

## PRACTICE DIRECTIVE

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No: 1

2018

### COMMUNITY SCHEMES OMBUD SERVICE

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

### AMENDMENT OF THE PRACTICE DIRECTIVE ON PAYMENT OF LEVIES AND FEES

I, the undersigned, Seeng Catherine Letele, acting in terms of section 36 of the Community Schemes Ombud Service Act, 2011 (Act No 9 of 2011), hereby publish an amendment to the Practice Directive 1 of 2017, on payment of levies and fees.



**CHIEF OMBUD**

**SEENG CATHERINE LETELE**

14/06/2018



## 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. *Words in italic denotes an amendment: —*

***“Administrative Fund”*** means the fund made up of monies that a community scheme has budgeted in that specific financial year for the expenses relevant for running and management of the community scheme and will include, but not limited to; 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 related expenses;

***“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.

## 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, ABSA and Standard Bank. The CSOS Bank Account number confirmation is attached hereto as Annexure "B".*
- 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.

## 6. Payment reference number

- 6.1 When making payment it is imperative that the correct payment **scheme registration number** is quoted as reference number to ensure that payments are easily identified and correctly allocated to the scheme 's account. The wrong referencing might result in the CSOS not being able to do the reconciliation and will cause delays in issuing receipt 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](mailto:ndivhuo.rabuli@csos.org.za).
- 6.2 After the schemes have paid the levy, the schemes must e-mail proof of payment to [levypayment@csos.org.za](mailto: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.
- 6.3 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.
- 6.4 *CSOS has noted that number of schemes have made payments using the **SS Number or Scheme Name as a reference number**. For the schemes that have used the SS Number, please submit the name of the scheme and the province so that you can be allocated the registration number to [receipts@csos.org.za](mailto:receipts@csos.org.za). For the schemes that have use the scheme name as reference number, please email the name of the Province where the scheme is situated, to the email above. CSOS will not be able to provide the affected schemes with receipts statements until such time the correct reference*

*number is used. Please do not forward any correspondence not related to the receipts statement or registration number to the above email. Emails not related to receipts statement or registration number will not be attended to.*

## **7. Payment of the CSOS Levy**

- 7.1 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.
- 7.2 The scheme monthly levy should consist of payment towards the administrative fund of the scheme.
- 7.3 The Special levy and payments related to the maintenance of the exclusive use area are excluded from the calculation of the CSOS levy.
- 7.4 *It has come to CSOS' attention that certain schemes are not including all payment items that would normally be part of the administrative fund levy in the calculation of the scheme levy. It must be noted that by doing so, the schemes are committing an act of dishonesty and CSOS will be entitled to take legal steps where necessary.*

## **8. What constitutes a Unit**

- 8.1 Units consist of a section and undivided share in the common property.
- 8.2 A section is a part to which the owner has title. This could be a flat or townhouse.
- 8.3 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").

## **9. Payment of levies in a scheme within a scheme**

- 9.1 *If unit owner of a Sectional Title is a member to a Home Owners Association (HOA), the CSOS Levy must be calculated on a levy payable to the Sectional Titles Scheme and a levy payable at HOA.*
- 9.2 *If the membership to the HOA is on a sectional title scheme level (scheme level) and not individual unit owners, then the CSOS levy is payable on an invoice issued by the HOA to the Sectional Title Scheme.*

## **10. Invoicing and receipt statement**

- 10.1 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.
- 10.2 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.
- 10.3 *The CSOS has commenced issuing Receipt Statement to the schemes. The first receipt statement will reflect all payment made a scheme from March 2017. Subsequent receipt statements will be issued on quarterly basis after each quarterly payment. CSOS may issue a reconciliation statement after quarter 4 payment and after consideration of the schemes' (Audited) Financial Statement. In the event of under payment, CSOS shall invoice the scheme for the amount owed. Such amount owed will attract interest at the rate of 2% per month.*
- 10.4 Non-receipt of Receipt Statement of levies nor the reference/registration from CSOS does not excuse the scheme from paying the levy on the due date.

## **11. Payment Intervals**

- 11.1 Levies are payable to the CSOS on a quarterly basis on or before the dates mentioned hereunder:
- 31 March - Quarter 1 (January, February and March)
  - 30 June – Quarter 2 (April, May and June)
  - 30 September – Quarter 3 (July, August and September)
  - 31 December – Quarter 4 (October, November and December)
- 11.2 *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.*
- 11.3 *In order to avoid any penalty, payment must be made to CSOS by the 7 of a month after the end of the quarter as follows:*
- Quarter 1 – 7 of April
  - Quarter 2– 7 of July
  - Quarter 3 – 7 of October
  - Quarter 4 – 7 of January
- 11.4 *Penalties as prescribed in the CSOS Regulations, will be imposed if payment is received after the date stipulated above.*

## **12. Non-Payment of Levies and fees**

- 12.1 Non-payment of levies on the due date will attract interest calculated at a rate of 2% per month.
- 12.2 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.

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

### 13 Debt collection

- 13.1 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.
- 13.2 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.
- 13.3 *In case of unit owner who have been exempted from paying the CSOS Levies as per the Directive on Waiver of fees and levies of 2017, the Scheme must, when submitting a levy schedule to CSOS, indicate that the unit owner is a SASSA Grant recipient or that the unit owner falls in a category of persons residing within Frail Care or Assisted Living / Mid Care Living, or that a person is receiving an income of less than R5 500.00. the provision of the Directive on Waiver of Fees and levies of 3 of 2017, must be adhered to.*

### 14 Vat payment

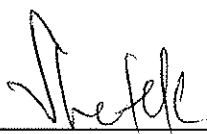
CSOS is not registered as a VAT vendor and as such the CSOS Levy should not attract VAT.

### 15 Change of CSOS Bank Account

***If CSOS make any changes to its Bank Account or details, a Practice Directive will be published with the notification. Please only use the Bank account as supplied by CSOS as attached to this Practice Directive. CSOS will never send an email notification to community schemes advising them that the Bank Account number has changed.***

### 16 Commencement of Practice Directive

This Practice Directive 1 of 2018, will commence on date of signature hereof and will remain effective until amended, substituted, withdrawn or repealed.



SEENG CATHERINE LETELE  
CHIEF OMBUD

DATE: 14/06/2018



## 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

<b>FIRST NATIONAL BANK (FNB)</b>
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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.

**If the bank does not accept the registration number as indicated above, delete the strokes(/) that appears on your reference/registration number.**

<b>CAPITEC</b>
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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.**

**If the bank does not accept the registration number as indicated above, delete the strokes(/) that appears on your reference/registration number.**

**For example: CSOSReg16KZN000001**

<b>Standard Bank</b>
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**Electronic payments (Internet banking)**

Create a beneficiary

Choose beneficiary type "Company".

Type in "Community Schemes Ombud Services"

Click on "Search".

Next screen: Select "Community Schemes Ombud Services".

Add CSOS Registration number as reference

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

**If the bank does not accept the registration number as indicated above, delete the strokes(/) that appears on your reference/registration number.**

**For example: CSOSReg16KZN000001**

ABSA
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**Electronic payments (Internet banking)**

Create a beneficiary

Choose beneficiary type "public recipient"

Click "Search".

Click or select "Community Schemes Ombud Services".

Enter CSOS Registration number as reference

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

**CSOS/REG/18/GP/000000**

**If the bank does not accept the registration number as indicated above, delete the strokes(/) that appears on your reference/registration number.**

**For example: CSOSReg16KZN000001**