

welcomes judgment which stops it from collecting old debt from new owners

29 August 2017 - 15:22 BY ERNEST MABUZA



New property owners cannot be held liable for historical municipal debts incurred on such properties.

The City of Tshwane welcomed the judgment of the Constitutional Court in the matter involving the settlement of historical municipal debt before a transfer to a new property owner can take place.

The court on Tuesday declared that upon transfer of a property, a new owner is not liable for debts arising before the transfer.

Before the judgment, Tshwane and Ekurhuleni municipalities refused to effect the transfer of property to new owners until the historical municipal debt had been paid.

The high court in Pretoria found in November that section 118 (3) of the Local Government: Municipal Systems Act was constitutionally invalid to the effect that it transferred to new owners municipal debts incurred before the transfer.

Tshwane, together with Ekurhuleni, appealed to the Constitutional Court against the high court order.

Cilliers Brink, MMC for Corporate and Shared Services in Tshwane, said the Constitutional Court judgment gave clarity on two crucial issues.

“First, new property owners cannot be held liable for historical municipal debts incurred on such properties.

“Second, this principle can be upheld without declaring section 118(3) of the Municipal Systems Act unconstitutional,” Brink said.

Brink said the City would be studying the judgment in the next day or two, and explain how the city would give effect to the court’s judgment.

- *TimesLIVE*

<https://www.timeslive.co.za/sunday-times/business/2017-08-29-tshwane-welcomes-judgment-which-stops-it-from-collecting-old-debt-from-new-owners/>