



cooperative governance

Department:
Cooperative Governance
REPUBLIC OF SOUTH AFRICA

**LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES ACT NO.6 OF 2004
CIRCULAR NO. 13 (ISSUED ON 16 FEBRUARY 2021)**

REPLACES CIRCULAR NO.3 ISSUED ON 21 MARCH 2009

TO ALL:

MUNICIPAL MANAGERS

MUNICIPAL CHIEF FINANCIAL OFFICERS

**CIRCULAR ON THE RATING OF PROPERTY CATEGORIES REGULATED IN TERMS
OF THE MUNICIPAL PROPERTY RATES ACT REGULATIONS ON THE RATE
RATIOS BETWEEN RESIDENTIAL AND NON-RESIDENTIAL CATEGORIES OF
PROPERTIES**

Introduction

This Circular replaces Circular No.3 issued on 21 March 2009 on the above-mentioned subject. The purpose of this Circular is to clarify the meaning of the ratios and the rates implied by the Regulations on the Rate Ratios between Residential and Non-Residential Categories of Properties.

1. Interpretation of the ratios for agricultural and public service infrastructure properties

Section 19(1)(b) of the Local Government: Municipal Property Rates Act (No. 6 of 2004) hereafter referred to as “the Act”, indicates that a rate on non-residential property that exceeds a prescribed ratio to the rate on residential property may not be levied by a municipality. The ratios in terms of the above-mentioned Regulations are the prescribed ratios referred to in section 19(1)(b) of the Act.

Ratio is defined in the Act as follows:

“ratio”, in relation to section 19, means the relationship between the cent amount in the Rand applicable to residential properties and different categories of non-residential properties: Provided that the two relevant cent amounts in the Rand are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category”.

The Regulations on the Rate Ratios between Residential and Non-Residential Categories of Properties prescribe ratios of 1: 0.25 for agricultural, public service infrastructure (PSI) and public benefit organisation (PBO) properties. The prescribed ratios are the upper limits, meaning that municipalities can rate the agricultural, PSI and PBO properties at any ratio of choice below the prescribed 1: 0.25, for example 1: 0.10, 1: 0.15, etc. It is also within the discretion of individual municipalities not to levy rates on any of these categories of properties by granting exemptions to these. The Regulations only apply once a municipal decision to levy rates on any of these categories of properties has been taken.

2. The meaning of the phrase “agricultural property” in terms of interpreting this property category in the Regulations

In the Act, “agricultural property” is defined as follows:

*“**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”*

Therefore any agricultural property that is used for anything other than as an agricultural property as defined, such as for residential, industrial, business and commercial, or any other purpose, is not eligible to be rated at the 1: 0.25 ratio applicable for agricultural properties in the Regulations. The properties that are outside the meaning of agricultural property as defined should be rated based on their actual use or permitted use.

CONTACT INFORMATION:

Should municipalities require any further information on any matter dealt with in this Circular, requests for such information should be directed for the attention of:

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