

Annexure A

CITY OF JOHANNESBURG

DRAFT PROPERTY RATES POLICY 2023/2024

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SECTION A

INTERPRETATION

(1) In this Policy, any word or expression to which a meaning has been assigned in the Act bears that meaning, unless the context otherwise indicates.

“Agricultural property” means property that is used primarily for agricultural purposes but, without derogating from section 9, excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of eco-tourism or for the trading in or hunting of game.

“Bona fide farmer” means the owner of a property who is taxed by the South African Revenue Services as a farmer;

“City of Johannesburg Poverty Index” means the poverty index determined by Council from time-to-time which index identifies levels of financial need in terms of the City’s Expanded Social Package;

“Cent in a rand” means an amount in a rand as contemplated in section 11(1) of Municipal Property Rates Act;

“Consent use” means the purpose for which land may lawfully be used, and for which buildings may be erected and used only with the consent of the Council;

“Council” means –

(a) the Metropolitan Municipality of the City of Johannesburg established by Provincial Notice No. 6766 of 2000, as amended, exercising its legislative and executive authority through its municipal Council; or

(b) its successor in title; or

(c) a structure or person exercising a delegated power or carrying out an instruction, where any power in this policy has been delegated or sub-delegated, or an instruction given, as contemplated in section 59 of the Systems Act; or

(d) in respect of ownership of property, rateability and liability for rates, a service provider fulfilling a responsibility assigned to it through a service delivery agreement in terms of section 81(2) of the Systems Act or any other law, as the case may be;

“Current monthly rates” means the rate levied on a property divided into monthly payments;

“Dwelling” means a house (or structure) designed to accommodate an individual (or individuals) occupier (s) or a family, where such house/structure includes outbuildings associated therewith;

“Financial year” means any period commencing on 1 July of a calendar year and ending on 30 June of the next succeeding calendar year;

“Fit for purpose built” used in connection with a structure, means that the structure is fit for use/habitation for the purpose for which it was built;

“Highest permitted use” the highest potential of the property, that which is physically possible, legally permissible, financially feasible.

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

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

“Land Use Scheme” means a land use scheme, which is in operation within the jurisdiction of the City of Johannesburg as contemplated in the Spatial Planning and Land Use Management Act, 16 of 2013, read with the COJ Municipal Planning By-law, 2016, and it includes any town planning scheme that is in operation in terms of any older legislation such as the Town Planning and townships Ordinance, 15 of 1986; and any scheme or document which in terms of any applicable legislation is legally in operation and records or sets out, by means of maps, schedule or any other document, the development rights specifying the purpose for which land may lawfully be used or any buildings may be erected, or both;

“Life rights Scheme” means a housing development scheme, with rights of occupation, as contemplated in the Housing Development Schemes for Retired People’s Act No.65 of 1988;

“MFMA” means the Local Government: Municipal Finance Management Act, 56 of 2003;

“Mining property” means a property used for mining operations as defined in the Mineral and Petroleum Resource Act, 2002 (Act 28 of 2002);

“Multiple purposes”, in relation to a property, means the use of a property for more than one purpose;

“Municipal property” means property owned, vested or under the control and management of the Council or its service provider in terms of any applicable legislation;

“Parent and Child property (PnC)” means properties that are linked to each other and will be valued as one property where development is across multiple erven provided that each erf is registered to the same owner and cannot be sold separately;

"Permitted use" means in relation to a property, means the limited purposes for which the property may be used in terms of -

- (a) any restrictions imposed by -
 - (i) a condition of title; or
 - (ii) a provision of a town planning of land use scheme; or
 - (iii) any legislation applicable to any specific property or properties; or
- (b) any alleviation of any such restrictions.

"Place of public worship" means property used primarily for the purpose of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium, provided that the property is:

- a) Registered in the name of a religious community;
- b) Registered in the name of a trust established for the sole benefit of a religious community.

"Prescribed form" means any document that may be prescribed by law or approved by Council;

"Privately owned property" means property not owned or vested in the state or an organ of state;

"Property" means-

- (a) Immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) A right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) A land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) Public service infrastructure.

"Public Benefit Organisation" (PBO) means a public benefit organisation as defined in Section 30(1) of the Income Tax Act. No 58 of 1962 as amended, with reference to the following categories: item 1 (welfare and humanitarian), item 2 (health care) and item 4 (education and development);

“Public service infrastructure” means public service infrastructure as defined in the Act;

“Public service purposes” in relation to the use of a property, means property owned and used by an organ of state as-

- a) Hospital and clinics;
- b) Schools, pre-schools, early childhood development centres or further education and training colleges;
- c) National and provincial libraries and archives;
- d) Police Stations;
- e) Correctional Facilities;
- f) Courts of Law

but excludes property contemplated in the definition of ‘public service infrastructure’.

“Rateable property” means property on which a municipality may in terms of Section 2 of the MPRA levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the MPRA;

“Ratepayer” means any owner of rateable property as well as any owner of rateable property held under sectional title, situated within the area of jurisdiction of the Council;

“Regulation” means a regulation promulgated in terms of the Act;

“Relief” means exemptions, reductions or rebates that may be granted by the City in terms of this Policy;

“Residential property” means:

- a) A dwelling that is used exclusively for human habitation for residential purposes, but excludes communes, old age homes, guesthouses, bed and breakfast establishments, and any vacant land irrespective of its zoning or intended usage;
- or

- b) An improved property with not more than two dwellings, including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property, used exclusively for human habitation for residential purposes.
- c) A property included in a valuation roll in terms of section 48(2)(b) in respect of which primary use or permitted use is for residential purposes without derogating from section 9.

