



## **NDLAMBE MUNICIPALITY**

## **POLICY ON THE WRITE OFF OF** **IRRECOVERABLE DEBT**

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### **(1) WHEN DEBT IS IRRECOVERABLE**

**(1)** Debt is regarded as irrecoverable if:

- (a)** All reasonable notifications and cost effective measures to recover a specific outstanding amount have been exhausted; or
- (b)** If the amount to be recovered is too small to warrant further endeavours to collect it; or
- (c)** The cost to recover the debt does not warrant further action; or
- (d)** The amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate; or
- (e)** A deceased estate has no liquid (cash) assets to cover the outstanding amount; or
- (f)** It has been proven that the debt has prescribed; or
- (g)** The debtor is untraceable or cannot be identified so as to proceed with further action; or
- (h)** It is impossible to prove the debt outstanding; or
- (i)** Recovery of the debt would cause undue hardship to the debtor and/or his/her dependents; or
- (j)** It would be to the advantage of the Council to affect a settlement of its claim or to waive its claim; or
- (k)** The outstanding amount is due to an administrative error by Council.

### **(2) AUTHORISATION**

#### **(1) RATES**

- (a)** Rates are deemed to be recoverable in all instances.
- (b)** All requests to write off debt in respect of rates must be presented as individual items by the Chief Financial Officer.
- (c)** Rates items must fully contain –

- (i) details of the property;
- (ii) details of the outstanding amount;
- (iii) details of the steps taken to recover the debt from previous and current owners; and
- (iv) the reasons for the proposed write-off.

**(2) OTHER DEBT**

- (a) Schedules must be compiled and submitted to the Council for consideration with a view to writing off debt as irrecoverable.
- (b) The schedules contemplated in subparagraph 2(b) must indicate the –
  - (i) debtor's account number;
  - (ii) debtor's name;
  - (iii) physical address in respect of which the debt was raised;
  - (iv) address;
  - (v) erf number, if applicable,
  - (vi) amount per account category;
  - (vii) steps taken to recover the debt; and
  - (viii) reason to write off the amount, must be.
- (c) Notwithstanding the above, Council or its authorised officials will be under no obligation to write off any particular debt and will always have the sole discretion to do so.