**CASE STUDY PROPERTY TAX**

**ABC MUNICIPALITY**

You are the CFO responsible for the determination of the rates to be charged on rated property on your Municipal Valuation Roll.

The following is Policy decisions by your Municipality

1. All pensioners should receive a rebate of 25%
2. Tourism - Hotels will also receive 25% rebate (This is to promote Tourism in your Municipality, because of Tourism Opportunities that could create more employment for your unemployed citizens)
3. All residential property with a value of R 20 000 is regarded as Indigent households and will be exempted from property Tax.

An additional reduction of R 35 000 for Residential property has been granted

The Summary of your Valuation roll reveals the following

|  |  |  |
| --- | --- | --- |
| **Land Use & Category of Property Owners** | **Number Of Property** | **Total Land Value**  **R** |
| Agricultural | 2200 | 4,855,000.00 |
| Business | 3400 | 363,483,900.00 |
| Industrial | 500 | 135,456,100.00 |
| Residential | 9600 | 708,562,000.00 |
| Vacant Land | 300 | 70,186,000.00 |
| Business/Hotel | 1 | 372,000.00 |
| Public Roads | 5 | 38,287,000.00 |
| Church | 11 | 17,863,000.00 |
| Municipal Exempt | 25 | 31,639,229.00 |

**Further information:**

There are 400 Pensioners in town with a total property value of R 103,200,000.00

There are 200 Residential properties with a total value of R 150 000 000,00 that should be regarded as Indigent.

The regulations required that Agricultural, and Public Roads rates should be 25% of the Residential tariff with a ratio of 1:.25

The Municipality has decided that Vacant land should be 400% of Residential with a ratio of 1:4, the reason being that owners should be encouraged to develop.

Business has a ratio of 1:2.5 and Industrial 1:3 this higher rate ratio’s are as result of the incidence of rating.

All Churches are exempted from property tax.

The municipality has a current payment rate (Cash Received/Billing) of 65%

The budgeted revenue for Property Tax is R 13,062,950.00

Calculate the Rates for each Category of Property owner.

[Property Tax Case Study Nov 16.xlsx](Property%20Tax%20Case%20Study%20Nov%2016.xlsx)