“School” means a school as defined in the South African Schools Act 84 of 1996;

“Sectional Titles Act” means the Sectional Titles Act, 95 of 1986;

“Sectional title property” means sectional title units as defined in the Sectional Titles Act, 95 of 1986;

“Service provider” means a service provider contemplated in paragraph (d) of the definition of Council;

“Specified public benefit activity” means an activity listed in item 1 (welfare and humanitarian), item 2 (health care) and item 4 (education and development) of Part 1 of the Ninth Schedule to the Income Tax Act;

“State social security grant” means any social assistance granted in terms of the Social Assistance Act 59 of 1992;

“Structures Act” means the Local Government: Municipal Structures Act, 117 of 1998;

“Systems Act” means the Local Government: Municipal Systems Act, 32 of 2000;

“Technical and other colleges” means a public college and a private college as contemplated in the Further Education and Training Colleges Act, 16 of 2006;

“The Act” means the Local Government: Municipal Property Rates Act 6 of 2004 as amended;

“Threshold” means the reduction, as contemplated in section 15 of the Act of residential property;

“University” means any university and technikon as defined in Section 1 of the Higher Education Act 101 of 1997;

“Zoning” means the purpose for which land may lawfully be used or for which buildings may be erected or used, or both, as contained in any applicable Town Planning Scheme and “zoned” has corresponding meaning.

(2) Any word or expression –

- (a) imparting any gender or the neuter includes both genders and the neuter; or
- (b) imparting the singular only also includes the plural and vice versa unless the context otherwise indicates.

LEGISLATIVE BACKGROUND

- a) The Constitution of the Republic of South Africa 1996 empowers the Council to impose rates on property.
- b) In terms of section 4(1)(c) of the Systems Act, the Council may, inter alia, levy rates on property to finance operational expenditure of the Council.
- c) In terms of section 62(1)(f)(ii) of the MFMA, the Municipal Manager appointed in terms of section 82 of the Structures Act, must, in his capacity as the Council's accounting officer, ensure that the Council has and implements a Rates Policy.
- d) The Council:
 - (i) must, in terms of Section 3(1) of the Act, adopt a Policy consistent with the Act on the levying of rates on rateable property in the municipality;
 - (ii) must, in terms of Section 6(1) of the Act, adopt by-laws to give effect to the implementation of its Rates Policy;
 - (iii) must, in terms of Section 5(1) of the Act, annually review, and may, if necessary, amend this Policy. Proposals for reviewing this Policy must be considered by the Council in conjunction with its annual operating budget;
 - (iv) may, in terms of Section 22 of the Act, levy an additional rate on property in a special rating area and, in doing so, may differentiate between categories of property;
- e) This Policy is drafted in compliance with the provisions of sections 3(1) and 6(1) of the Act and must be read within the context of the Act.
- f) Rates are levied in accordance with the Act as an amount in the Rand based on the market value of all rateable property as reflected in the valuation roll and any supplementary valuation roll, as contemplated in Chapters 6 and 8, respectively, of the Act.

OBJECTIVES OF THE POLICY

The key objectives of this Policy are to:

- a) ensure that all owners of rateable property are informed about their liability for rates;
- b) specify relief measures for ratepayers who may qualify for relief or partial relief in respect of the payment of rates through exemptions, reductions and rebates as contemplated in Section 15 of the Act;
- c) empower the Council to specify a threshold at which rating in respect of residential properties may commence as provided for in Section 15 of the Act read with section 17(1)(h), which it is hereby authorised to do;
- d) set out the criteria to be applied by the Council if it –
 - (i) increases rates; and
 - (ii) levies differential rates on different categories of property;
- e) provide for categories of public benefit organisations, approved in terms of section 30(1) of the Income Tax Act 58 of 1962, which are ratepayers, and may apply to the Council for relief from rates;
- f) recognise the State and the owners of public service infrastructure as property owners;
- g) encourage the development of property;
- h) provide for the charging of penalty tariff on accounts of properties that have contravene the City of Johannesburg Town Planning by-laws;
- i) ensure that all persons liable for rates are treated equitably as required by the Act;

- j) provide that any rebate contemplated in Section B: categories and conditions of ownership for purposes of exemptions, reductions and rebates of this Policy is to benefit the owner in occupation of the property;
- k) determine the level of increases in rates, the criteria to be applied may include the following:
 - (i) the inflation rate as indicated by the consumer price index excluding mortgage bonds;
 - (ii) the financing of increased operating expenditure;
 - (iii) the financing of additional maintenance expenditure;
 - (iv) the additional cost of servicing debt included in the operating budget of the Council;
 - (v) the augmentation of any revenue shortfall;
 - (vi) the financing from the annual operating budget of expenditure related to anything the Council is lawfully empowered to do for which provision has to be made in the budget;
 - (vii) the taking into consideration of the medium-term budget growth factors as determined by National Treasury;
 - (viii) in addition to the criteria specified in subparagraph (d) above, the following criteria are considered in determining whether a differential rate should be applied:
 - (1) the need to promote economic development.
 - (2) any administrative advantages in applying a differential rate; and
 - (3) the need to alleviate the rates burden on the owners of any particular category of property specified in Section B: Categories and conditions of ownership for purposes of Exemptions, Reductions and Rebates.
- l) ensure that exemptions, rebates, and reductions are granted as provided for in the Rates Policy.

DATE OF IMPLEMENTATION

The Policy will be effective from 1 July 2023 and is subject to review on an annual basis.

