

ABSTRACT

Property taxation as a means of revenue with which to assist municipalities in their local government commitments has been a method of sustainable financial income since the 17th century. South Africa updated its property taxation after the ANC Government came into power in 1994 with the Municipal Property Rates Act 6 of 2004. The act is formulated to levy property rates on all properties with the view to support local governments in their budgets and financial expenditures. The method of assessing the property taxation is stipulated in Section 45 and 46, and also in Section 16.

According to Section 45 property values are assessed by means of Computer-Assisted Mass Appraisal Systems (CAMA), which are specifically designed for mass assessments of properties with similar characteristics and within the same location. The CAMA supported Section 45 (3)(b) by including “predetermined bands of property values and the designation of properties to one of those bands on the basis of minimal market-related data”. Section 46 defined market value as a value related to “open market by a willing seller to a willing buyer” at the time of the sale. Section 16 permitted the Minister of Finance to increase property rates after property assessments have been done in order to meet budget shortfalls. This can be done annually or when it is required by the local municipality/council.

The present Municipal Property Rates Act, particularly the above-mentioned sections, did not make allowance for the accommodation of unique property developments such as Midstream Estate.

This research examines the Municipal Property Rates Act to find out whether Midstream Estate and similar locations have sufficient reason to request that the

present system be amended to address their concerns. A study of relevant literature on the South African property tax assessment system supported the study of the Act.

A field study was done to contest the Municipal Property Rates Act. The following keywords were used in the field study: *need to participate; owner's satisfaction; self-assessment; owner's objection.*

The study confirmed that the present system was inadequate to assess the unique properties situated in Midstream Estate and that there existed a need for the property owners to participate in their own property assessment process.

The research was performed in Midstream Estate by way of a field survey questionnaire that was conducted randomly, on a personal basis. Responses and feedback were analysed by means of quantitative description. The results of the field survey proved the hypothesis of this study.