



AMENDMENT OF THE PRACTICE DIRECTIVE ON PAYMENT OF LEVIES AND FEES



Revision history

This section records the change history of this document

Revision #	Date of Release	Author (s)	Summary of Changes
4.0		Ms. Johlene Wasserman	EXCO submission: 22 March 2022

Approvals

The undersigned have approved the release of version 4 of CSOS' Practice Directive on the Amendment of the Practice Directive on Payment of Levies and Fees.

Name	Designation	Signature	Date
Adv. Boyce Mkhize	Chief Ombud		26 May 2022
Ms. Phindile Mthethwa	Chairperson of the Board		25 May 2022

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

No. 4

2022

COMMUNITY SCHEME OMBUDSERVICE ACT, 2011 (ACT 9 OF 2011)

1. DEFINITIONS

- 1.1 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 shall bear the same meaning assigned to it in the aforementioned Acts and Regulations, and unless the context indicates otherwise.

Term	Definition
"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.
"CIPC"	means the Companies and Intellectual Property Commission.
"CSOS Levy"	means the levy payable to the Community Scheme Ombud Service (CSOS) quarterly, calculated by the CSOS levy calculator and depicts a maximum amount of the levy for a community scheme in each category.
"CSOS Collection"	Levy means levy contributions that are collected each month by the Community Schemes from their individual unit owners and paid over to the CSOS quarterly.
"Fees"	means the prescribed fee payable for access to scheme governance documentation in terms of the Promotion to Access to Information Act, No 2 of 2000 (PAIA).

"Interest"	means the interest rate payable as prescribed by the National Credit Act, No 35 of 2005 by community schemes who fail to pay their CSOS levies.
"Levy"	means contributions towards the administration fund of a community scheme, collected from all members of the community scheme in order to cover the common expenses and operating costs that the community scheme will encounter during a given financial year.
"Levy Calculator"	means the CSOS levy calculator to calculate the CSOS levies.
"Levy Formula"	means the CSOS levy that is calculated according to the following formula: The lesser of R 40.00 or 2% of the amount by which the monthly levy charged by the community scheme exceeds R 500.00.
"Mixed Use Developments"	means different types of properties combined in a single property.
"Quarterly payments"	means 4 quarters: Quarter 1 (1 April – 30 June) Q2 (1 July – 30 September) Q3 (1 October – 31 December), Q4 (1 January – 31 March)
"Registrar of Deeds"	means the entity that is responsible for the registration, management and maintenance of the property registry of South Africa.
Registration number"	means your CSOS allocated registration number.
"Regulations"	means the Community Schemes Ombud Service Regulation, 2016 and the Community Schemes Ombud Service Regulation: Levies and Fees, 2016.
"Stakeholders"	means affected parties in community schemes but not limited to property owners, managing agents, boards of trustees and directors, estate managers, executive managing agents, association for retired persons and committee members and generally every person (juristic or non-juristic) to whom the CSOS Act and its Regulations apply.

“Types of Community Schemes”

Sectional titles development schemes

means the separate ownership of a unit which is registered in the Deeds Office onto an owner's name. A unit consists of a section and an undivided share in the common property in relation to the participation quota. Sectional title development schemes can consist of residential, commercial or retail or a combination of this.

Share block companies

means an arrangement in terms of which a company takes transfer of or a long lease over land and buildings and then enters into use agreements with their shareholders. The Share Block Control Act, No 59 of 1980 regulates Share Block Companies.

Home or property owners' associations

means separate individual properties managed by a single association to which the owners of all the individual properties must belong. It may be either a non-profit company or a common law association. The Companies Act No 71 of 2008 regulates aspects of non-profit companies. There is no specific legislation for common law home and property owners' associations.

Housing schemes for retired persons

means an occupational rights or ownerships reserved for people and their spouses over the age of 50. It can be any type of community scheme including life rights. The legislation is the Housing Development Schemes for Retired Persons Act No 65 of 1988 and it protects the interests of retired persons.

Housing co-operatives

means an entity established by a number of people and operated on co-operatives principles to provide housing to its members. Housing co-operatives are established in terms of the Co-operatives Act No 14 of 2005.

