

Rates & Taxes



Municipality of Walvis Bay
Private Bag 5017, Walvis Bay

Public Relations

Tel: (064) 201 3317

Fax: (064) 205 590

E-mail: pr@walvisbaycc.org.na

Website: www.walvisbaycc.org.na

Why do I pay rates & taxes?

The Municipality is responsible for providing basic services to everyone living inside its jurisdiction. These services include water, refuse removal and sewerage and other services such as roads, traffic control, public parks, cemeteries, swimming pools, etc. In order to provide these services, the Municipality charges residents rates on property.

Property rates are paid by owners of all kinds of real property, including commercial, industrial, residential, agricultural and government property.

How are the rates calculated?

The municipal value of your property is determined by an independent valuer, registered at the institution for professional valuers. This is prescribed by the Local Authorities Act to ensure that all properties are valued fairly and objectively. Professional valuers conduct valuations on all land including improvements.

The municipal value of your property is calculated by considering the market value of property – the price you would realistically get for a property in the open market, between a willing buyer and a willing seller. This ensures that the value of your property at which rates and taxes are calculated, is in line with similar properties in terms of size and quality, and the same or similar environment.

It also ensures that the ratio's between different "classes" of houses are fairly representative of the market values of such houses. With the same tariff applied to the different values, each owner can rest assured that his/her tax contribution is fair compared to all other owners in town.

Once your property has been assessed, you can examine your assessment and appeal against it if you feel that it is unreasonable. Your municipal account shows the current property value and rate for the year.

Using this value as a base, a comparative value of all properties in a neighbourhood can be calculated. This assessed value is called the municipal value and is used by the Municipality for the levying of property rates.

Your property rates are calculated by multiplying the applicable rate with property and improvement values of your property. Property rates are set, collected, and used locally. This means that the charges differ from area to area and that the money collected is spent in your municipal area.

Different rates are levied against different categories of property. Properties are grouped in categories based on zoning; for example, domestic properties and sectional title properties are generally residential, factories and warehouses are business, and schools are education. Churches normally do not pay rates, provided they apply for exemption.

The calculation is as follows:

$$\begin{aligned} & (\text{Rate} \times \text{Property Value } p/a) \\ & + (\text{Rate} \times \text{Improvement Value } p/a) \\ & \text{(Total property tax } p/a) \end{aligned}$$

$$\text{Monthly} = (\text{Total Property Tax } p/a) \div 12$$

Residential Example:

	Prop. Value	Improv. Value
Property Values	22000	251000
Rate	0.045742	0.002578
Per Annum	1006.32	647.08
Per Month	83.86	53.92
		Total 137.78

$$\begin{aligned} & [(\text{Prop.} \times \text{Rate}) + (\text{Improv.} \times \text{Rate})] \div 12 = \text{Monthly Property Tax} \\ & [(22000 \times 0.045742) + (22000 \times 0.045742)] \div 12 = \text{N\$}137.78 \end{aligned}$$

Business Example:

	Prop. Value	Improv. Value
Property Values	38000	592000
Rate	0.050316	0.002578
Per Annum	1912.01	1526.18
Per Month	159.33	127.18
		Total 286.51

$$[(38000 \times 0.050316) + (592000 \times 0.002578)] \div 12 = \text{N\$}286.51$$

What is penalty tax on property?

The tax was introduced in 2003 as prescribed by the Local Authorities Amendment Act, 2000 (Act No 24 of 2000) in an effort to encourage property owners to develop their erven. This tax is not optional and must be levied by the municipality in accordance with the law.

Penalty tax is paid on undeveloped erven if the property has not been developed (construction of buildings etc) within a specified period. Newly purchased land (when the owner has received the title deed) must be developed within two years, after which penalty tax will be charged.

In the case of developers, the date of commencement of the penalty taxes is two years from the date of transfer from the Municipality, while in the case of farmland it is two years from the date of transfer from the township owner (i.e. the developer) to the new owner.

How is penalty tax calculated?

Penalty rates have been applied since 2003. In terms of Section 76A of the Local Authorities Amendment Act, 2000 (Act No 24 of 2000) the penalty rates are levied as follows:

At two (2) times the current land (property) rate payable to a local authority for the first two years that the property remained undeveloped since December 2000.

A penalty rate of four (4) times the land rate applies if the property remains undeveloped for a period of five (5) years since December 2000.

The land owner is obliged to pay the normal rate plus the penalty as calculated either by (1) or (2) on that amount until the property is fully developed.

The penalty rate falls away once a property is fully developed and a new rate is calculated based on the valuation of the buildings developed on the property.

Walling or fencing a property does not constitute development for the purposes of avoiding penalty

rates, and the sale of an undeveloped property does not exempt the new owner from paying the penalty rates, if applicable.

The penalty rate does not influence the "improvement rate" payable as per the sales agreement of land purchased directly from the Municipality of Walvis Bay. The improvement rate is levied separately over and above the penalty rate and the normal rate. Using the previous example for residential property tax:

After two (2) years:

Property Tax + (Property Tax \times 2) = Total Tax
N\$137.78 + (N\$137.78 \times 2) = N\$413.34

After five (5) years:

Property Tax + (Property Tax \times 4) = Penalty Tax
N\$137.78 + (N\$137.78 \times 4) = N\$688.90

What is the Building Clause?

The Penalty Tax on Property should not be confused with the Building Clause. The Building Clause forms part of the Deed of Sale/ Sales Agreement of each erf. Like the Penalty Tax, it is aimed at encouraging land owners to develop the land within a reasonable time.

Owners of undeveloped erven who pay building clause taxes, as determined by the deed of sale or sales agreement, pay the additional penalty tax on top of the building clause and monthly property taxes, once the two year grace period lapses. Thus:

Property tax + Building Clause + Penalty Tax

This ensures that the Municipality earns the normal taxes on the property as if a building worth a certain amount was built on the erf.

Contacts

For further information, property owners can contact:

Manager: Revenue and Credit Control
(064) 201 3293