



# BUILDING VALUE

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property



A Municipal Property Rates Act Implementation Presentation



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PRESENTERS NAME      Irvine Florence

TITLE      Deputy Director: Rates and Taxes

DATE



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- **Legislative Requirement.**
- The Local Government: Municipal Property Rates Act 6 of 2004 (MPRA) requires a Council to annually review its Rates Policy .
- This Act was implemented on 1 July 2008 in the City of Johannesburg.
- The Act further requires a local authority engage in community participation and to consider all comments received in reviewing the Policy.



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## FIRST ANNUAL POLICY REVIEW

### Purpose

- Obtain feedback from property owners and stakeholders.
- Address lessons learnt.



## COMMUNITY PARTICIPATION

Prior to implementation, just under 100 Community Participation meetings were held throughout the City to explain the content of the Policy.

Written comments on the current review of the Rates Policy are welcomed.

However, such comments have to reach Council by 31 March 2009.



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## **CHALLENGES OF IMPLEMENTATION**

It was recognised that the implementation of the Policy would present challenges.

One of the main shifts in approach by the Council was to review its position regarding the basis on which property is rated.

Council considered that the best practice is to rate according to the rights that are accorded to a property in terms of the zoning or permitted use of a property.



## **RATING ACCORDING TO ZONING**

Zoning is applied to the property as a whole and not to the use of any particular building or portion of a building on a property.

In terms of the Town Planning Scheme, a property that is zoned to permit a mix of commercial and residential is zoned in the business category.

The Rates Policy calls for rating to be applied according to the highest tariff applicable to the permitted use thereof.



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## THE KEY PROPOSED CHANGES

- Property zoned General, Special and Undetermined- used for residential purposes
- Poor relief
- Pensioners
- Inner City
- Property zoned business -used for residential purposes



## IMPLICATIONS OF RATING ACCORDING TO ZONING

Because the commercial tariff had to be applied, certain owners of Sectional Title dwellings have been levied property rates at the commercial tariff.

This has drawn much criticism and a review of the applicable section of the Policy is called for.

The proposal will be that sectional title units used only for residential purposes be rated in terms of the residential tariff with full residential benefits.

It is to be proposed that this adjustment be retrospective to 1 July 2008.



## **IMPLICATIONS OF RATING ACCORDING TO ZONING (CONTD)**

Certain freehold properties throughout the City were zoned as “Undetermined”, Special or General.

Once again, the Rates Policy provided that such properties would be rated according to the tariff applicable to the commercial category.

A proposed change to the Policy is to allow rating according to actual usage where such a property is used solely for residential purposes. Again, such change is proposed to be retrospective to 1 July 2008.



## HOW DO I GET THE RESIDENTIAL TARIFF?

The Council is not aware of the use of a particular unit within a Sectional Title Complex.

Accordingly, it will be necessary for the owner of the section, or the Body Corporate through its secretariat, or through its Managing Agent, to advise the City in writing of those Sections that are used solely for residential purposes.

A specific letter of application is available for completion and will need to be returned to the Rates and Taxes Department.



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## THE RESIDENTIAL REBATE

This rebate will be considered as personal to the current owner.

Accordingly, when a change of ownership takes place, it will be necessary for the succeeding unit owner to advise the Council as to the use of the unit.



## PROPERTY IN THE INNER CITY

Property in the Inner City used for the purpose of accommodating three or more dwelling units will qualify for a 40% rebate on the current monthly rates. However, no less than 80% of the floor space on the property has to be used for residential accommodation.

Written application is required and should be submitted to:

Director Rates and Taxes  
Second Floor East Wing  
Jorissen Place  
66 Jorissen Street  
Braamfontein



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## RECURRING FEATURES

The rates policy continues to provide for relief measures in order to reduce the rates burden on the poor as well as senior citizens.



## EXPANDED SOCIAL PACKAGE

Persons who may qualify for relief in terms of the Council's Expanded Social Package are urged to submit a written application to the Council's Social Services Department at their new offices in Small Street, Corner Commissioner Street ( 5<sup>th</sup> Floor The Nedbank Building).

- The maximum monthly income in order to qualify for this form of relief is R3 366,00.
- Only the property owner may get the rates relief.
- No age limit.
- Property value restricted to R1 500 000



## PENSIONER REBATES CRITERIA

- Minimum age: 60 years
- Limitation on property value: not to exceed R1 500 000
- Must personally occupy the property

Pensioners will have to apply in writing for the rebate in order to be considered. Application Forms are available from the local People Centres.



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## **PENSIONER RELIEF**

The policy will continue to allow for three levels of pensioner rebate.



## **REBATES - PENSIONERS**

Pensioners dependent on National Security Grant – 100% rebate

Pensioners who are not on National Security Grant but whose gross monthly income falls below threshold to be determined by Council, Proposed R5300 – 100% rebate to be applied (subject to criteria)

Pensioners who are not on National Security Grant but whose gross monthly income is higher than the proposed threshold of R5300 but less than a proposed threshold of R9600 – 50% rebate to be applied (subject to criteria)



## **PUBLIC BENEFIT ORGANISATIONS (PBO'S) NON GOVERNMENTAL ORGANISATIONS (NGO'S)**

Provision is also made in the policy for rebates to PBO's and NGO's that are recognised in terms of Section 30 of the Income Tax Act and that provide the type of services referred to in Items 1, 2 and 4 of Part 1 of the Ninth Schedule to that Act.

These are

- Welfare and Humanitarian Services
- Health Care Services
- Educational and Development Services



## CONCLUSION

Property Rates is a tax.

The City is not allowed to issue a “Clearance Certificate” in respect of a proposed sale of a property until all of the property rates as well as service charges on that property have been paid.

In the event that a municipal rates and services statement has not reached you as the property owner, please take steps to pay either the same amount as in the previous month or ascertain the amount currently owing.



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## **RETURN ADDRESS FOR COMMENTS**

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