SECTION B

CATEGORIES OF PROPERTY FOR LEVYING OF DIFFERENTIAL RATES

(1) The Council levies different rates for different categories of rateable property in terms of section 8 of the Act. All rateable property will be classified in a category and will be rated based on the category of the property from the valuation roll which is based on the highest permitted use of the property, unless otherwise stated. For purposes of levying differential rates in terms of section 8, the following categories of property are determined in terms of sections 3(3)(b) and 3(3)(c) of the Act:

(2) The categories are as follows:

- (a) Agricultural**
- (b) Business and Commercial**
- (c) Industrial**
- (d) Mining**
- (e) Multipurpose**
- (f) Municipal**
- (g) Private open space**
- (h) Public Benefit Organisation**
- (i) Public open space**
- (j) Public Service Infrastructure**
- (k) Public Service Infrastructure-Private**
- (l) Public Service Purpose**
- (m) Religious**
- (n) Residential Property**
- (o) Residential with consent use**
- (p) Township development**
- (q) Vacant Land**

(3) Penalty Tariff

- (a) Unauthorised use**

CLARIFICATION OF CATEGORIES OF PROPERTY

(a) Agricultural

Property in this category includes:

- (i) Property referred to in the definition of agricultural property in the Act.
- (ii) Property zoned as agricultural and used primarily for agricultural purposes. This category excludes property used for purposes of eco-tourism, game farms or equestrian estates, the production of non-edible farm produce and agricultural holdings /small holdings.

Tax certificate and affidavit must be provided confirming that the subject property forms part of the farming activities.

(b) Business and Commercial

Property in this category includes:

- (i) Property zoned for business and commercial, general, special, undetermined, aerodrome, amusement and zoning unresolved which is used for business and commercial;
- (ii) Property zoned for business and commercial and not zoned residential.

Where the property is used for residential purposes the property owner must apply for the residential rating on an application form prescribed by Council and submit such application at the Customer Service Centre, a reference number must be provided. The residential tariff will be applicable from the date of application.

The Council reserves the right to call for documentary evidence and/or conduct a physical inspection of the property.

- (iii) Property used for game farming and/or eco-tourism;

- (iv) Property used as a racecourse for any racing in connection with which betting is carried on by means of a totalizator or otherwise;
- (v) Properties zoned and used for educational purpose but privately owned will be categorised as Business and Commercial. The property rates will be phased in over a period of 4 years. The rates payable will be:
 - Year 1 - 25% of the tariff for this category (2023/2024)
 - Year 2 - 50% of the tariff for this category (2024/2025)
 - Year 3 - 75% of the tariff for this category (2025/2026)
 - Year 4 - 100% of the tariff for this category (2026/2027)
- (vi) Property zoned private open space used for recreational or sporting facilities;
- (vii) Properties zoned and used for parking which is privately owned;
- (viii) Property zoned public open space used for recreational or sporting facilities.

(c) Industrial

Property in this category includes:

Property zoned industrial for a branch of trade or manufacturing, production, assembly or processing of finished or partially finished products from raw material or fabricated parts or the holding thereof in respect of which capital and labour are involved, and includes—

- (i) The processing of raw products on the property;
- (ii) The storage and warehousing of products on the property;
- (iii) Any office or other similar facility on the same property, the use of which is incidental to such activity; and
- (iv) Property zoned industrial.

Where the property is used for residential purposes the property owner must apply for the residential rating on an application form prescribed by Council and submit such application at the Customer Service Centre, a reference number must be provided. The residential tariff will be applicable from the date of application.

The Council reserves the right to call for documentary evidence and/or conduct a physical inspection of the property.

(d) Mining

Property in this category includes:

Property used for mining purposes or purposes incidental to mining operations.

(e) Multipurpose

Property in this category includes:

Multipurpose property in terms of use will be rated by apportioning the market value of the property, in a manner as determined by the municipal Valuer in line with the provisions of Section 9(2)(a)(b) of the MPRA.

(f) Municipal

Property in this category includes:

(i) All properties owned by the City of Johannesburg municipality and will not be levied rates in terms of Section 7(2)(a)(1) of the Act; except for the following:

(1) Where Council owned property is leased to a third party, the rating shall be as per the category allocated in the Valuation Roll. The City may recover such rates from the tenant, subject to the provision set out in the lease agreement.

(2) If the property is zoned Municipal but belongs to a private owner, the use will determine property category.

(g) Private Open Space

Property in this category includes:

- (i) Recreational facilities, sporting facilities, playgrounds, open land or may include land in gated communities. These properties are registered separately and can be sold separately;

With reference to sporting facilities, the tariff applicable to Public Service Infrastructure shall apply provided that:

- (i) The sporting facility property is used 80% for sports activities;
- (ii) The Club is active and it must prove to the City that it is involved in sports development programmes for previously disadvantaged communities;
- (iii) The organization is registered with SARS and an association without gain;

The organization must provide the City with 3 year audited financial statements for assessment.

(h) Public Benefit Organisation (PBO)

Property in this category includes:

- (i) Non-profit organisations used for specified public benefit activity and must meet the following criteria:

- (1) The organisation should be a PBO that qualifies for a tax exemption as contemplated by part 1 of the ninth schedule of the Income Tax Act (with reference to item 1,2 and 4).
- (2) The organisation should be providing a specified public benefit activity as set out in terms of Section 30 of the Income Tax Act.
- (3) The property must be registered in the name of the non-profit organisation.

- (ii) The PBO shall apply to the City's Social Development department to be recognised as such.

Social Development department will assess the PBO in line with their requirements and recommend. The recommended PBO shall provide the Social Development department with 3 year audited financial statements for assessment.

