

PRACTICE DIRECTIVE NO: 1 OF 2017

ON THE

PAYMENT OF LEVIES AND FEES IN TERMS OF COMMUNITY SCHEMES OMBUD SERVICE

COMMUNITY SCHEMES OMBUD SERVICE ACT, 2011 (ACT NO. 9 OF 2011) AND THE REGULATIONS

1. Introduction

This Practice Directive is issued in terms of section 36 of the Community Schemes Ombud Service Act, 2011 (Act No 9 of 2011).

2. Definitions

In this Practice Directive, any word or expression to which a meaning has been assigned by the Community Schemes Ombud Service Act and its Regulations and the Sectional Titles Schemes Management Act and its Regulations, shall bear the same meaning assigned to it in the aforementioned Acts and Regulations, and unless the context indicates otherwise: —

TERM	DEFINITION
"CSOS Levy"	means levy payable to CSOS calculated as prescribed in terms of the Community Schemes Ombud Services Regulations: Levies and Fees, 2016;
"Fee"	means the prescribed fee payable for either Conciliation or Adjudication;
"Regulations"	means the Community Schemes Ombud Service Regulation, 2016 and the Community Schemes Ombud Service Regulation: Levies and Fees, 2016;
"Scheme Levy"	Means a levy payable by an owner to the community scheme as a contribution towards the administrative fund of the scheme.

TPM



3. Objective of the Practice Directive

The objective of the Practice Directive is to provide operational guidelines to the Community Schemes (hereinafter referred to as "Scheme"), on the process to be followed for the payment of levies and fees. The Practice Directive give more information about the implementation of the Community Schemes Ombud Service Act (CSOS Act) and the Regulations and does not replace, overrides or supersedes the CSOS Act and the Regulations.

4. Scope of Application

The Practice Directive applies to all Community Schemes, Managing Agents and the CSOS.

5. General

- 5.1 When making a payment, all Schemes must adhere to the payment procedure stipulated in this practice directive to ensure accurate allocation of payment received.
- 5.2 It remains the full responsibility of the Schemes to ensure that payment is received by the CSOS on time in order to avoid any penalties and/or interest being charged.
- 5.3 The CSOS is listed as a Public Recipient with FNB, Capitec. The registration as Public Recipient with ABSA, Standard Bank, Nedbank and Investec is being finalised and would be done on or before 30 April 2017. The schemes that are banking with ABSA, Standard Bank, Nedbank or Investec should submit a request for the bank account to Mr Nathi Dube by email to nathi.dube@csos.org.za . If there is a scheme banking with a banking institution not mentioned above, please forward the details of the bank to Mr Nathi Dube to the email mentioned above.
- 5.4 Payment processes differ from one Bank to another, more particularly the capturing of the registration /reference number. We have attached the payment procedure for each Bank as Annexure "A".
- 5.5 Payment should be done through Electronic Funds Transfer (EFT or Internet Banking) or ATM deposit. Only under circumstances where it is impossible to pay through EFT that payment can be done over-the-counter at the Bank.
- 5.6 Cash payment of levies or fees at the CSOS offices is not allowed.
- 5.7 When making payment it is imperative that the correct payment **reference number or scheme registration number** is quoted to ensure that payments are easily identified and correctly allocated to the schemes' account. The wrong referencing might result in the CSOS not being able to do the reconciliation and will cause delays in issuing statements. The schemes that have not yet being issued with a reference/registration number must contact Ms Rabuli at 010 593 0533, for the issuing of a reference/ registration number or send the list of the scheme to ndivhuo.rabuli@csos.org.za.
- 5.8 After the schemes have paid the levy, the schemes must e-mail proof of payment to levypayment@csos.org.za and a schedule detailing the amount paid by each unit. The reference number or schemes registration number must appear on all the documentation.



5.9 Proof of payments of fees for conciliation and adjudication must be emailed to the relevant CSOS Provincial Offices where the dispute was lodged, to the email indicated on the acknowledgement letter from the Provincial Ombud. Please inset the reference number indicated on the letter of acknowledgement in all payments.

6. Payment of the CSOS Levy

6.1 In terms of Section 22 of the Community Scheme Ombud Service Act, 2011 (CSOS Act), the funds of CSOS consist of the levies collected from Community Scheme with the approval of the Minister and fees for services rendered. The Minister prescribed the applicable levies under the Regulations on levies and Fees 2016. The Community Scheme has an obligation in terms of the CSOS Act and the Regulations to pay to CSOS, the prescribed levies at the rate set in the schedule of levies, payable by each unit.

6.2 The scheme monthly levy should consist of payment towards the administrative fund of the scheme.

6.3 The administrative fund is made up of the monies budgeted for by the scheme for that specific financial year for the maintenance of the common property, water, electricity consumed on common property, sewer and effluent, insurance, the salaries of scheme's employees, security and any other conceivable expenses related to the running and management of the scheme.

6.4 The Special levy and payments related to the maintenance of the exclusive use area are excluded from the calculation of the CSOS levy.