2. OBJECTIVE OF THE PRACTICE DIRECTIVE

- 2.1 The objective of the Practice Directive is to provide operational guidelines to the Community Schemes (hereinafter referred to as “Schemes”), on the process to be followed for the payment of the CSOS levies and fees.

3. SCOPE OF APPLICATION

- 3.1 The Practice Directive applies to all stakeholders and the CSOS.

4. GENERAL

- 4.1 When making a payment to the CSOS, all Schemes must adhere to the payment procedure stipulated in this practice directive to ensure accurate allocation of payments received.
- 4.2 It remains the full responsibility of the Schemes to ensure that payment is received by the CSOS within 30 days of receiving the invoice or when the levy becomes due and payable to avoid any penalties and/or interest being charged.
- 4.3 All members of the Schemes (residents and owners) have a right and an obligation to ensure that their levies which they pay in respect of the CSOS, are duly paid over to the CSOS. This obligation includes Scheme Members enquiring and ascertaining at appropriate intervals with their Schemes Management that CSOS levies collected for and on their behalf, have been duly transmitted to the CSOS.
- 4.4 The CSOS is listed as a Public Recipient with FNB, Capitec, ABSA, Nedbank, Investec and Standard Bank, for purposes of making all CSOS related payments. The CSOS Bank Account number confirmation is attached hereto as Annexure "A".
- 4.5 Payment processes differ from one Bank to another, more particularly the capturing of the registration number. We have attached the payment procedure for each Bank as Annexure "B".

- 4.6 Payment should be done through Electronic Funds Transfer (EFT or Internet Banking) or ATM deposit or Ecommerce i.e., online credit card collections or credit push i.e. schemes register to have their obligation posted to their online banking profile. Only under circumstances where it is impossible to pay through EFT that payment can be done over the counter at the Bank, and additional charges may apply for cash deposits. The CSOS may bill a Scheme for additional bank charges indicated on the invoice.
- 4.7 Cash payment of levies or fees at the CSOS offices is strictly prohibited.

5. WHEN MAKING PAYMENTS

- 5.1 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.
- 5.2 The wrong referencing might result in the CSOS not being able to make the correct allocation / reconciliation and will cause delays in issuing receipt statements.
- 5.3 Schemes that have not yet been issued with a registration number, must contact the CSOS Registration Department on registration@csos.org.za for the issuing of a registration number.
- 5.4 The Scheme will receive a registration number which should be used, at all times, when effecting payment of the CSOS levy.
- 5.5 Please note that, effective from the date of this Directive, all community schemes registering with the CSOS will receive a registration number where the following characters will be omitted: **CSOS/**, meaning, the use of this registration number must henceforth be discontinued.

- 5.6 The registration number will therefore commence with **REG/YEAR/PROVINCE/6 DIGIT NUMBER**.
- 5.7 As an example, in the past the registration reference number would have been: **CSOS/REG/22/GP/123456**. However, going forward the registration reference number will be **REG/22/GP/123456**.
- 5.8 This change is due to the fact that the financial institutions are unable to assist with allocating levy payments made to the CSOS because of the current format being too long, resulting in unallocated payments in the CSOS suspense account.
- 5.9 Should the Scheme require assistance with a specific levy payment please contact levyqueries@csos.org.za.
- 5.10 After the Schemes have paid the CSOS levy, the Schemes must e-mail proof of payment to levypayment@csos.org.za and a schedule detailing both the admin and the CSOS levy to enable the CSOS to do a reconciliation of the amount paid by each unit. The registration number or Schemes registration number must appear on all the documentation as per the CSOS levy calculator which is available on the website: <http://www.csos.org.za/regulations.html>.
- 5.11 Proof of payment of fees must be emailed to sectionaltitle@csos.org.za.
- 5.12 CSOS has noted that a number of Schemes have made payments using the sectional plan number (SS Number) as allocated by the Registrar of Deeds or the company registration number as allocated by the CIPC when making payments, which is not correct, and Schemes must pay by using their CSOS Registration number.
- 5.13 For the Schemes that have used the Scheme name as reference number, please email the registration number and the name of the province where the Scheme is situated, to levyqueries@csos.org.za to ensure the correct allocation of the CSOS levies to the relevant Scheme.