(i) Public Open Space

Property in this category includes:

Property zoned Public Open Space registered in the name of Council. Property zoned Public Open space but not registered in the name of Council / Municipality will be categorised according to their use.

(j) Public Service Infrastructure

Property in this category includes:

Properties owned by the National Government and the Gauteng Government.

- (i) Properties zoned cemetery owned by National and Provincial Government, community facility, parking, pedestrian walk, proposed new roads and widening, existing public roads reservoir, SAR, Spoornet and sewage farms;

- (ii) Public Service Infrastructure as set out in the Act:

"public service infrastructure" means publicly controlled infrastructure of the following kinds:

- (a) national, provincial, or other public roads on which goods, services or labour move across a municipal boundary;
- (b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- (e) railway lines forming part of a national railway system;
- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways, aprons and the air traffic control unit at national or provincial airports, including the vacant land known as the obstacle free zone surrounding these, which must be vacant for air navigation purposes;

- (h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;
 - (i) any other publicly controlled infrastructure as may be prescribed; or
 - (j) a right registered against immovable property in connection with infrastructure mentioned in paragraphs (a) to (i);
- (iii) Any property not falling within the ambit of the above and used for anything other than public service infrastructure shall be deemed to be Business and Commercial for the purposes of levying a rate;

(k) Public Service Infrastructure Private

Property in this category includes:

- (i) Privately own land comprising a developed internal roadways network and access control that cannot be separately sold within a development;
- (ii) Storm-water measures within the development;
- (iii) This category of property does not qualify for the 30% value reduction as set out in Section 17(1)(a) of the Act.

(l) Public Service Purpose (PSP)

Property in this category includes:

- (i) Public service purposes as set out in the Act:
in relation to the use of a property, means property owned and used by an organ of state as-
 - (a) hospitals or clinics;
 - (b) schools, pre-schools, early childhood development centres or further education and training colleges;
 - (c) national and provincial libraries and archives;
 - (d) police stations;
 - (e) correctional facilities; or
 - (f) courts of law,

but excludes property contemplated in the definition of 'public service infrastructure';

- (ii) as per (b) above: The property rates will be phased in over a period of 4 years.

The rates payable will be:

Year 1 - 25% of the tariff for this category (2023/2024)

Year 2 - 50% of the tariff for this category (2024/2025)

Year 3 - 75% of the tariff for this category (2025/2026)

Year 4 - 100% of the tariff for this category (2026/2027)

If the property owned by the National and Gauteng Provincial Government is used for the provision of community-type services, it will be categorised as "Public Service Purpose (PSP)" in which case the tariff rate for PSP will be applicable.

(m) Religious

Property in this category includes:

Property categorised religious that is registered in the name of the religious community and used primarily as a place of public worship by a religious community.

- (i) The City does not levy a rate on a property registered in the name of, and used primarily as a place of public worship by a religious community. These include:
The official residence registered in the name of that community which is occupied by the office bearer of that community who officiates at services at that place of worship.

- (ii) The category religious will exclude other structures that are primarily used for educational instruction in which secular or religious education is the primary instructive medium.

- (iii) Other dwellings or structures within the same property, even though they are registered in the name of the religious community but are not used for public worship will be charged at a rate according to permitted use.

(n) Residential Property

Property in this category includes:

- (i) Property zoned residential and property zoned special for residential purpose but excluding any property zoned business or commercial with a residential component or property zoned residential with a business or commercial consent use.
- (ii) Properties previously categorised as 'sectional title other' including but not limited to garages, maids quarters or security houses. These will not qualify for the residential threshold rebate as determined by Council annually.

(o) Residential with consent Use

Property in this category includes:

Any property zoned for residential purposes in respect of which a consent use has been granted for any business, commercial or industrial purpose.

- (i) If consent use lapses, falls away by the effluxion of time, is withdrawn or ceases to be applicable for any other reason, the owner of the property concerned may apply to the Council for the re-instatement of the residential category. If approved, the residential category shall be re-instated as from the date that the Council is satisfied that the property is being used for residential purposes only in terms of the zoning thereof;
- (ii) Where a residential property with a market value less than that specified in the threshold is partially used for non-residential consent purposes, such property will remain in the category of residential.

(p) Township development

Property in this category includes:

- (i) Properties held under deed of title (Township Title) in respect of which a township register was opened but shall exclude those portions in respect of which a Certificate of Registered Title was issued by the Registrar of Deeds Office;

- (ii) All remaining extensions of a township which includes one or more unsold stands, except where the remaining portions are roads in which case they will be 'public service infrastructure-private' (PSIP).

(q) Vacant Land

This category includes:

- (i) Land without a zoning, zoning unresolved, de-proclaimed mining land and any undeveloped land/ erf within a proclaimed township or within a land development area.
- (ii) Land in this category shall not benefit from any exemption, reduction or rebate. Property will continue to be rated as vacant until such time as the Council issues a Certificate of Occupancy or final inspection or an affidavit proving the date of occupation.
- (iii) Vacant land owned by an individual for development of residential property: where the construction of the property is complete within two years, the residential tariff charge may be backdated to year one. The market value of the property (as developed) will be applied in the recalculation. The property owner must apply on an application form prescribed by the Council at the Customer Service Centre and a reference number must be provided.

Any property not falling within the ambit of category (a) to (q) that is zoned and used for different purposes other than what is covered in category (a) to (q) shall be deemed to be Business and Commercial for the purposes of levying a rate. This will also include any zoning that is not covered in category (a) to (q).

