

**Francophone Southern Africa Appendix 3:
South Africa**

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	threshold amount which is currently R3.5 million
Capital Gains Tax	Introduced in October 2001 and forms part of the income tax system and is based on capital gains made on the disposal of assets.
VAT	14% levied on some transactions

<i>Annual Property Tax</i>		
Relevant Legislation: Local Government: Municipal Property Rates Act (Act No. 6 of 2004) (hereinafter the MPRA)		
	<i>Legislation</i>	<i>Practice</i>
<i>Tax Base & Taxpayer</i>		
Tax base	Market value of land plus improvement	
Coverage of tax base	All rateable properties within area of jurisdiction of municipalities	
Taxpayer	Owners (or occupiers) of immovable property	The definition of “owner” includes certain persons who are not strictly speaking owners – e.g. tenants of municipal property.
<i>Valuation & Assessment</i>		
Valuation	Market Value	
Responsibility for valuations	Municipalities to designate so-called “municipal valuers” who must be registered valuers or associate valuers.	In-house valuers for large municipalities; smaller municipalities contract to private firms through an open bidding process
Valuation cycle	4 years with a possible one year extension (i.e. maximum of 5 years).	Few municipalities are over extended.
Objection & appeal	Valuation Appeal Board	
Quality control measures	Minister in charge of Local Government	
<i>Rate Setting and Tax Relief</i>		
Tax rates	Municipalities set their rates but Minister in charge of local government can set an upper limit on the percentage by which rates on properties or a rate on specific category of properties may be increased. Uniform rate in respect of residential properties within a specific municipality.	
Exemptions	Few, such as places of public worship; land reform beneficiaries for a period of 10 years from acquisition.	
Tax relief measures	On the basis of age, physical or mental disability and or income	
<i>Tax Administration</i>		
Billing	Received by ordinary mail. However, a person is liable for payment of a rate whether or not that person has received a written account	
Collection	Monthly payment	Annual payment may be agreed upon between municipality and owner of property

Enforcement	Interest on arrears Clearance certificate for a transfer of ownership Seizure and public sale after 3 years	The enforcement mechanisms are found in the Local Government: Municipal Systems Act 32 of 2000 (Chapter 9).
<i>Additional Comments</i>		
Importance of property tax	Approximately 20% of own revenues for municipalities and by far the most important tax levied locally.	