7. What constitutes a Unit

7.1 Units consist of a section and undivided share in the common property.

7.2 A section is a part to which the owner has title. This could be a flat or townhouse.

7.3 Within a Share Block Scheme, it is acknowledged that the members do not have ownership of the section but share in the use and enjoyment of the section jointly with other members, with such enjoyment calculated at a rate prescribed in the Use Agreement. A chalet/flat in the Share Block Scheme will constitute a section. As such the CSOS Levy will be calculated on the combined contribution towards section plus costs towards the maintenance of the common property (which combined makes a "Unit").

8. Payment of levies in a scheme within a scheme

8.1 If an owner pays a levy to a Sectional Titles Scheme and the Home Owners Association, the requirement is that the CSOS levy should be calculated separately by each scheme.

8.2 Initially, the CSOS had recommended that the levy for the Sectional Title and for the Home Owners Association must be combined to determine one CSOS Levy. However, there was caution from certain scheme management who indicated that that this would create accounting and administrative problems.

8.2.1 To address the issue, the CSOS is inviting comments from all schemes that will be affected by this arrangement for proposal on how payment with the combined schemes should be regulated. The proposal can be submitted to ndivhuo.rabuli@csos.org.za on or before the 28 April 2017.

8.2.2 In this regard, The CSOS is now directing that the levy should be calculated as indicated in clause 8.2 above until such time that the Chief Ombud has considered all submissions and published an amendment to the Practice Directive on the matter.

9. Invoicing and reconciliation statement

9.1 Most schemes have not submitted to the CSOS, the levy schedule or amount payable by each unit, which has resulted in the CSOS being unable to issue invoices to the schemes.

9.2 As a directive, all schemes must on the dates stipulated in this Practice Directive, make payment to CSOS by depositing the amount due to CSOS, into the CSOS bank account.

9.3 The CSOS will conduct a reconciliation of the payment based on the schedule submitted and issue a Statement to the schemes.

9.4 Non-receipt of Statement of levies nor the reference/registration from CSOS does not excuse the scheme from paying the levy on the due date.

10. Payment Intervals

10.1 Levies are payable to the CSOS on a quarterly basis on or before the dates mentioned hereunder:

- 31 March
- 31 June
- 31 September
- 31 December

10.1 For the schemes where payment of the Scheme Levy is done annually, they can opt to pay the annual CSOS Levy in advance on 31 March.

11. Non-Payment of Levies and fees

11.1 Non-payment of levies on the due date will attract interest calculated at a rate of 2% per month.

11.2 Non-payment of levies will constitute non-compliance to the Directive issued in terms of the Act and is a Criminal Offence in terms of Section 34 (1) (b) of the CSOS Act.

11.3 Non-payment of fees for Conciliation or Adjudication will result in CSOS closing the matter.

12 Debt collection

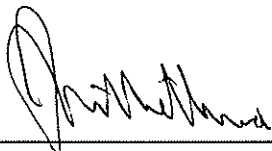
- 12.1 In terms of Regulation 11 (1) of the Community Scheme Ombud Service Regulations, 2016, “every community scheme must pay the levy referred to in the Community Schemes Ombud Service Regulation: Levies and Fees on quarterly basis”. The schemes have an obligation to pay to CSOS, the CSOS Levy irrespective of whether the unit owner has paid the Scheme Levy or not. In the event that, the unit owner has not paid, the scheme must use the normal debt collection mechanism to collect the levies from the defaulting unit owner.
- 12.2 Where the CSOS Levy has not been paid in full, the scheme must attach proof on the levy schedule that it has commenced with the debt collection against the defaulting unit owner.

13 Vat payment

CSOS is not registered as a VAT vendor and as such the CSOS Levy should not attract VAT.

14 Commencement of Directive

This Practice Directive 1 of 2017, will commence on date of signature hereof and will remain effective until amended, substituted, withdrawn or repealed.



THEMBA MTHETHWA
CHIEF OMBUD

DATE: 24/03/2017



Annexure "A"

Electronic payments (Internet banking)

Here are some easy-to-follow steps for when making EFT payment. Please take note of the different procedure applicable to each Bank, more particularly the use of reference/registration number

FIRST NATIONAL BANK (FNB)

Login to FNB Online Banking with your personal access details.

Click on the "Payments" tab.

Click on "Add Recipient" on the left of your page.

Click on "Public Recipient".

Type in "CSOS" and then click "go".

Select "CSOS" from the drop-down list and then "add".

Scroll to the bottom of the page and click "Add Recipient".

Do not forget to insert the registration number like: CSOS/Reg/year/province/000000.

For example: CSOS/Reg/16/KZN/000001

Confirm recipient by entering your one-time pin.

Return to your "Payments" page; the new recipient will show up with all other recipients.

CAPITEC

Login to Capitec Online Banking with your personal access details;

On Transact click on the "Payments" tab;

Click on "Add Recipient";

Click on "Capitec-Registered"

Select "CSOS" from the drop-down list and then "add".

Do not forget to insert the registration number like: CSOSRegyearprovince000000.

When transacting from the Capitec Bank, delete the strokes(/) that appears on your reference/registration number

For example: CSOSReg16KZN000001



The Procedure for the following Bank will be updated once CSOS has finalised the registration with the relevant Bank.

Standard Bank

ABSA

Nedbank

Investec