GENERAL

A) UNAUTHORISED USE: penalty tariff

- (i) The unauthorised use is a penalty tariff which is charged on all properties that are used for a purpose (Land use) not permitted by the zoning thereof in terms of any applicable Town Planning Scheme or Land Use Scheme; abandoned properties and properties used in contravention of any of the Council's By-laws and regulations, which include the National Building Regulations and Building Standards Act, 103 of 1977, and any Regulations made in terms thereof. The unauthorised use also covers illegal advertising as regulated by the City of Johannesburg advertising by-law.
- (ii) The tariff for unauthorised use will be determined by the Council on an annual basis. The Council reserves the right to increase this penalty tariff higher than other tariffs.

(B) LONG TERM LEASES (Right in Land)

Submission of a registered right in land/long term leases will be processed from the date of receipt and the account will be adjusted going forward. No retrospective adjustment will be done. Pensioners who own property that are on a registered long-term lease may apply for the pensioner rebate.

(C) MULTIPLE PURPOSE PROPERTIES

These properties will be rated according to the multiple purposes as defined in the Act. *This can be identified as properties that have multiple categories. The property will be allocated a 'split value' and the tariff will be determined by the category. The categories will be billed on the same stand/s and account.*

(D) PARENT AND CHILD PROPERTIES

Parent and Child (PnC) linking is the process in the City of Joburg Property Branch where properties are "linked" to each other. Properties linked as PnC will be valued "as one" where development is across multiple erven. This process will allow an owner of such properties to receive a single value for multiple properties that are seen to be used as "one". Properties that are linked as PnC are referred to as a "family".

All properties MUST belong to the same owner. Properties must NOT be able to be sold separately. Vacant land can NOT be linked as part of a PnC family except if there is a Notarial Tie agreement. The Value of the family will be placed on the lowest stand number and or the lowest extension number or township.

CATEGORIES AND CONDITIONS OF OWNERSHIP FOR PURPOSES OF EXEMPTIONS, REDUCTIONS AND REBATES

The City of Johannesburg may, in terms of the criteria set out in this Policy exempt a specific category of owners of properties or owners of a specific category of properties, from the payment of a rate levied on their property, or 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 this Policy.

All exemptions, reductions and rebates must be done on a prescribed application form, which is available:

- (i) on the COJ website;
 - (ii) at the Customer Service Centres
 - (iii) from the Property Branch
- (e-mail address: ratescomments@joburg.org.za)

Application forms must be delivered to any Customer Service Centre and a reference number must be attached to the application form. Approved applications will be considered from the date of application unless otherwise stated.

Unless indicated to the contrary in this Policy, the existing rebates, reductions and exemptions will lapse at the end of the General Valuation Roll.

(a) The City will not levy a rate on the first part of the value up to R300 000 of the market value as per the Valuation Roll:

- on the first R15 000 on the basis set out in section 17(1)(h) of the MPRA; and
- on the balance of the market value up to R285 000 in terms of section 15 of the Act in respect of residential properties, provided that the Council may from time to time during its annual budget process contemplated in section 12 (2) of the Act determine, as threshold, the amount to be deducted from the market value of residential properties, as a result of which rates will only be determined on the balance of the market value of such properties after deduction of the threshold amount.

(1) Expanded Social Package (ESP)

- (i) The indigent rebate for Rates is applicable to homeowners and not tenants.
- (ii) Only one (1) property can be considered for the rebate.
- (iii) This category consists of residential properties owned and occupied by natural persons who reside within the municipal boundaries, are South African Citizens with valid identification document, have limited income and can prove that his or her annual income falls within the limit determined by Council and who are vulnerable such as pensioners, persons with disabilities (PWDs), un-employed, child headed households & the youth.
- (iv) The owner must apply every six (6) months for Council's approval for access to the Expanded Social Package (ESP) on an application prescribed by the Council, at the nearest Customer Service Centre ESP unit, accompanied by such proof as the Council may reasonably require substantiating any entitlement to a rebate contemplated in this category.

- (v) Pensioners who applied for ESP, must also apply separately for the pensioner rebate on property rates on a form prescribed by Council at the Customer Service Centre and a reference number must be attached to the application form. The pensioner rebate (for rates) is valid for the duration of a Valuation Roll (every 4 - 5 years).
Refer to section (2) below for further information.
- (vi) The ESP conditions are as follows:
 - a) The owners must own and occupy the property concerned.
 - b) The owners must achieve a score on the City of Johannesburg Poverty Index as specified below.
 - c) The value of the property may not exceed R500 000.
- (vii) The extent of the rebate will depend on the applicant's score on the City of Johannesburg Poverty Index:
 - (a) Greater than zero but not exceeding 34 points: 70% of the current monthly rate;
 - (b) Greater than 35 points: 100% of the current monthly rate.
 - (c) The property owner must inform and request de-registration if his/her conditions have improved especially if the application no longer conforms with the requirements set out in the Policy.

