



CITY OF JOHANNESBURG
Property Owner Booklet

Property Owners

Here's everything you need to know about Property Rates

What gives the City of Johannesburg the right to levy property rates?

The Municipal Property Rates Act, No.6 of 2004 (MPRA), as amended, gives the City of Johannesburg the right to levy property rates.

How does the City levy property Rates?

The process for the levying of property rates starts with the valuation process. The valuation department begins the process by compiling a General Valuation Roll (GVR). This is a document containing the municipal valuation of about 934 000 registered properties within the boundaries of Johannesburg. All properties on the GV Roll are valued at market value as of the date of valuation.

What is the date of valuation and why is it important?

Following the compilation of the valuation roll, the City then allocates a date of valuation. The current valuation roll is the General Valuation Roll (GVR2023 / GVR2023-2027). The date of valuation to value all the properties was the 1st of July 2022. This means that the market value for properties will be determined as at 1 July 2022.

When was a GVR implemented?

The current GVR2023 was implemented on 1st July 2023. This date is called the effective date of implementation.

What is the effective date of implementation?

The effective date of implementation refers to the date that the new property market values (for GVR2023) will be loaded to the properties and rates will be calculated according to those valuations. The implementation coincides with the new financial year of the Municipality. It means that a property may be levied rates according to the new GVR property values from the effective date which was the 1st of July for the determined year, being 1 July 2023.

Are there any other changes that occur with the implementation of a new GVR?

Yes, the property Rates Policy is reviewed annually. There are significant changes that should be noted with the implementation of GVR2023 in the Rates Policy 2023/2024, as follows:

- Rebate on residential properties: the threshold is R300 000
- Rebate for pensioners: a pensioner rebate is valid for the duration of a valuation roll after it has been approved and granted by the City to the applicant. All qualifying pensioners may apply for a rebate on the property rates. Pensioners who had the rebates also need to re-apply as the rebate expired at the end of the previous valuation roll (GV2018-2023) on the 30 June 2023. Applications must be submitted on the prescribed application form with supporting documents as required.

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.

• Educational institutions

Private educational institutions

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)

Public educational institutions

Will be categorised as Public Service Purpose. Schools, pre-schools, early childhood development centres or further education and training colleges. 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)

• Rates tariffs

All tariffs for the categories of property have increased by 2% (from the last financial year).

How are the rates calculated for my property?

The MPRA groups the different property types. The valuation department allocates the categories of properties as per the City of Joburg Rates Policy which is guided by section 8 of the MPRA.

The category of property has a ratio whereby the category 'Residential' is used as a baseline for the ratio of 1:1. A tariff is allocated to each category of property as per its ratio aligned with the municipality financial/budget process. The rates are calculated using the market value of the property and the applicable tariff for the category of property.

The categories of property, ratios and tariffs for the current financial year 2023/2024 are:

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 purpose as defined in the Act. *This can be defined as properties that have 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*

How does the City Value your property?

Valuations allocates a market value of the property, which is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer. When valuing the properties, the Municipal Valuer establishes the market conditions, as at the date of valuation and this is based on recent sales and market information activity in the various areas. This, therefore, takes into consideration areas where values have declined, increased or remained stagnant due to the current state of economy at the date of valuation.

There are several types of properties in the municipality – residential, business, agricultural, vacant, etc. Each of these properties are valued using the different valuation methods as applicable as per the International Valuation Standards (IVS).

For example:

- Residential property (including sectional titles) are valued using the Comparable Sales method.
- Commercial properties (including retail, offices, warehousing) are valued using the Income Capitalisation method.
- Institutional properties (such as schools, hospitals and clinics) are valued on a Depreciated Replacement Cost method.

What happens to properties that are built after the compilation of the General Valuation Roll?

The City is compelled by legislation to reflect all changes on properties in a Supplementary Valuation Roll on all properties where a change has occurred as prescribed in Section 78 of the MPRA.

