



the dplg

Department:
Provincial and Local Government
REPUBLIC OF SOUTH AFRICA

**LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES ACT NO.6 OF
2004 CIRCULAR NO. 3 (ISSUED ON 31 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 *REGULATIONS ON
THE RATE RATIO BETWEEN THE RESIDENTIAL AND NON-
RESIDENTIAL PROPERTIES* (GAZETTE NO. 32061 AND 32062, ISSUED
ON 27 MARCH 2009)**

The purpose of this Circular is to clarify the meaning of the ratios and the rates implied by the Municipal Property Rates *Regulations on the Rate Ratio Between the Residential and Non-Residential 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 (hereinafter referred to as "the Act") indicates that a rate on non-residential properties that exceeds a prescribed ratio to the rate on residential properties 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.

The ratios for agricultural and public service infrastructure properties are **effective** ratios. This means that the ratios imply rates for these two

categories of property after having taken into account any rebates applied by the municipality. This means that the rate implied by the ratio for these two categories of property is the **effective rate**, net of any rebates applied by the municipality.

The prescribed ratios are the upper limits, meaning that municipalities can rate the agricultural property and public service infrastructure 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 rate any of these properties by way of granting exemptions. The regulations only apply once a municipal decision to rate any of these property categories has been made.

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

In the Regulations the term “agricultural property” is used as a property category for the purposes of determining ratios. The term is defined in the Regulations.

In addition, in terms of the Act “agricultural purpose” is defined as follows:

“in relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game”

Therefore any farm property that is used for anything other than agricultural activity, such as for industrial activity, residential purposes, business and commercial activity, trading in or hunting of game or eco-tourism among others is not covered by the ratio for agricultural property in these Regulations. The properties outside the meaning of “agricultural property” defined as outlined above and in the Regulations should be rated according to the municipality’s rates policy as far as it applies to those categories of property (e.g. residential, business, commercial, industrial etc.).

CONTACT PERSON

Should municipalities require any further information on any matter dealt with in this Circular, requests are to be directed to the Department of Provincial and Local Government (**dplg**) for the attention of:

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