City of Johannesburg
Group Finance

Customer Education Toolkit

Selling / Buying Property



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A message brought to you by: City of Johannesburg Group Finance: Communications and Stakeholder Management

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Introduction

1. Customer Education Objective

To help City of Johannesburg customers understand Section 118 of the Local Government: Municipal Systems Act 32 of 2000 in practical terms, including what must happen before transfer, what clearance means, what happens to historical debt, and what sellers and buyers should do after registration.

2. The Customer Journey: Before, During and After Transfer

Stage	What the customer should know and do.
Before Transfer	Check your municipal account early. Resolve billing, meter, valuation, property-information and payment-allocation queries. Give your conveyancer the correct municipal account and property information.
During Clearance	The appointed conveyancer applies for clearance. The City calculates the applicable clearance figures. Queries or arrears can delay processing. Pay the required clearance amount within the applicable period and keep all references and proof of payment.
After Clearance	The buyer becomes responsible for municipal obligations from transfer. The seller's account must be finalised. Sellers should check for remaining balances, adjustments or credits. Historical debt does not simply become the buyer's personal debt. **The purchaser must pay the relevant services (water/electricity) deposits and complete the Service agreement at any Customer Service Centre.**

3. Section 118 Customer FAQs

1. What is Section 118?
Section 118 is part of the Local Government: Municipal Systems Act 32 of 2000. It regulates important aspects of municipal debt and the transfer of property, including the municipal clearance certificate required before transfer can be registered.

2. Why do I need a municipal Clearance Certificate when selling property?
The Deeds Office will not ordinarily register the change in ownership until the required municipal Clearance Certificate has been issued.

3. Who applies for the Clearance Certificate?
The appointed transferring or conveyancing attorney applies to the City's Clearance Unit as part of the property-transfer process.

4. What is the two-year rule under Section 118(1)?
For the statutory clearance requirement, the City includes applicable municipal amounts that became due during the two years preceding the date of application for the certificate.

5. What municipal charges can form part of the clearance requirement?
The statutory provision covers municipal service fees, surcharges, property rates and other municipal taxes, levies and duties that fall within the applicable clearance period.

6. Does the two-year rule mean I only owe the City two years of debt?
No. The two-year period relates to the statutory clearance requirement for transfer. Older lawfully recoverable municipal debt is not automatically cancelled or written off.

7. Does receiving a Clearance Certificate mean all my historical debt has been settled?
Not necessarily. The certificate enables the transfer process to proceed once the applicable clearance requirements have been satisfied. Historical debt outside the statutory clearance period may remain payable by the person legally responsible for it.

8. What is Section 118(3)?
Section 118(3) deals with additional security for specified municipal debt connected with property. Court judgments have clarified how this provision operates after a property has been transferred.

9. Does the previous owner's historical municipal debt automatically become the buyer's debt?
No. The Constitutional Court has held that the Section 118(3) charge does not make a new owner liable for municipal debts incurred by the previous owner before transfer.

10. What happens to the seller's older municipal debt after transfer?
Where older debt remains lawfully recoverable, transfer does not automatically cancel it. The City may continue recovery against the person legally liable for that debt, subject to applicable law and the circumstances of the account.

11. What are clearance figures?
Clearance figures are the municipal amounts calculated for purposes of satisfying the applicable clearance requirements before the City can issue the Clearance Certificate.

12. Can clearance figures include projected charges?
Yes. The clearance calculation may include projected municipal charges because the transfer process can continue for a period after the figures are issued. Customers should rely on the figures issued for their particular application.

13. What happens if the clearance figures are not paid timeously?
A new clearance application may will be required, which can delay the transfer. The conveyancer should monitor the payment and validity requirements reflected on the figures.

14. What if I disagree with the clearance amount?
The seller or conveyancer should lodge a query with the City, provide supporting information and retain the query and clearance reference numbers. Known disputes should be raised as early as possible.

15. Does a normal payment arrangement automatically satisfy Section 118 clearance requirements?
No. A payment arrangement for municipal arrears and the statutory clearance process are different processes. The conveyancer must obtain the applicable clearance figures through the prescribed process.

16. Should I stop paying my municipal account once clearance figures have been requested?
No. Customers should continue managing their municipal obligations while the property transfer is underway and follow the instructions provided by the City and their conveyancer.

17. What should I do before putting my property on the market?
Check the municipal account early, resolve outstanding billing and meter queries, check property and ownership information, address arrears and keep all query reference numbers.

18. What should a buyer do after transfer?
Ensure the City's ownership and municipal account records are updated correctly. If a municipal statement is not received within the expected period, lodge a query through the City's official customer channels.

19. What should a new owner do if the previous owner's historical charges appear on their account?
Lodge a query with the City, provide proof of the transfer date and retain the reference number. Clearly distinguish between charges arising after transfer and historical charges attributable to the previous owner.

This is not applicable as a new account is opened for the purchaser.

20. What should the seller do after transfer?
The seller should review the final municipal account for adjustments, remaining balances or credits and follow the applicable finalisation and refund process.

21. How long does clearance take?
The City's current public guidance says clearance can take up to 30 days from receipt of the application, while clearance figures can be produced sooner where there are no account queries.