For example:

- A vacant property that is subsequently improved with a dwelling.
The GVR would reflect a category of property as 'Vacant Land' and would be valued as a vacant erf (stand). Once developed (improved), the supplementary valuation will change the category of property accordingly, e.g. 'Residential' or 'Business & Commercial' or 'Industrial'.
The property would then be valued to reflect the value of the land and improvements.

For each supplementary valuation (SUP_) the owner will be informed in writing of the details of such valuation by means of a Section 78 Notice. The owner will have the opportunity to request a review to the municipal valuer decision if not in agreement with the value and / or category. All supplementary valuations done in a specific period will be combined in a Supplementary Valuation Roll (SVR) which will be open for inspection and objection as prescribed.

The aim of the supplementary valuation it is to correct errors, omissions, subdivisions, consolidations, rezoning, township developments, building alterations, the construction of new buildings and any other exceptional reason that may change or affect the value of a property, subsequent to the compilation and publication of the "Main" Valuation Roll. Supplementary valuations are performed during each financial year, considering market conditions that applied as at the date of the valuation.

How do I find out how much is my property value for the GVR2023?

It can be viewed on your monthly statement or contact the valuations department.

The value reflected in the GVR2023/supplementary is incorrect, what can I do?

The GVR2023 outlines the market value of each property for the duration of the valuation roll which is valid for approximately 4 years and therefore determines the property monthly rates. The property owners are invited to inspect the GVR2023 and object to the entry in the roll if in disagreement with the value/category/size or against an omission from the roll. An objection may be lodged to the City during the prescribed period. Property owners must ensure that an objection reference number is provided. The objection period for GVR2023 opened on 15th February and closed on 05th May 2023 (due to the extension granted). No objections are accepted after the close of the official objection period to the general valuation roll-GVR2023.

I did not lodge the objection, what can I do to dispute the market value?

A customer may lodge a Section 78 Query with the Valuations department. The customer should provide enough information/evidence/supporting documents to assist the Municipal Valuer in the decision-making process.

A Section 78 Query form must be completed, and the supporting documents must be attached. A reference number must be provided when the query has been lodged.

The form may be requested from:

*Valuations administration department
66 Jorissen Place, 1st floor, East Wing
Email: valuationsenquiries@joburg.org.za*

The evidence submitted could be a valuation report from a registered professional valuer or comparable sales figures of similar type properties around the area, market conditions, etc. The query will be investigated, and property owner will be notified of the outcome. If the customer is not satisfied with the outcome of the Section 78 query municipal valuer decision, then the next step is to lodge a Section 78 review, and /or a subsequent objection to the supplementary valuation.

How will I be notified of the objection results?

The municipal valuer will assess the objection and provide the outcome, called the Municipal Valuer Decision (MVD) that is sent to the customer. This is done via a section 53 notice: Notice of outcome of objection.

What happens if an objection is not successful?

The client may exercise the right to appeal as prescribed. An appeal form must be completed, and the supporting documents must be attached. A reference number must be provided when the appeal has been lodged.

The form may be requested from:

*Valuations administration department
66 Jorissen Place, 1st floor, East Wing
Email: valuationsenquiries@joburg.org.za*

What if the Municipal Valuer changes the value by more than 10 percent?

Any change in the value by more than 10 percent (upwards or downwards) will automatically be forwarded for a review. The Section 53 Notice will indicate whether a compulsory Review is applicable. A compulsory review by the Valuation Appeal Board (VAB) will apply in terms of Section 52. The Appeal Board will review and either confirm, amend or revoke the decision of the Municipal Valuer. It is therefore very important that property owners read the Section 53 Notice that reflects the outcome of the objection and to appeal if such change occurred.

Who deals with appeals?

All appeals are dealt with by a Valuation Appeal Board (VAB) which is an independent body appointed by the MEC for local government under Section 56 MPRA. The VAB will consist of a chairperson with legal qualifications and sufficient experience in the administration of justice. The remaining members will be made up of not fewer than two and not more than four other members with sufficient knowledge of, or experience in, the valuation of property. At least one must be a professional valuer registered in terms of the Property Valuers Profession Act 47 of 2000. The City has appointed 3 appeal boards to try to enhance the process due to the number of appeals outstanding.

