

# NDLAMBE LOCAL MUNICIPALITY



## THE WRITE-OFF OF IRRECOVERABLE DEBT POLICY 2024/2025

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

- (a) Debt is regarded as irrecoverable if:
  - (i) All reasonable notifications and cost effective measures to recover a specific outstanding amount have been exhausted; and/or
  - (ii) If the amount to be recovered is too small to warrant further endeavours to collect it; and/or
  - (iii) The cost to recover the debt does not warrant further action; and/or
  - (iv) The amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate; and/or
  - (v) A deceased estate has no liquid (cash) assets to cover the outstanding amount; and/or
  - (vi) It has been proven that the debt has prescribed; and/or
  - (vii) The debtor is untraceable or cannot be identified so as to proceed with further action; and/or
  - (viii) It is impossible to prove the debt outstanding; and/or
  - (ix) Recovery of the debt would cause undue hardship to the debtor and/or his/her dependents; and/or
  - (x) It would be to the advantage of the Council to affect a settlement of its claim or to waive its claim; and/or
  - (xi) The outstanding amount is due to an administrative error

## **(2)AUTHORISATION**

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

- (iii) Rates items must fully contain –
- details of the property;
  - details of the outstanding amount;
  - details of the steps taken to recover the debt from previous and current owners; and
  - the reasons for the proposed write-off.
  - details of all costs incurred to recover the debt

(b) **Other debt**

- (i) Schedules must be compiled and submitted to the Council for consideration with a view to writing off debt as irrecoverable.
- (ii) The schedules contemplated in subparagraph 2(b) must indicate the –
- debtor's account number;
  - debtor's name;
  - physical address in respect of which the debt was raised;
  - address;
  - erf number, if applicable,
  - amount per account category;
  - steps taken to recover the debt; and
  - reason to write off the amount.
- (iii) 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.