22. How long is the Clearance Certificate valid?
The City's Clearance Certificates page states that the certificate is valid for 60 days. If transfer is delayed beyond that period, the conveyancer must reapply.

23. Where can I query a clearance amount or account problem?
The City's current public guidance directs customers to Joburg Connect on 0860 562 874. General queries may also be sent to joburgconnect@joburg.org.za.

24. What is the simplest way to understand Section 118?
Before transfer: check and resolve your municipal account.
During transfer: the conveyancer obtains and pays the required clearance figures.
After transfer: the buyer takes responsibility for their own municipal obligations, while any lawfully recoverable debt owed by the seller may remain the seller's responsibility.

4. Myth vs Fact: Section 118

MYTH: If I pay two years of municipal debt, everything older is automatically written off.

FACT: The two-year period relates to the Section 118(1) clearance requirement. Older lawfully recoverable debt may remain payable by the seller.

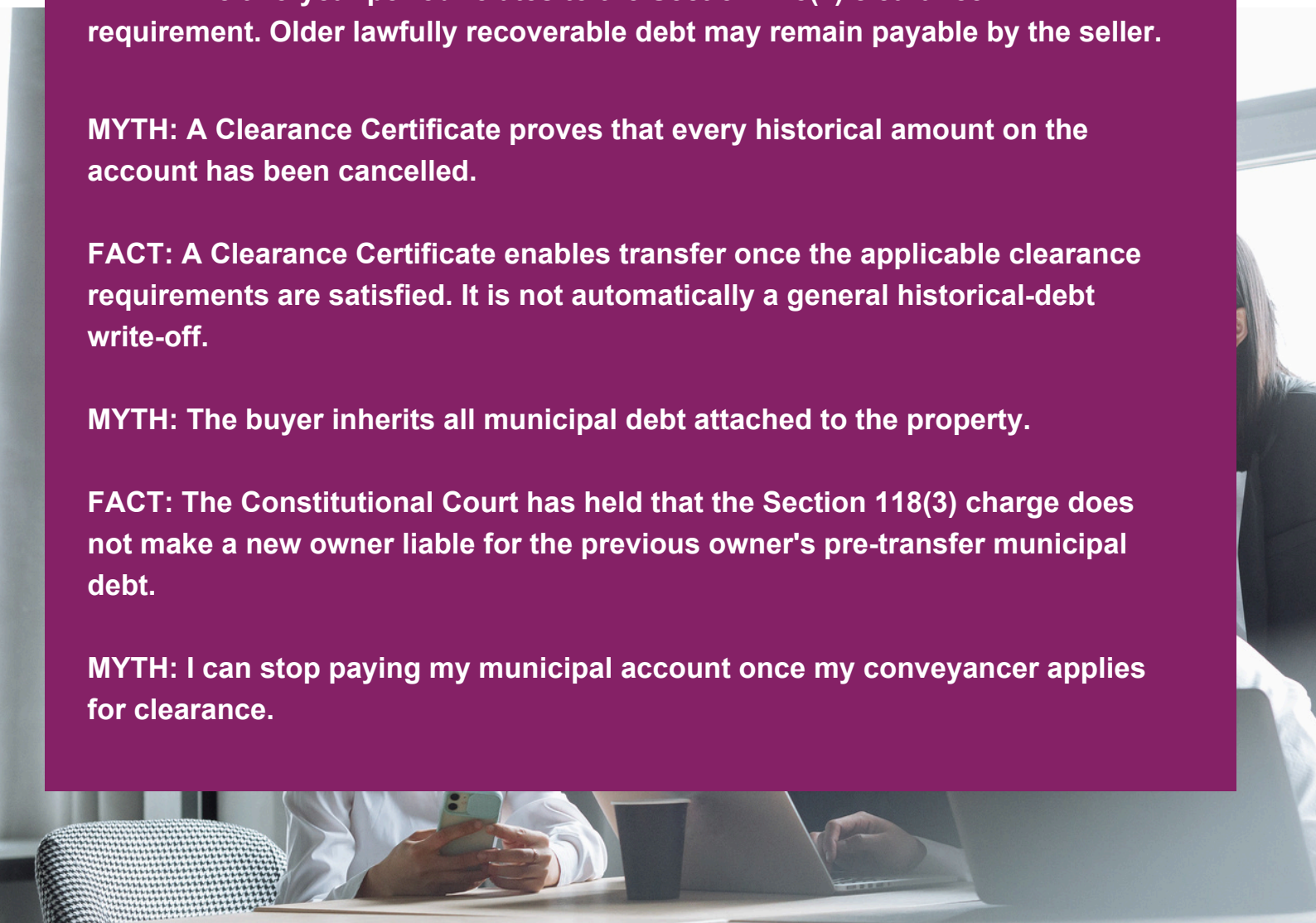
MYTH: A Clearance Certificate proves that every historical amount on the account has been cancelled.

FACT: A Clearance Certificate enables transfer once the applicable clearance requirements are satisfied. It is not automatically a general historical-debt write-off.

MYTH: The buyer inherits all municipal debt attached to the property.