Can I stop paying the rates account/ municipal bill while waiting for the any of the legal valuation processes to be finalised on my property (i.e. outcome of objection / query / review / appeal hearing) ?

No. All property owners are liable to pay the monthly account. If any changes occur to the property category and/or value, the account will be adjusted accordingly.

Can I object to property rates payment amount?

A property owner cannot object to the property rates. Dissatisfaction with the amount of rates does not constitute an objection.

Why does the Municipal market value differ from the estate agents value?

The date of valuation refers to the date at which property values are determined and is fixed for the purpose of the GVR. The current rolls date of valuation is: 1 July 2022. Estate agents determine the value of a property as at today's market which might differ significantly from the market as at 1st July 2022.

Do City Valuers visit properties physically when valuing properties?

- In terms of Section 45 of the MPRA, the physical inspection of properties to be valued is optional and other valuation techniques may be used such as:
 1. Aerial photography;
 2. Computer assisted mass appraisal systems or techniques; and
 3. Property banding
- As this is a mass valuation, the Municipal Valuer uses a computer aided mass appraisal (CAMA) system to determine the values of all properties. This is based on statistical analysis and geographical information systems (GIS), and therefore requires reliable and accurate data, as per the MPRA.
- For residential property, obtaining access to all properties is not possible, and as such, the Municipal Valuer makes use of advanced technology that allows the collection of data. This includes the use of building plans and Pictometry, which is state of the art 3D aerial photography that allows the valuers to see the properties from all angles and be able to measure the extents and heights of the buildings, as well as other information relating to quality, condition and other improvements. This is augmented by the use of street level video footage which is collected by driving down each street and recording the street frontages. This method is acceptable in terms of the MPRA and endorsed by the International Association of Assessing Officers (IAAO), the international body that sets standards to mass appraisal. However, in cases where the aerial photography and other imagery is not useable, usually in the case where properties have a lot of foliage, or high security walls, then physical inspection of the site is undertaken. The data collection process is independently reviewed for quality assurance purposes to ensure the data collectors are consistent in their approach and that the data they record is correct for the subject property.
- For non-residential properties, field visits are undertaken to obtain data such as the property use, rentals, and financial records of businesses.

What determines the tariff for Rating?

The zoning of the property, defined as land use rights, (what the property can be legally used for as per the applicable Town Planning Scheme) determines the category of property, which in turn specifies the property rates tariff.

For example:

A residential property that is used for residential purposes, will in most instances have a zoning of "Residential 1". A business property that is used for business purposes will in most instances have a zoning of "Business 1, 2, 3, etc." depending on the Town Planning Scheme.

The category of property is allocated a ratio which the tariff can be calculated to. The tariffs are determined during the annual budgeting process of a municipality.

How does the City calculate Rates and Taxes?

Following the determination of the market value by Valuations, the Rates and Taxes department can calculate the rates and taxes for each property.

For example:

The property category is 'Residential'

Method

Residential Calculation

Step one:

Market Value minus R300 000 (the residential threshold)
equals to the Market Value that the rates will be calculated for

Step two:

multiply the market value by the tariff for the applicable category (cent in the rand)
which will equal to the annual rates payable

Step three:

divide (the annual rates amount) by 12 months
which will equal to the monthly rates payable

Category of property	: Residential
Market Value	: R700 000

1) $700\ 000 - 300\ 000$ (residential threshold)
=R400 000

2) $400\ 000 \times 0.008791$
=3516.40 (Annual property rates)

3) $3516.40 / 12$
=R293.03 (Monthly property rates)

The City will not levy a rate on the first value up to R300 000.00 on the market value as per the valuation roll of residential properties. Kindly note that for other categories of properties the first R300 000.00 is not exempted. Rates will, therefore, be calculated on the same value for the four-year period, unless changes have been made that may affect the property's value.

I am a residential property owner, but I am billed on a business tariff, what must I do to correct the rating from business to residential tariff?