- 5.14 CSOS will not be able to provide the affected Schemes with statement of accounts until such time as the correct registration number is used.
- 5.15 Schemes will receive their account statements every 2 months or as and when the Scheme requests a statement of account. Please contact levyqueries@csos.org.za or levypayment@csos.org.za.
- 5.16 Please do not forward any correspondence not related to the statement of account or the registration number to the above email.
- 5.17 Emails not related to statements of accounts will not be attended to.

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 Schemes. The Minister prescribed the applicable levies under the Regulations on Levies and Fees 2016.
- 6.2 In terms of Section 59 (a) of the CSOS Act read together with Regulation 11 of the CSOS Regulations, each Scheme has an obligation to pay to the CSOS, the prescribed levies at the rate set in the schedule of levies, payable by each unit.
- 6.3 Schemes are therefore obliged to collect from their members on a monthly basis an amount to be paid over to the CSOS. The CSOS Levy is equal to 2% of the amount by which the monthly admin levy exceeds R500, but not more than R40.00 per unit per month. The 2% is based on the admin fund levy and excludes the reserve fund portion.

6.4 The amount to be paid is determined by using the CSOS levy calculator as follows:

CSOS Levies Calculator:			Scheme CSOS Levy	
Unit number	Scheme levy	Unit CSOS levy	R	180,00
1	R 500,00	R -		
2	R 1 000,00	R 10,00		
3	R 1 500,00	R 20,00		
4	R 2 000,00	R 30,00		
5	R 2 500,00	R 40,00		
6	R 3 000,00	R 40,00		
7	R 3 500,00	R 40,00		

Add as many rows as necessary. Copy this formula into ALL rows.

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

6.6 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, in terms of Section 34 of the CSOS Act which pertains to Penalties and Offences.

7. TYPES OF COMMUNITY SCHEMES

7.1 Sectional titles development schemes

Is separate ownership of a unit which is registered in the Deeds Office onto an owner's name. A unit consist of a section and an undivided share in the common property in relation to the participation quota. Sectional title development schemes can consist of residential, commercial or retail or a combination of this.

7.2 Share block companies

Is an arrangement in terms of which a company takes transfer of or a long lease over land and buildings and then enters into use agreements with their shareholders. The Share Block Control Act, No. 59 of 1980 regulates Share Block Companies.

7.3 Home or property owners' associations

Are separate individual properties managed by a single association to which the owners of all the individual properties must belong. It may be either a non-profit company or a common law association. The Companies Act No 71 of 2008 regulates aspects of non-profit companies. There is no specific legislation for common law home and property owners' associations.

7.4 Housing schemes for retired persons

Is either occupational rights or ownerships reserved for people and their spouses over the age of 50. It can be any type of community scheme including life rights. The legislation is the Housing Development Schemes for Retired Persons Act No 65 of 1988 and it protects the interest of retired persons.

7.5 Housing co-operatives

Is an entity established by a number of people and operated on co-operatives principles to provide housing to its members. Housing co-operatives are established in terms of the Co-operatives Act No 14 of 2005.

8. PAYMENT OF LEVIES IN A SCHEME WITHIN A SCHEME

8.1 If the unit owner of a Sectional Title is a member of a Homeowners Association (HOA), a levy may be payable to both the Sectional Title Scheme and the HOA. This can be described as a mixed-use development.

8.2 For mixed used developments where there is a Scheme within Schemes, a levy will be paid if the Body Corporate is billed at scheme level, then the member shall pay only one levy for instance, R10.00

- 8.3 However, if the Body Corporate is billed at per unit level, the Sectional Title member will pay for instance R10.00 plus an HOA levy of for instance R10.00, thus equating to R20.00.
- 8.4 The CSOS will bill the HOA and the HOA must then ensure that the sectional title scheme is billed accordingly and the CSOS levy is paid.

