



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

ANNEXURE 2

PROPERTY (TAX) RATES 2020/21

May 2020

Version:

Department:

Valuations



PROPERTY RATES 2020/21

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 came into effect on 1 July 2019.

The City has created 11 new property categories. There are 21 property categories in total.

The City has discontinued the Place of Worship and PSI (phase out) categories. These will be dealt with in terms of S 17 of the MPRA (Impermissible rates).

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 2020/2021 financial year are:

RATING CATEGORY	20/21 RIR
Properties owned by an organisation – not for profit and used as accommodation for the vulnerable	0.001443
Agricultural Properties	0.001154
Properties owned by an organisation – not for profit and used exclusively for amateur sport	0.001443
Properties owned by an organisation – not for profit and used for animal shelters	0
Business and commercial properties	0.011540
Cemeteries and Crematoria	0
Properties owned by an organisation – not for profit and used as an early childhood development facility	0.001443
Industrial properties	0.011540
Properties owned by an organisation – not for profit and used as a local community museum	0
Mining properties	0.011540
Properties used for multiple purposes	(as per allocation)
Nature conservation land	0
Properties owned by an organisation – not for profit and used for an old age home	0.001443
Properties owned by an organ of state and used for public service purposes	0.011540
Properties owned by PBO and used for specified public benefit activities	0.001443
Public Service Infrastructure properties	0.001443
Residential properties	0.005770
Properties owned by a Social Housing Regulatory Authority accredited Social Housing Institution and used for social housing	0.001443
Vacant land	0.011540



Properties owned by war veterans' associations and used for the welfare of war veterans	0.001443
Properties owned by an organisation – not for profit and used for youth development	0.001443

The rates levied per individual property will be calculated based on the value of that property and multiplied by the rate-in-the-land set out in this document. Rebates are also taken into consideration.

The definitions of categories are reflected in the Rates Policy 2020/2021 attached as Annexure 5.

RATES RATIOS

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

RATING CATEGORY	RATIO TO RES (RES:RC)
Properties owned by an organisation – not for profit and used as accommodation for the vulnerable	1:0.25
Agricultural Properties	1:0.2
Properties owned by an organisation – not for profit and used exclusively for amateur sport	1:0.25
Properties owned by an organisation – not for profit and used for animal shelters	1:0
Business and commercial properties	1:2
Cemeteries and Crematoria	1:0
Properties owned by an organisation – not for profit and used as an early childhood development facility	1:0.25
Industrial properties	1:2
Properties owned by an organisation – not for profit and used as a local community museum	1:0
Mining properties	1:2
Properties used for multiple purposes	
Nature conservation land	1:0
Properties owned by an organisation – not for profit and used for an old age home	1:0.25
Properties owned by an organ of state and used for public service purposes	1:2
Properties owned by PBO and used for specified public benefit activities	1:0.25
Public Service Infrastructure properties	1:0.25
Residential properties	1:1
Properties owned by a Social Housing Regulatory Authority accredited Social Housing Institution and used for social housing	1:0.25
Vacant land	1:2
Properties owned by war veterans' associations and used for the welfare of war veterans	1:0.25
Properties owned by an organisation – not for profit and used for youth development	1:0.25



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 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.



The gross monthly household income and rebate for the 2020/2021 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%

Owners of property situated within an area affected by any other serious adverse social or economic conditions

At the future discretion of the City, owners of properties may be granted a rebate as a result of the Covid-19 pandemic where serious adverse social and economic conditions prevail. The rebate will only be granted in terms of conditions to be determined by the Municipal Council. If the Municipal Council does determine the conditions for the rebate, the financial implications in respect of income foregone must be taken into account and reflected in an Adjustment Budget.

There are no further exemptions, reductions or rebates, other than those referred to in the Rates Policy 2020/2021.

BUDGET IMPLICATIONS

The Budget for 2020/2021 has been balanced using the estimated income from levying the rates in this report.

Provision has been made in the Budget for 2020/2021 for the income foregone arising from the reductions and rebates as detailed in the Rates Policy 2020/2021.