If you are a property owner including sectional title owner, billed on a business tariff, you can apply at the customer service centres to be charged at residential rates, provided that the property in question is exclusively used for residential purposes. The application must be done on the prescribed application form which must be certified by a Commissioner of oaths. The residential tariff will be effected after approval as from the date of application. The category will not change on the property or the statement, however the statement will reflect the 'residential tariff' and be billed as such.

I own a Public benefit Organisation, what must I do for my property, to be categorised as PBO?

A public benefit organisation (PBO) is a non-profit company (as set out in schedule 1 of the Companies Act) that has been established in South Africa. The organisation should exclusively carry out public benefit activities in a non-profit manner. To be considered as a PBO, the organisation should be a public benefit organisation that qualifies for a tax exemption as contemplated by part 1 of the ninth schedule of the Income Tax Act.

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

- 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).
- The organisation should be providing a specified public benefit activity as set out in terms of Section 30 of the Income Tax Act.
- The property must be registered in the name of the non-profit organisation.
- The PBO shall apply to the City's Social Development department to be recognised as such. The Social Development department is situated at:
18 Jorissen Street (Traduna house), 14th floor, Braamfontein, Johannesburg.
The Social Development department of the City will assess the PBO in line with its requirements and recommend. The recommended PBO shall provide the Social Development department with 3 year audited financial statements for assessment.

My neighbour is using his property illegally, what can I do to report illegal usage?

The City will charge the property owner a penalty referred to as 'unauthorised use' on those properties that are found to be used illegally. This penalty will be billed on the rates account. It is six times more than the residential tariff for rates. An unauthorised use occurs when the property is not being used in accordance with the current zoning.

For example:

A property is zoned Residential 1 and it is being used for a motor vehicle repair workshop without the approval from the City (this includes amongst others, residential properties used for business purposes), then the penalty will be applied on the account.

The Department of Development Planning encourages residents to report suspected contraventions, including: zoning, illegal land use, additions, alterations, building developments, building signage and outdoor advertising to the Planning Law Enforcement Unit on Email: complaintsple@joburg.org.za

Furthermore, illegal buildings and illegal land uses can be reported to local regional officers in all seven regions (A-G).

What gives the City the right to impose unauthorised usage?

The City's Rates Policy give the City the right to impose unauthorised usage, which deals with those categories of properties that are used for a purpose not permitted by the zoning thereof; abandoned properties and properties used in contravention of the City's By-Laws and Regulations.

Do religious properties pay rates and taxes?

Property that is registered in the name of a religious organisation and used primarily as a place of public worship by a religious community may request to be exempted from paying rates. A section 78 query must be lodged with the valuations department and supporting evidence/documents must be attached. The valuer will investigate and provide a decision.

- The official residence registered in the name of the religious organisation which is occupied by the office bearer of that community who officiates services at the place of worship may also be exempted from paying rates.
- The religious property category excludes other dwellings that are used for educational instruction in which secular or religious education is the primary instructive medium.
- Other dwellings or structures within the same property, even though they are registered in the name of the religious organisation but are not used for public worship will be charged at a rate according to the permitted use.

Can I apply for a rates rebate?

Property owners who are dependent on a pension or a social grant for their livelihoods, can apply for rates rebates. The rebates are outlined in the Rates Policy 2023/2024.

Please view the information on:

- City of Joburg website: www.joburg.org.za
- E-mail: ratescomments@joburg.org.za
- Enquire at the customer service centres

When I apply for a pensioner rebate, can I stop paying the monthly rates bill?

It is important for all applicants to continue paying the municipal bill until the application is successful. Submitting an application does not mean that the rebate is automatically approved. The application goes for verification and processing. Only once the application is approved and granted, then it will reflect on the municipal bill and then the property owner will start paying on either a reduced rate or not pay any rates at all due to the rebate granted. Thereafter, the account will be adjusted accordingly.



**City of Johannesburg
Property Branch**

**66 Jorissen Street
Jorissen Place
Braamfontein**

Tel: 0860 56 2874

Email: ratescomments@joburg.org.za

Website: www.joburg.org.za

