

HBGS Comments on the 2025/2026 Rates Tariffs and Policies Proposed by the City of Johannesburg: Part 1

“Animals v Humans”

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INTRODUCTION

The City of Johannesburg Metropolitan Municipality (“the City”) has released its Draft Budget, including all of its draft policies and tariffs, for the 2025/2026 financial year, for review and comment. After public comments are in, the documents go back to the city council for approval. If passed, either in their draft or an amended form, they will come into effect from 1 July 2025 and be applicable for the duration of the 2025/2026 financial year, which runs from 1 July 2025 to 30 June 2026.

HBGS takes a special interest each year in the City’s rates policies, tariffs and budget, as a result of its ongoing involvement in several important court cases aimed at mitigating and preventing abuse of citizens by the City in relation to rates charges.

One of the very important documents involved in the charging of rates is the City’s rates policy. This crucial document outlines the framework for how the City will levy rates on properties within its jurisdiction, a dominant source of its revenue. The rates policy aims to explain the City’s approach to property rating, including the different categories of properties, the criteria for setting rates, and the various exemptions, reductions, and rebates available to specified property owners and categories. What follows is our comment on the drafts available for public comment for the 2025/2026 financial year as at 22 April 2025.

For the 2025/2026 financial year it appears that the City values or feels that it ought to provide larger rates benefits (rebates) to animal charities than it does to human charities. The authors of this article question this wisdom and would offer the constructive criticism that the City may have made an error in this regard. If the City confirms that this is not an error, HBGS opines that the City ought not to be offering more significant rates

rebates to animal over human charities for the obvious reason that it ought to be self-evident to the City that human charities ought to be valued at and offered more (or at the very least, the same amount of) financial assistance than animal charities in any particular financial year.

ANIMAL CHARITIES

For the forthcoming financial year (2025/2026) the City implemented a differentiated approach to property rate relief for animal charities and Public Benefit Organisations (PBOs) that serve human needs, potentially resulting in a more significant financial advantage for animal charities. According to the 2025/26 draft Rates Policy, properties used exclusively for the protection of animals may be granted a rebate of up to 100% of the applicable property rate.

However, this advantageous rebate is dependent on the organisation meeting several conditions. To receive a rebate of up to 100% on property rates, animal charities in the must meet the following criteria:

- The institution or organisation must have the exclusive objective of animal protection;
- The property must be used for the protection of animals. Proof of the actual use of the property must be submitted to the City;
- Details of any lease or use of the property by any other person or entity must be provided, including the duration of use and any costs recovered or recoverable;
- The City may require additional information to determine the use of the property, such as a copy of the organisation’s memorandum of incorporation or other founding documents, and financial statements or management accounts;
- The membership of the institution or organisation must be open to previously disadvantaged persons;
- The institution or organisation must be actively involved in outreach programmes for previously disadvantaged communities;
- The City must be satisfied that the institution or organisation is not entitled to or approved for any other exemptions, reductions, or rebates in terms of

the Rates Policy or the Municipal Property Rates Act (MPRA).

- The rebate of up to 100% is subject to a determination by the City that the institution or organisation is unable to pay the property rates.

The grant of the rebate lapses at the end of the City's financial year in which it was granted, which requires the charity to reapply each and every year for its "animal charity" rebate in advance for the forthcoming year. As rebates of this nature are usually not granted retrospectively (meaning they are usually come into effect after they are approved, and because there is often a delay in time between the start of the financial year and the date of approval, all organisations looking to apply for this type of rebate ought to apply as soon as possible (even before the start of the financial year) for this rebate to minimize the amount of time in the upcoming financial year that their rebate will not "kick in" for.

PUBLIC BENEFIT ORGANISATIONS (THAT BENEFIT HUMAN BEINGS)

In contrast, properties owned by Public Benefit Organisations (known as "PBOs") and utilised for specified public benefit activities in areas such as welfare and humanitarian aid, healthcare, and development are rated at a ratio of 1:0.25 to the residential rate in the PBO category. This means that these PBOs (if approved by the City!)* pay rates equivalent to 25% of the residential rate. The proposed rates tariff for this category for the 2025/2026 financial year is listed as 0.0023871. This represents a 4.6% increase from the 2024/2025 tariff of 0.002282. In short, the available "discount" or "financial relief" available to human charities in terms of the PBO category, represents a discount of 75% of the organisation's rates (when compared to residential rates). But this form of financial relief can never equate to 100% of the organisation's rates (as is available to animal charities).

To receive rates relief with a 1:0.25 ratio (paying one-quarter of the residential rates), PBOs in the City must meet specific requirements.

