

SECTION 4: REVENUE

4.1 Revenue Sources

Revenues available to Local-level Governments consist of **grants** provided by the National Government and **revenues raised internally** by the Local-level Governments under the *Organic Law*.

4.2 Revenue from Grants

Grants are funds provided with conditions or without conditions by the National Government to the Provincial and Local-level Governments in accordance with approved annual budget. The Department responsible for financial management will make the following grant transfers in accordance with Section 91 of the *Organic Law*, which provides for four (4) Types of Provincial and Local-level Governments Grants. These grant types are listed below:

- 1 Administrative Support Grant (Section 92)
- 2 Development Grants (Section 93)
- 3 Town and Urban Services Grants (Section 94)
- 4 Economic Grants (Section 97)

The above grants are guaranteed annually to the Local-level Government and thus form a sure source of revenue for the Local-level Government.

A Local-level Government may in the form of a conditional complementary support grant, receive from the National Government additional revenue in accordance with Sections 95 and 96 of the *Organic Law*. This support grant is, however, not guaranteed as is the above four types.

Based on the Local-level Government's cash flow statement submitted to Budgets Division in the Department of Treasury for the purpose, and subject to the availability of funds, these grants are released to the Local-level Government in monthly cash instalments.

It is important that these grants when received in cash, are first recognised as revenue in the accounting records kept by the Provincial/District Treasury on behalf of the Local-level Government.

4.3 Internal Revenue

Sections 87, 88 and 89 of the *Organic Law* provide for revenues that Local-level Governments have the power to raise and collect in taxes, fees, court fees, fines, other taxes and charges. The possible revenue sources comprise the following:

Section 87: Taxes and Fees

- (a) community services taxes, fees and charges
- (b) taxes on public entertainment proceeds for which admission is charged and on places kept for the purposes of such entertainment.
- (c) Fees for licenses for general trading
- (d) Domestic animal license fees
- (e) Corporation and personal head tax
- (f) Tax or fees by virtue of a delegation from the National or Provincial Government

Section 88: Court Fees and Fines

Court Fees and Fines are paid to the Local-level Government for any offence against laws properly enacted by Local-level Governments in accordance with the *Organic Law*.

Section 89: Other Taxes and Charges

Other taxes, fees or charges, including housing rents and utility charges, imposed by a Local-level law under the *Organic Law* upon prior written approval by the Commissioner General of Internal Revenue.

Note: *(For collection procedures and Collectors' or Receivers' records, see cash office procedures)*

Once received and/or collected, the grants and internally raised revenues become available resources (*funds*) for spending by the Local-level Government.

Note: *(For handling of trust receipts and payments, see cash office procedures)*