



**CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD**

ANNEXURE 2

PROPERTY (TAX) RATES

PROPERTY RATES 2019/2020

Property rates are levied in accordance with Council policies, the Local Government Municipal Property Rates Act 2004 (MPRA), the MPRA Regulations, and the Local Government: Municipal Finance Management Act 56 of 2003.

In terms of the amendments to the Property Rates Act, the City is required to:

- Institute new rating categories;
- Align its rebates, reductions and exemptions to the amended legislation;
- Implement the amendments of the MPRA and the new categories simultaneously with a new General Valuation which comes into effect on 1 July 2019.

Property rates are based on values indicated in the General Valuation Roll 2018 (GV) with the date of valuation being 2 July 2018. The Rate in the Rand for Property Rates for 2019/2020 financial year are:

PROPERTY CATEGORIES	RATE-IN-THE-RAND
Residential	0.00555
Industrial	0.0111
Business and Commercial	0.0111
Agricultural	0.00111
Mining	0.0111
Properties owned by an Organ of State and used for public service purposes	0.0111
Public service infrastructure	0.001388
Public service infrastructure (phase out)	0.000139
Properties owned by a Public Benefit Organisation and used for specified public benefit activities	0.001388
Multiple purposes	As per allocation
Vacant land	0.0111
Place of worship	0.000000

The rates levied per individual property will be calculated based on the value of that property and multiplied by the rate-in-the-rand set out in this document.

The definitions and listing of categories are reflected in the Rates Policy 2019/2020 attached as Annexure 5.

RATES RATIOS

The residential category is used as the base rate. The rates ratio per rating category are:

PROPERTY CATEGORIES	RATES RATIO
Residential	1:1
Industrial	1:2
Business and Commercial	1:2
Agricultural	1:0.2
Mining	1:2
Properties owned by an Organ of State and used for public service purposes	1.2
Public Service Infrastructure	1: 0.25
Public Service Infrastructure – phase out	1:0.025 (=10% of phase-in; final year of phase-out)
Properties owned by a Public Benefit Organisation and used for specified public benefit activities	1:0.25
Multiple Purposes	The ratio will be determined per allocation.
Vacant land	1:2
Place of Worship	1:0

EXEMPTIONS, REDUCTIONS AND REBATES

Residential Properties

For all residential properties, the property value appearing on the Valuation Roll, the City will not levy a rate on R300 000 of the property value for rating purposes. The R300 000 comprises of the first R15 000 statutory impermissible rate and R285 000 reduction determined in the Rates Policy.

Rebates in respect of a category of owners of property are as follows:

Indigent owners

In terms of sections 3(3)(f) and 15 of the MPRA all indigents, for rating purposes, will qualify in respect of their primary place of residence for the benefits as set out in this policy and Chapter 4 of the Credit Control and Debt Collection By-Law and Policy and may also qualify for the 100% rebate if the applicant is dependent on pension or a social grant for their livelihood on condition that all other criteria remain applicable. The cumulative rebates shall not exceed 100%.

Owners who are dependent on Pension or Social Grants for their livelihood

In order to qualify for a rebate, this category of owners must meet the following criteria:

- a) be a natural person;
- b) the property must satisfy the requirements of the definition of Residential Property;
- c) be the registered owner of the Residential Property; and
- d) on 1 July of the financial year:
 - i. occupy the property as his/her primary place of residence, provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or partner or children (including minor children) may satisfy the occupancy requirement;
 - ii. With regards to pensioners, the applicant must be at least 60 years of age; or if the owner turns 60 during the year the rebate will be granted on a pro rata basis from the date on which the applicant turned 60;
 - iii. be in receipt of a gross monthly household income not exceeding R17 500 (seventeen thousand five hundred Rand) and proven by the submission of the applicant's most recent income tax return and the minimum of three months bank statements from all financial institutions or, if the person does not have a bank account, such proof as the City may require to substantiate the person's level of gross monthly household income; and
 - iv. The applicant and/or spouse and/or life partner, whether jointly or individually, should not be the owner in part or in whole of more than one property nationally (with the exception of any unproductive vacant land) or internationally, subject to deviations by CFO as described in the Rates Policy 2019/2020.

Owners must apply for the rebate in the year when a new GV or SV, as the case may be, are implemented. Applications made when a new GV is implemented must be received by the City by 31 August of the financial year when the GV will be implemented. Applications made when a SV is implemented, must be received by the City by the last day of the third month following the implementation date of the SV, failing which no such rebate may be granted for those financial years.

Where there is a change in the gross household income, the owners of property must apply for the rebate within three months of the change, failing which no such rebate will be granted for that financial year.

Approved rebate applications will remain valid until the next GV, SV or until a change to the gross household income of those properties are implemented. An owner is required to immediately inform City should the gross monthly household income change.

Any owner who, meets all the other criteria may apply to receive the rebate from the date of receipt by the City of the application for the remainder of the validity of that GV, where after all the criteria set out above will apply to applications for rebates in subsequent financial years.

In exceptional circumstances the CFO may, in his/her discretion, approve the granting of this rebate even though the Applicant and/or spouse and/or life partner owns additional properties for which a market-related rental is included in the gross monthly household income.

On application, the gross monthly household income will be rounded off to the nearest rand in order to determine the percentile rate applicable.

The gross monthly household income and rebate for the 2019/2020 financial year is as follows:

Gross Monthly Household Income		% Rebate
R 0	R 4 500.00	100%
R 4 501.00	R 6 000.00	95%
R 6 001.00	R 7 500.00	90%
R 7 501.00	R 9 000.00	80%
R 9 001.00	R 10 500.00	70%
R 10 501.00	R 12 000.00	60%
R 12 001.00	R 13 500.00	50%
R 13 501.00	R 14 500.00	40%
R 14 501.00	R 15 500.00	30%
R 15 501.00	R 16 500.00	20%
R 16 501.00	R 17 500.00	10%

There are no further exemptions, reductions or rebates, other than those referred to in the Rates Policy 2019/2020.

BUDGET IMPLICATIONS

The Budget for 2019/2020 has been balanced using the estimated income from levying the rates in this report.

Provision has been made in the Budget for 2019/2020 for the income foregone arising from the reductions and rebates as detailed in the Rates Policy 2019/2020.