- Firstly, the organisation must be a "Public Benefit Organisation" as defined in Section 30(1) of the Income Tax Act, No 58 of 1962 (as amended), specifically referring to the categories of item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development).
- Secondly, for a property to be *recognised as a PBO property for rates purposes, proof must be submitted to the satisfaction of the City regarding the following:
 - The actual use of the property
 - Any lease or use of the property by any person or entity other than the Organisation

- Any short term or long-term rental of the property, including the duration of use and any costs recovered or recoverable for such use
- Any other information that the City may consider relevant to the determination of the use of such property, which may include:
 - An exemption letter from SARS confirming registration as a PBO
 - A valid tax clearance certificate or confirmation of tax compliance status
 - A copy of the organisation's memorandum of incorporation or other founding documents
 - Financial statements or management accounts
- Thirdly, the City must be satisfied that the PBO conducts a "specified public benefit activity" listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of Part 1 of the Ninth Schedule to the Income Tax Act.
- Fourthly, the City must be satisfied that the property is owned and in fact used by such organisation for those specified public benefit activities.

Recognition as a PBO property may be granted for the whole or a portion of a property owned by a PBO. This recognition lapses at the end of the financial year of the City in which such recognition was granted. The owner must complete an application form and attach the specified documents. The application will remain valid for the duration of the valuation roll, and the rebate will be granted from the date of application, with no retrospective rebates.

As explained above, due to the time delay in the City's approval of applications, it is recommended that any organisation wanting to apply for this rebate apply as soon as possible, even before the beginning of the financial year, for the rebate, to minimize the number of months that the organisation is not awarded the rebate for.

OWNERS REBATE FOR PEOPLE WITH DISABILITY

Property owners with permanent disabilities may be eligible for a rebate on their municipal rates, provided they meet specific criteria designed to offer financial relief. To qualify, firstly, the residential property must consist of only one dwelling; if there are multiple dwellings on the property that could be rented out, the owner will not be eligible. Secondly, the owner must be permanently disabled and must not be older than 59 years of age. Furthermore, the owner is required to both own and occupy the property. The property must have a market value of R1.5 million or less million (inclusive of the residential threshold value), meaning any value exceeding this threshold will be subject to standard rates.

The application process requires the owner to visit a Customer Service Centre and complete a prescribed form issued by the Council, with a reference number attached to the application form for approval of a rebate by the Property Branch. Several documents must be submitted to support the application which include:

- Medial proof confirming the owner's disability,
- Proof of income, and
- If married—the spouse's proof of income.

The rebate remains valid for a maximum duration of the Valuation Roll, typically four to five years, after which renewal is required. If the beneficiary's financial circumstances change during this period, they must notify the Council in writing, as this may impact their rebate status.

Importantly, the rebate takes effect from the date of application, meaning past payments cannot be refunded. Property owners must also renew their application before the start of a new Valuation Roll to ensure continued financial assistance. By implementing this initiative, local authorities aim to support disabled homeowners, helping them manage the costs associated with property ownership while accommodating their unique financial situations.

CONCLUSION

As explained above, there are various rebates available to qualifying organisations and citizens to help ease the burden of property related charges, but these rebates need to be applied for, and the City needs to “approve” qualifying taxpayers. The approval process takes time, and applicants are encouraged to apply early to avoid being approved half way through (or even later) in a financial year and losing the benefit of their rebates for part of the time that those rebates ordinarily would have (had the City approved the rebate sooner) applied for.

There is thus a very real financial benefit available to those who apply on time, through the correct channels, submitting the correct documents, and who are able to follow up with the City sufficiently to move the approval process along. Any person or organisation requiring professional assistance with the application process for any of the above rebates, can contact the Public Law Department at public@hbgschindlers.com for more information on the services they offer in this field.

The City's policy also appears, this year, to place more emphasis or value on providing animal charities with financial assistance when it comes to rates than it does in relation to human-focused charities (namely PBO's). If this is intentional, the authors regard this policy decision as amounting to potentially unfair and unlawful discrimination, and a violation of the rights of the poor and marginalized who rely on human-focused

violation of the rights of the poor and marginalized who rely on human-focused PBO charities to survive, of their inherent rights to human dignity and equality as entrenched in the Bill of Rights in Constitution. For the sake of clarity, HBGS is not of the opinion that animals and animal charities are not deserving of rates rebates or other forms of financial relief from the City – we are only of the view that the level of assistance given to human-focused PBO's ought to at the very least be the same as, or more, than the amount provided to animal charities as a matter of dignity and equality for those who benefit from the human PBO charities affected.



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