(2) Owners dependent on pensions

- (a) This category consists of residential properties owned and occupied by pensioners. This rebate is applicable to property rates only.
- (b) The conditions for this rebate are as follows:
 - (i) The residential property must consist of one dwelling. Where there is more than one dwelling and the other dwellings can be rented out, the applicant would not qualify for pensioner rebate;
 - (ii) The owner must have reached the age of 60 years;
 - (iii) The owner must own and occupy the property;
 - (iv) This rebate also applies to property owners who have become pensioners due to injury on duty;

- (v) Pensioners who own property that is a registered long-term lease may apply for the rebate;
 - (vi) The property owner must apply at the nearest Customer Service Centre on a form prescribed by the Council and a reference number must be attached to the application form for approval of a rebate by the Property Branch;
 - (vii) A rebate shall be granted for a maximum duration of the Valuation Roll provided that:
 - (aa) it shall be necessary to reapply if the status of the beneficiary changes within the period; and
 - (bb) the beneficiary shall notify the Council in writing of any event that causes a change in his financial status that may affect the granting of the rebate.
 - (viii) The rebate will be granted from the date of application unless otherwise stated.
 - (ix) An application to renew a pensioner rebate must be done before the beginning of a new Valuation Roll (every 4-5 years).
- (c) The rebate shall be as follows:
- The pensioner rebate is classified as pensioners aged 60-69 years and pensioners aged 70 years and above.
- (i) If a pensioner is between 60-69 years, the conditions are:
 - (a) The market value threshold is R1.5million (inclusive of the residential threshold value). Rates will be levied on the market value in excess of R1.5million. This is subject to the income criteria as follows:
 - (b) If a pensioner has a gross monthly income below and equal to R11 904, the pensioner will qualify for a 100% rebate up to a market value of R1.5million. Rates will be levied on the market value in excess of R1.5million.
 - (c) If a pensioner has a gross monthly income above R11 904 less than or equal to R20 404 the pensioner will qualify for a 50% rebate up to a market value of R1.5million. Rates will be levied on the market value in excess of R1.5million.

- (d) If a pensioner monthly income is above R20 404, the pensioner will not qualify for a rebate.
- (e) The application should include a certified copy of ID, 3 months recent bank statements, proof of income or copy of certified SAASA card or other proof of income acceptable to the Council and their most recent income tax assessment issued by the South African Revenue Service;
- (f) If a pensioner receives a National Security Grant, they will qualify for a 100% rebate subject to the market value threshold and conditions.
- (ii) If a pensioner is aged 70 years and above:
 - (a) The market value threshold is R2million (inclusive of the residential threshold value). Rates will be levied on the market value in excess of R2million.
 - (b) The pensioner will qualify for a 100% rebate on rates, irrespective of income up to a market value of R2million. Rates will be levied on the market value in excess of R2million.
 - (c) The application should include a certified copy of ID.

(3) Owners dependent on pensions (Injury on duty)

- (a) This section consists of residential properties owned and occupied by a person who has become a pensioner because of injury on duty.
- (b) The conditions for this rebate are as follows:
 - (i) The residential property must consist of one dwelling. Where there is more than one dwelling and the other dwellings can be rented out the applicant would not qualify for pensioner rebate.
 - (ii) The owner must have been injured on duty serving in the following services
 - a. South African National Defence Force
 - b. South African Police Service
 - c. Emergency services
 - d. Johannesburg Metropolitan Police
 - (iii) The owner must own and occupy the property;

- (iv) The market value threshold is R1.5million (inclusive of the residential threshold value). Rates will be levied on the market value in excess of R1.5million
- (v) An owner of a property in this segment must apply at the Customer Service Centre on a form prescribed by the Council and a reference number must be attached to the application form for approval of a rebate by the Property Branch, accompanied by the following documents:
 - aa) confirmation from the employer that the employee was injured on duty and due to the injuries he or she can no longer serve in any capacity;
 - bb) medical records that confirms the injuries;
 - cc) proof of current income;
 - dd) where the applicant is married, the spouse proof of income is required.
- (vi) A rebate shall be granted for a maximum duration of the Valuation roll provided that:
 - (aa) It shall be necessary to reapply if the status of the beneficiary changes within the period;
 - (bb) the beneficiary shall notify the Council in writing of any event that causes a change in his financial status that may affect the granting of the rebate;
- (vii) The rebate will be granted from the date of application. No retrospective rebates will be granted.
- (viii) An application to renew this rebate must be done before the beginning of a new Valuation Roll (every 4-5 years).

(4) Heritage properties

- (a) This section comprises property:
 - (i) declared as heritage sites in terms of Section 27 of the National Heritage Resources Act, 25 of 1999;
 - (ii) designated as protected areas in terms of section 28 of the National Heritage Resources Act; and
 - (iii) designated as heritage areas in terms of section 31 of the National Heritage Resources Act;

- (b) The conditions relating to this rebate are:
 - (i) Application for a rebate must be made annually on a form prescribed by the Council at the Customer Service Centre and a reference number must be attached to the application form. The application will be assessed by the Property Branch for approval.
 - (ii) The rebate contemplated in this section shall be subject to any limitations that may be placed on financial incentives for the conservation of heritage resources in terms of section 43 of the National Heritage Resources Act;
- (c) The rebate shall be a maximum of 20% of the current monthly rates.

(5) High density rebate

- (a) The category consists of residential properties that are developed with a minimum density of 80 dwelling units per hectare, including sectional title units.

The application must be done on a form prescribed by the Council at the Customer Service Centre and a reference number must be attached to the application form. The application will be assessed by the Property Branch for approval.

- (b) A rebate of 5% of the current monthly rates may be applied.

(6) Property owned by private sports clubs

A rebate of up to a maximum of 40% of the monthly rates may be granted provided that such organisation must annually, before 1st September, apply for approval of the rebate. The application must be done on a form prescribed by the Council at the Customer Service Centre and a reference number must be attached to the application form. The submission must include a copy of the Clubs annual report and audited financial statements. Such Clubs will have to demonstrate to the Council in writing whether:

- (i) The Club is unable to pay the property rates; and
- (ii) The membership of the Club is open to previously disadvantaged persons; and

- (iii) The land owned by the Club other than that used for restaurant and bar facilities for club members is utilised primarily for sporting activities; or
- (iv) The Club is actively involved in sports development programmes for previously disadvantaged communities.

