



**LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES ACT NO.6 OF 2004
CIRCULAR NO. 10 (1 AUGUST 2016)**

**CIRCULAR ON THE APPLICATION OF SECTION 78(4) OF THE MUNICIPAL
PROPERTY RATES ACT, 2004, FOLLOWING THE COMING INTO EFFECT OF THE
MUNICIPAL PROPERTY RATES AMENDMENT ACT, 2014, AND RELATED
MATTERS**

Introduction

The purpose of this Circular is to clarify the application of the provisions of section 78(4)(aA) of the Municipal Property Rates Act, 2004 (“the MPRA”) as far as they relate to the date on which rates are payable for properties that are the subject of supplementary valuations that are the subject to the occurrences in section 78(1)(e) and (h).

The provisions of section 78 of the MPRA were significantly overhauled primarily to minimise the time lag between when the supplementary valuation (triggered by the occurrences cited in section 78(1)) was done and when the rates based on the supplementary valuation are payable.

The lag that section 78 created prior to its amendment, resulted in unnecessarily lengthy periods between the supplementary valuations and their dates of effect during which municipalities lost revenues that were due to them or periods in which affected property owners paid rates that were higher for longer than was necessary. The amendments

have removed that lag taking into account the **principles of justice and fairness in the treatment of affected property owners.**

The Correct Application of Section 78(4)(aA)

It is important to note that no transitional arrangements were put in place for the coming into effect (on 1 July 2015) of the provisions of section 78 of the MPRA as amended by the Municipal Property Rates Amendment Act, 2014.

Particular attention must be paid to the provisions of section 78(4)(aA) which state that where **a supplementary valuation results in a decrease in the value of** a property which was *“substantially incorrectly valued during the last general valuation”* or *“the value of which was incorrectly recorded in the valuation roll as a result of a clerical or typing error”* , **the rates become payable on the date the property was incorrectly valued or the clerical or typing error was made.** The question that must be answered is when was the incorrect valuation or the clerical or typing error made?

For the purposes of levying rates, the incorrect valuation or the clerical or typing error is deemed to have been made on the date the valuation roll in question took effect, and consequently the **rates become payable on the date when the valuation roll in question was implemented**, notwithstanding the fact that the Amendment Act came into effect on 1 July 2015. This is the date on which the incorrect valuation or error which is being corrected took effect to the disadvantage of the affected property owner. The provisions must be interpreted exactly as they are explicitly stated in the MPRA, notwithstanding the fact that for some municipalities the valuation roll in question predated 1 July 2015. In line with the principles of justice and fairness in the treatment of property owners, Parliament took a deliberate decision to favour the affected property owner in addressing an incorrect valuation or error that was entered in the valuation roll by the municipality.

If there was an intention by Parliament to provide for the rates to be payable on a date other than the one which is provided for in section 78(4)(aA), then such a date would have

been provided for in transitional arrangements as has been the case with respect to certain provisions emanating from the Amendment Act (2014).

In the absence of transitional arrangements, the rates for supplementary valuations in respect of which the properties were substantially incorrectly valued during the last general valuation for which the value of the property has decreased, and in respect of those the value of which was incorrectly recorded in the valuation roll as a result of clerical or typing error for which the value of the property has decreased, **must be payable from the date the current valuation roll was implemented.**

CONTACT PERSON

Should municipalities and provinces require any further clarity on matters dealt with in this Circular, request for such clarity should be directed to the Department of Cooperative Governance for the attention of:

The Senior Manager: Municipal Property Rating

Postal address: Private Bag X804 Pretoria, 0001

Telephone: 012-334-4933

Facsimile: 012-334-4811

Email: mpra@cogta.gov.za

Website: www.cogta.gov.za