



**Knysna**

Municipality || Munisipaliteit || uMasipala

inclusive || innovative || inspired

### **What is the Municipal Property Rates Act? (Act 6 of 2004)**

The Municipal Property Rates Act is a national law that regulates the power of the municipalities to value and rate immovable properties (that is, land and buildings).

#### **Important concepts**

- **Market Value:**

Is the amount a property would have realised if sold on date of valuation (Act 6 of 2004 Section 1).

- **Date of valuation:**

Is the date upon which the market value of your property is assessed (Act 6 of 2004 Section 31).

- **The date of implementation:**

Is the date on which the municipality will implement their valuation roll (Act 6 of 2004 Section 32).

### **How property rates are calculated (Act 6 of 2004 Section 11)**

The amount payable is calculated by multiplying the market value of the property by a cent amount in the rand that a municipal council determines.

The tariff is determined by the municipality in terms of their tariff policy.

### **Differential rating (Act 6 of 2004 Section 8)**

Municipalities may levy different tariffs for different categories of rateable property. The categories must be determined in the rates policy. Categories may include the following:

- Residential properties
- Industrial properties
- Business and commercial properties
- Agricultural properties
- Public service infrastructure
- State owned properties

### **Impermissible rates (Act 6 of 2004 Section 17)**

- Municipalities may not levy rates on certain properties.
- As a home owner you should note that the first R15 000.00 of the market value of a property used for residential purposes is excluded from the rateable value.
- The first 30% of the market value of public service infrastructure is also an impermissible rate.

### **Preparation of a Valuation Roll (Act 6 of 2004 Section 30)**

Each municipality must prepare a Valuation Roll of the properties within their jurisdiction. Municipal Valuers must be appointed to determine the market value of all immovable properties.

### **Municipal Valuer (Act 6 of 2004 Section 33)**

Professional Valuers will ensure that properties are valued fairly and objectively. These professionals must be registered as Valuers in terms of the Property Valuers Profession Act, No 47 of 2000.

#### **Data collection (Act 6 of 2004 Section 41)**

Data collectors employed by the Municipal Valuer must carry an identity card, and may only visit your property between 07h00 and 19h00 Mondays to Saturdays, not on Sundays or public holidays.

#### **Rates policy (Act 6 of 2004 Section 5)**

- A Municipality must prepare a rates policy to be reviewed annually.
- The rates policy must treat all persons liable for paying rates equitably.
- The Act makes specific references to the effect of rates on the poor, public benefit organisations, public service infrastructure and should allow the municipality to promote local, social and economic development within the municipality.

#### **Preparation of the rates policy (Act 6 of 2004 Section 50)**

- Once a draft rates policy has been approved the public municipal council the municipality must advise of the availability of the draft rates policy and call for public comment.
- A prescribed period of 30 days is the window of opportunity for the ratepayers to consider the draft rates policy and make comments. All comments must be considered by the municipality.

#### **Public inspection of the Valuation (Act 6 of 2004 Section 49)**

- The municipality must advertise inviting the ratepayers to inspect the Valuation Roll.
- In addition the municipality must post, by ordinary mail, an extract of the Valuation Roll to every property owner together with a notice advising them of the objection process.

#### **How to lodge an objection (Act 6 of 2004 Section 50)**

- Should a property owner disagree with the market value of his/her property as reflected in the valuation roll, the property owner should approach the municipal manager to lodge a objection citing reasons for the objection
- There is a 30 day period for this activity. The Act requires that the objector continue paying rates while his/her objections are being processed and finalised.

#### **The right to appeal (Act 6 of 2004 Section 54)**

- If the objector is still not satisfied with the outcome of an objection decision, he has the right to lodge an application to the Valuation Appeal Board.
- The MEC within the Province has the responsibility to establish a Valuation Appeal Board.
- The Valuation Appeal Board will consider each individually case and make a ruling based upon the merits of the case.