(7) Protection of animals

- (a) This section comprises property registered in the name of any institution or organisation which has as its exclusive objective for the protection of animals.
- (b) A rebate of 100% shall apply.
- (c) The property owner must apply for this rebate/exemption at the Customer Service Centre on a form prescribed by the Council and a reference number must be attached to the application form. The application will be assessed by the Property Branch for approval.

(8) Disaster areas

- (a) The category consists of property situated within an area affected by a disaster within the meaning of the Disaster Management Act 57 of 2002;
- (b) The applicable requirements are as follows:
 - (i) The owner of the property must apply to the Council for a rebate on a prescribed form, accompanied by such proof as the Council may reasonably require to substantiate the application; and
 - (ii) The rebate shall be subject to such duration and limitations as the Council may determine in relation to a specific disaster or event.
- (c) The rebate shall be determined by Council up to a maximum of 100% of the current monthly rates.

(9) Vacant land

- (a) This rebate comprises undevelopable land due to the following:
 - (i) Property is outside the Urban Development Boundary.
 - (ii) Unavailability of bulk infrastructure.
 - (iii) Development of the entire property is prohibited by environmental constraints.
- (b) The applicable requirements are:
 - (i) The owner of the property must apply in writing to the Council at Metro Centre: Department Development Planning (Town Planning) for a rebate.
 - (ii) A letter from the Department Development Planning confirming that the property is outside the Urban Development Boundary, must accompany the application.
 - (iii) A letter from the Municipal Entity/entities or its/their delegate, must accompany the application confirming that the property cannot be developed due to unavailability of infrastructure and services.
- (c) The rebate will be granted only where Council was supposed to provide services.
- (d) The rebate is a maximum of 50% of the current monthly rates.

(10) Housing Development Schemes for Retired Persons (life rights)

- (a) This rebate consists of properties owned by juristic persons that fall under the Housing Development Schemes for Retired Persons Act, 65 of 1988, as amended.
 - (i) The rebate shall be a maximum of 50% of the current monthly rates.
 - (ii) Sectionalised schemes for retired person shall qualify to apply as individual for pensioner rebate as stated in (2).
 - (iii) The rebate shall be granted as stated in (2).
 - (iv) It is required that the owner of property shall pass on the benefit of the rates rebate to the registered holder/s of a right of occupation in the Scheme.

- (v) If the owner fails to pass the benefit of the rates rebate on to the registered holder/s, the Council may apply the full rating with retrospective effect to the date of commencement of the rebate.

(11) Registered Social Landlords

- (a) The category comprises properties owned by individuals or entities designated as Registered Social Landlords.
- (b) The requirements are as follows: The property must comply with the conditions contained in the Social Housing Act (No.16 of 2008).
- (c) The rebate is as follows:
 - (i) 40% of the current monthly rates
 - (ii) If a Public Benefit Organisation, registered as a non-profit organisation in terms of Section 30 of the Income Tax Act, provides services on a property which meet the requirements of welfare and humanitarian services as defined in the Schedule of the Act and is designated as a registered social landlord, the rate applicable to a Public Benefit Organisation shall apply.

(12) Child Headed Households

- (a) This rebate comprises properties owned as specified below, which are occupied by a household headed by a minor.
- (b) The requirements are as follows:
 - (i) The market value threshold is R1.5million (inclusive of the residential threshold value). Rates will be levied on the market value in excess of R1.5million
 - (ii) The property must be owned by a terminally ill parent or the child or deceased estate of the parent;
 - (iii) The terminally ill parent or their children must annually apply for the rebate. The application must include the following:
 - (aa) confirmation from the Social worker appointed by Council that has investigated the minors of the household and found that the permanent occupants are minors and the household is headed by a minor;
 - (bb) if the parent is deceased,

- a copy of the Letter of Executorship of administration of the deceased estate;
 - a copy of the liquidation and distribution account showing transfer of the property to the minor;
 - the death certificate of the parent;
- (cc) if the parent is terminally ill, a certified copy of a medical report confirming his/her status;
- (dd) birth certificates of all minors residing on the property.
- (c) The rebate will lapse:
- (aa) when the child head of the household reaches the age of majority;
 - (bb) on alienation of the property;
 - (cc) when the child head of the household ceases to reside permanently on the property;
 - (dd) when the Department of Social Development no longer regards the household as being child headed; or
 - (ee) when applications are not submitted annually (late applications may be reinstated with effect from the next practical billing cycle).
- (d) The applicable rate shall be a maximum of 100% of the current monthly rates.

(13) Corridors of Freedom

13.1 Requirements for the rebates

- (i) The detailed qualifying criteria will be provided by the Department Development Planning in line with the policy for Corridors of Freedom as approved by Council.
- (ii) The development must be in line with the development requirements set out by the City.
- (iii) The proposed development must follow all planning by-laws.
- (iv) The developer must apply to the Department of Development Planning for the approval of the project.
- (v) Once the project is approved by Department of Development Planning, Property Unit will process the rebate in SAP.

The rebate will apply as follows:

13.2 During Construction Rebate

- (i) The rebate will apply to new building developments that would take place within the identified Corridors of Freedom in line with the approved Strategic Area Frameworks.
- (ii) The property owner will pay 25% of the rate as per the category of land for a period not exceeding two years during the construction phase.

13.3 Post Construction Rebate

- (i) The property owner will pay half the rate on the first year of operation as per the category of land.
- (ii) The property owner will pay full rates as per the category of property from the second year of operation onwards.