9. INVOICING AND STATEMENT OF ACCOUNTS

- 9.1 The Schemes which have not submitted to the CSOS, the levy schedule or amount payable by each unit should do so as this results in the CSOS being unable to issue invoices to the Schemes. Please use the levy calculator to correctly calculate the CSOS levies.
- 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 commenced with issuing of invoices and statements of account to the Schemes. The statement of account will reflect payments made and balances due.
- 9.4 In the event of under payment, CSOS shall invoice the scheme for the amount owed. Such amount owed will attract interest at the rate prescribed by the National Credit Act No 34 of 2005 and/or as determined by the CSOS from time to time.
- 9.5 Please note that if the Scheme did not receive an invoice from the CSOS this does not absolve the Scheme from paying the CSOS levies.
- 9.6 Self-managed Schemes and Schemes managing agents must ensure that the CS1A form is completed when there is a change in the board of directors or trustees to ensure when the receipt statements are sent out, it is sent to the correct managing agent. The CS1A form is to be sent to registration@csos.org.za.

10. PAYMENT INTERVALS

10.1 The CSOS is listed as a public beneficiary on FNB, Capitec, ABSA, Standard Bank, Nedbank, and Investec.

10.2 Levies are payable to the CSOS on a quarterly basis on or before the dates below. The CSOS financial year commences on the 1st of April until the 31st of March of the following year.

10.2.1 Quarter 1 (1 April – 30 June)

10.2.2 Quarter 2 (1 July – 30 September)

10.2.3 Quarter 3 (1 October – 31 December),

10.2.3 Quarter 4 (1 January – 31 March)

10.3 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 in line with the CSOS financial year end.

10.4 In order to avoid any penalty, payments must be made to CSOS within 30 days of a month following the end of the quarter as follows.

10.4.1 Quarter 1 – 30 April

10.4.2 Quarter 2– 30 July

10.4.3 Quarter 3 – 30 October

10.4.4 Quarter 4 – 30 January

11. NON-PAYMENT OF LEVIES AND FEES

11.1 Non-payment of levies on the due date will attract interest calculated at a rate as prescribed by the NCA or as determined by the CSOS from time to time.

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.

12. CSOS LEVIES DUE AND PAYABLE

- 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”.
- 12.2 If the Scheme existed before January 2017, the CSOS levy needs to be back dated to January 2017 to current, regardless of whether the Scheme was registered in 2017 or recently.
- 12.3 If the Scheme existed after January 2017, the CSOS levy must commence from such a date of existence.
- 12.4 In the event that, the unit owner has not paid, the Scheme must use the normal debt collection mechanism by following the dispute resolution process and hand the member over to collect the levies from the defaulting unit owner.
- 12.5 For rental units, even if unit is empty, the owner must ensure the CSOS levy must still be paid over to the CSOS.

13. WAIVER OF LEVIES

- 13.1 In case of a unit owner who has been exempted from paying the CSOS Levies as per the Directive on Waiver of fees and levies of 2022, 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 the 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 4 of 2022, must be adhered to.

14. VAT PAYMENT

- 14.1 CSOS is not registered as a VAT vendor and as such the CSOS Levy does not attract VAT.

15. CHANGE OF CSOS BANK ACCOUNT

- 15.1 If CSOS makes any changes to its Bank Account or details, a Practice Directive will be published with the notification. Please only use the Bank accounts as supplied by CSOS as attached to this Practice Directive. CSOS will never send an email notification to Schemes advising them that the Bank Account number has changed. Any losses suffered by a Scheme as a result of utilising Bank Account information not officially supplied by CSOS, shall be the responsibility of the Scheme and the CSOS shall not be held responsible for such losses.

16. REVIEW OF THE PRACTICE DIRECTIVE

- 16.1 This Practice Directive will be reviewed every second year or as and when there is change in legislation or if a court decision amends or vary any of the provisions contained herein.
- 16.2 The amended Practice Directive will be published on the CSOS website.

18. REPEAL OF THE PRACTICE DIRECTIVE

- 18.1 Practice Directive 2 of 2018 is hereby amended.

19. COMMENCEMENT OF THE PRACTICE DIRECTIVE

- 19.1 This Practice Directive will commence on date of signature hereof and will remain in force until amended, substituted, withdrawn or repealed.

- END -

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 the 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: /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 Capitec Bank, delete the strokes(/) that appears on your registration number

For example: 16KZN000001

STANDARD BANK

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.

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

For example: 16KZN000001

ABSA

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.

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

For example: 16KZN000001

NEDBANK

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: Regyearprovince000000.

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

For example: REG16KZN000001

INVESTEC

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: Regyearprovince000000.

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

For example: REG16KZN000001