filling Station	5	Business & Commercial		
19	Hall	5	Business & Commercial		
20	Homes (Nursing etc)	5	Business & Commercial		
21	Hospitals	5	Business & Commercial		
22	Hostels	1	Residential		
23	Furnished Accommodation	5	Business & Commercial		
25	Law Courts	5	Business & Commercial		
26	Missions	5	Business & Commercial		
27	Mortuary	5	Business & Commercial		
28	Municipal (Public Buildings)	5	Business & Commercial		
29	Nominal Buildings	5	Business & Commercial		
30	Nurses Quarters	1	Residential		
31	Place of Worship - Official Residence	1	Residential		
32	Police Station	5	Business & Commercial		
33	Post Office	5	Business & Commercial		
34	Creche	5	Business & Commercial		
35	Agricultural Residential	1	Residential		
36	Quarries	4	Industrial		
37	Recreation	5	Business & Commercial		
38	S A Railway & Harbours	5	Business & Commercial		
39	Schools	5	Business & Commercial		
40	Shops	5	Business & Commercial		
41	Retail/Offices/Entertainment/ Restaurant	5	Business & Commercial		
42	Mixed Use: > 2/3 Residential	1	Residential		
43	Railway Stations	5	Business & Commercial		
45	Industrial	4	Industrial		
46	Military Base	5	Business & Commercial		
47	Vacant Land	3	Vacant Land		
48	Offices	5	Business & Commercial		
49	Stables	5	Business & Commercial		

50	Roads	8	PSI		
51	Canals	5	Business & Commercial		
52	Right - of - Way	5	Business & Commercial		
53	Uninhabitable Buildings	5	Business & Commercial		
54	Substations	8	PSI		
55	Conveniences	5	Business & Commercial		
56	Hotels	5	Business & Commercial		
57	Tanks	4	Industrial		
58	Mixed Use: > 2/3 Commercial	5	Business & Commercial		
59	Nominal Buildings	1	Residential		
60	Old Age Homes	1	Residential		
61	Registered Parcel	3	Vacant Land		
62	Guest Houses	5	Business & Commercial		
63	Unauthorised/ Abandoned/ Illegal Usage	22	Illegal Usage		
64	Prisons	5	Business & Commercial		
65	Special Schools	5	Business & Commercial		
66	Nature Reserve	5	Business & Commercial		
67	Market	5	Business & Commercial		
69	Nominal Buildings	5	Business & Commercial		
71	Durban Corporation (Rates in Rent)	1	Residential		
72	Durban Corporation (Rates in Rent)	1	Residential		
73	Durban Corporation (Rates in Rent)	5	Business & Commercial		
74	Sporting bodies (10c)	5	Business & Commercial		
75	Sporting bodies (R2)	5	Business & Commercial		
76	Sporting bodies (R100)	5	Business & Commercial		
77	Agricultural	2	Agricultural		
79	Bus/Taxi Rank	5	Business & Commercial		
80	Commercial Parking Garage	5	Business & Commercial		
81	Public Buildings	5	Business & Commercial		
82	Railway Lines	8	PSI		
83	Navigational Aids	8	PSI		
84	Breakwaters	8	PSI		
85	Quays	8	PSI		
86	Pipelines	8	PSI		
87	Reservoirs	8	PSI		
88	Dams and Walls	8	PSI		
89	Water Treatment Works	8	PSI		
90	Powerlines	8	PSI		
91	Telephone Exchanges	8	PSI		
92	Runways and Aprons	8	PSI		

93	Transmission Facilities	8	PSI
94	Rural Residential	1	Rural Residential
95	Vacant Land within Development Phasing Line	9	Development Phasing Line

ANNEXURE B

DEVELOPMENT PHASING LINE