(14) Township Industrial development rebate

14. 1 Qualification criteria

- a) The rebate will apply to new industrial developments that would be developed within the identified townships in line with the City's priorities.
- b) The industrial development must be planned and implemented for the identified townships.
- c) The rebate applicant would have to satisfy the industrial investment that would be approved by the Council.
- d) The application for this rebate will be made at the Property Branch
- e) The rebate will be granted in in two phases:
 - i) The first phase of the rebate would be grated during construction.
 - ii) The second phase of the rebate will be granted during the first and second year of the industrial operations.

14. 2 Duration of the rebate

- (a) The industrial property owner will pay 25% of the rate as per the category of property for a period not exceeding two years during the construction phase.
- (b) The industrial property owner will pay 50% rate charged for the first and second year of the industry being operational.

- (c) The industrial property owner will be charged full rates under category industrial from year three of the industry being operational.

This rebate will also be afforded to refurbishment of dilapidated township industrial properties.

(15) Cumulative rebates shall not exceed 100%.

The Council may, notwithstanding any rebate granted, resolve that all rateable property, including properties in respect of which 100% rebates are granted, shall be subject to the payment of such minimum property rate as the Council may determine.

SECTION C

SPECIAL RATING AREAS

- (1) On receipt of an appropriate application the Council may by resolution determine an area within the municipality as a special rating area in terms of Section 22 of the Act, subject to such conditions as it may deem necessary, and levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area.
- (2) The determination of a special rating area must be consistent with the objectives of the Integrated Development Plan of the Council.

ALTERNATE FINANCING

- (1) City of Johannesburg supports basic instruments for Local Government to execute property value capture through tax incremental financing.
- (2) Tax Incremental Financing (TIF) schemes will enable the City of Johannesburg to anticipate increased tax revenue that would be generated within a specific geographic area as a result of the construction of large-scale infrastructure investment.
- (3) All detailed plans to implement Tax incremental Financing must be approved by Council.

SECTION D

LIABILITY FOR RATES

- (1) A property rate is a debt in respect of taxation in terms of section 11 of the Prescription Act, 68 of 1969, and the Council can recover rates in arrears for a period of up to 30 years.
- (2) On the basis that rates constitute taxation, there is no specific counter-performance due by the Council in exchange for the receipt of the rates.
- (3) Rates -
 - (a) which are recovered by the Council on an annual or a monthly basis, are payable on or before the due date stipulated in the account sent to the ratepayer;
 - (b) are payable in full on or before the due date and interest will be charged on rates that are in arrears;

- (c) interest be charged on rates not paid on or before the fixed days, at the rate determined by the Council from time to time;
 - (d) a ratepayer remains liable for the payment of the rates whether or not an account has been received and if an account has not been received, the onus shall be on the ratepayer concerned to establish the amount due for the rates and to pay that amount to the Council;
 - (e) liability for, and payment of, rates is governed by the Act and the City's Credit Control and Debt Collection By-Laws and Policy;
 - (f) section 27(1)(a) provides that property owner who is liable for rate must furnish the City with an address where correspondence can be directed to.
- (4) In the case of joint ownership of property, all the property owners are jointly and severally liable for the payment of rates and any interest charges thereon.
 - (5) In respect of property that has been let by a ratepayer, the Council may recover unpaid rates from the tenant to the extent of any unpaid rental due to the ratepayer.
 - (6) The Council may recover unpaid rates from the agent of the ratepayer but only to the extent of the rental in respect of the property concerned received by the agent, less any commission due to the agent by the ratepayer.
 - (7) A ratepayer that wishes to dispose of a property must comply with the provisions of section 118 of the Systems Act, which requires an advance payment of an amount to cover, inter alia, the rates due before a certificate as contemplated in the said section is issued, such payment to be calculated to cover a lead time as specified in the Systems Act.
 - (8) A rate levied by the Council on a sectional title unit is payable by the owner of the unit.
 - (9) A submission of an objection and an appeal to the valuation roll does not defer liability for the payment of rates.

DEALING WITH APPLICATIONS

The Council must consider every application in terms of this Policy within a reasonable time and may approve the application, subject to such conditions as the Council may deem appropriate under the circumstances or refuse it.

SECTION E

TARIFF & RATIOS FOR DIFFERENTIAL RATING DEALING WITH APPLICATIONS

No	Category	Ratio 2023/2024	Rates tariffs for 2023/2024
1	Agricultural	1:0.25	0.002198
2	Business and commercial	1:2.5	0.021978
3	Industrial	1:2.5	0.021978
4	Mining land	1:2.5	0.021978
5	Multipurpose *		
6	Municipal property	1:0	0
7	Private open space	1:0.25	0.002198
8	Public benefit organisation	1:0.25	0.002198
9	Public open space	1:0.25	0.002198
10	Public service infrastructure	1:0	0
11	Public service infrastructure -private	1:0.25	0.002198
12	Public service purpose	1:1.5	0.013186
13	Religious	1:0	0
14	Residential property	1:1	0.008791
15	Residential Consent use	1:2	0.017582
16	Township development	1:2.5	0.021978
17	Vacant land	1:4	0.035164

Penalty Tariff at 6 times the residential rate			
1	Unauthorised use	1:6	0.052747

* **Multipurpose** properties will be rated according to the multiple purposes as defined in the Act. *This can be defined as properties that have multiple categories; however, all the categories will be billed on the same stand and account.* The tariff to be charged will follow the split that will be allocated to a property.

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Property Branch

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