FACT: The Constitutional Court has held that the Section 118(3) charge does not make a new owner liable for the previous owner's pre-transfer municipal debt.

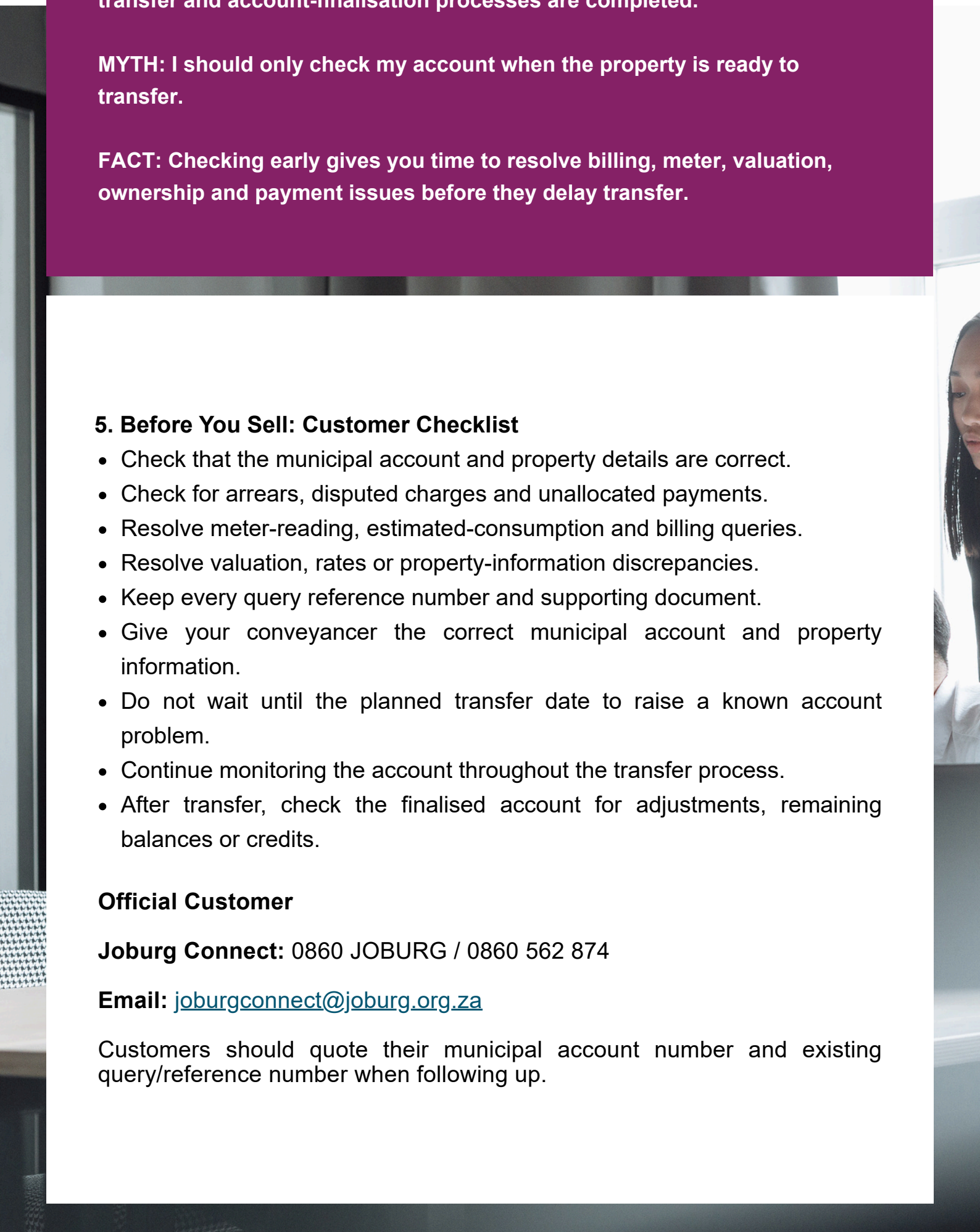
MYTH: I can stop paying my municipal account once my conveyancer applies for clearance.



FACT: Municipal obligations continue during the transfer process. Customers should continue managing the account until the applicable transfer and account-finalisation processes are completed.

MYTH: I should only check my account when the property is ready to transfer.

FACT: Checking early gives you time to resolve billing, meter, valuation, ownership and payment issues before they delay transfer.



5. Before You Sell: Customer Checklist

- Check that the municipal account and property details are correct.
- Check for arrears, disputed charges and unallocated payments.
- Resolve meter-reading, estimated-consumption and billing queries.
- Resolve valuation, rates or property-information discrepancies.
- Keep every query reference number and supporting document.
- Give your conveyancer the correct municipal account and property information.
- Do not wait until the planned transfer date to raise a known account problem.
- Continue monitoring the account throughout the transfer process.
- After transfer, check the finalised account for adjustments, remaining balances or credits.

Official Customer

Joburg Connect: 0860 JOBURG / 0860 562 874

Email: joburgconnect@joburg.org.za

Customers should quote their municipal account number and existing query/reference number when following up.



Contact Information

Group Finance Social Media Handles

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