

PROPERTY TAX RATES

The proposed property rates are to be levied in accordance with existing Council policies unless otherwise indicated and both the Local Government Municipal Property Rates Act 2004 (MPRA) and the Local Government Municipal Finance Management Act 2003.

A Draft Rates Policy was reviewed by the Budget Committee during February and March 2009. This Committee was established to, inter alia; oversee the Total Municipal Account Modelling process, whereby the impact of all Council charges on a household is assessed for affordability. The proposed rates increase is 8.5% for residential properties and 15.8% for “non-residential” properties whilst the estimated total rates income is increased by a further 1% to take into account natural growth.

Property tax rates are based on values indicated in the new General Valuation Roll 2006 (GV). The Roll is updated for properties affected by land sub-divisions, alterations to buildings, demolitions and new buildings (improvements) through Supplemental Valuation Rolls. All values are as at the date of the GV, being July 2006.

Rebates and concessions are granted to certain categories of property usage and/or property owner.

The definitions and listing of categories are reflected in the Draft Rates Policy attached as Annexure 7.

Residential Properties

For all residential properties, as defined per the Rates Policy, up to the first R88 000 of property value will be rebated by the amount of rates payable on a property of up to the first R88 000 in value.

The cent-in-the-rand to be levied on all residential properties, as defined per the Rates Policy for 2009/10, is proposed to be R0, 00535. This is the base rate and all other rates levied will be shown as a ratio to the residential rate.

Industrial / Commercial Properties – Undeveloped Land

All properties (including all undeveloped properties) other than those defined as residential will be rated at the ratio of 1:2 to the rate levied on residential properties. The cent-in-the-rand for all properties other than residential for 2009/10 is therefore proposed to be R0, 01070.

Agricultural Properties

Agricultural properties (including farms and small holdings) fall into three categories;

- (a) those used for residential purposes,
- (b) those used for *bona fide* farming purposes,
- (c) those used for other purposes such as industrial or commercial.

Properties in rural areas that are not used for *bona fide* farming, but are used as residential properties will be categorised as “residential” and qualify for the rebate of up to the first R88 000 of municipal value as per the General Valuation Roll and the residential cent-in-the-rand. The cent-in-the-rand for agricultural properties or small holdings that qualify for residential status is proposed to be R0, 00535.

All properties in the rural area other than those defined as residential will be rated at the ratio of 1:2 to the residential rate and the cent-in-the-rand for 2009/10 is proposed to be R0, 01070. Bona fide farming properties as defined per the Rates Policy qualify for the special agricultural rebate for 2009/10 which is proposed as a 90% rebate.

All other properties in rural areas not used for *bona fide* farming or residential purposes will be rated at the ratio of 1:2 to the residential rate and the cent-in-the-rand for 2009/10 is proposed to be R0, 01070.

Public Service Infrastructure

In terms of the MPRA Council may not levy rates on the first 30% of the market value of Public Service Infrastructure. The remainder of the market value is rated at the ratio of 1:2 to the residential rate and the cent-in-the-rand for 2009/10 is proposed to be R0, 01070.

Senior Citizens and Disabled Persons Rate Rebate

Registered owners of residential properties who are senior citizens and/or disabled persons qualify for special rebates according to gross monthly household income of all persons normally residing on that property. To qualify for the special rebate a property owner must be a natural person and the owner of a property which satisfies the requirements for the residential rebate and must on 1 July of the financial year:

- occupy the property as his/her normal residence; and
- be at least 60 years of age or in receipt of a disability pension; and
- be in receipt of a gross monthly household income (including that of all persons normally residing on that property) not exceeding R8 000 ; and
- not be the owner of more than one property; and
- provided that where the 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
- provided that a usufructuary be regarded as the owner; and
- provided that the criteria of a natural person could be waived at the sole discretion of the CFO to allow for a property owned by a trust where the total number of beneficiaries meets all of the other requirements of Section 6.7 of the policy; and provided further that the gross monthly income of all persons residing on that property be added to the gross monthly income of the beneficiaries staying on that property; and
- submit the application by 31 August for this rebate to be granted for this financial year, failing which the rebate will not be granted.

In exceptional circumstances the CFO may approve the granting of this rebate even though the applicant owns additional properties for which a market related rental is included in the gross monthly household income

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

The proposed gross monthly household incomes and rebates for the 2009/10 financial year are as follows:

Gross Monthly Household Income				% Rebate
2008/2009		2009/2010		
0	2880	0	3000	100%
2881	4200	3001	4200	90%
4201	4600	4201	4600	80%
4601	5000	4601	5200	70%
5001	5400	5201	5800	55%
5401	5800	5801	6400	45%
5801	6200	6401	7000	35%
6201	6600	7001	7500	20%
6601	7000	7501	8000	10%

Rebates for Certain Categories of Properties / Property Users

Special rebates will be considered for certain categories of property upon application before 31 August 2009.

The categories of properties qualifying for exemption and rebates are as per the Rates Policy.

The draft Budget for 2009/10 has been balanced using the estimated income from levying the rates proposed in this report.

Provision has been made in the draft Budget for 2009/10 for the income forgone arising from the rebates and concessions proposed in this report as detailed in the Draft Rates Policy.