



CREDIT CONTROL: DECEASED ESTATES & TRUSTS



CIGFARO

Chartered Institute of
Government Finance, Audit & Risk Officers

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SAQA Recognised Professional Body

***“Bottom line, having
a customer-centric culture
is more than just a good thing —
it’s become a matter
of survival.”***

Jim Marous

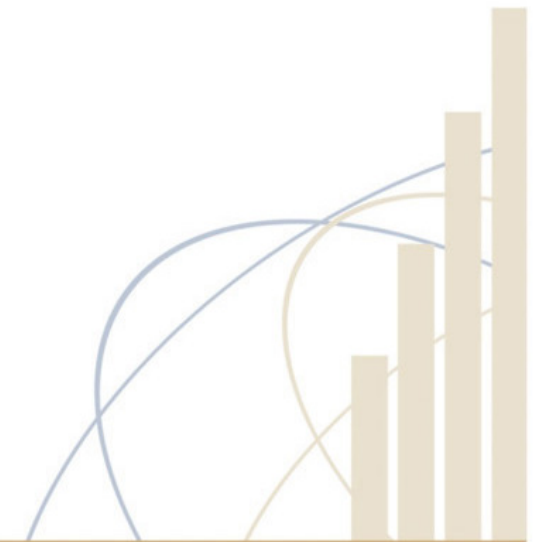
UXDA
UX DESIGN AGENCY

CREDIT CONTROL: DECEASED ESTATES & TRUSTS

MANAGEMENT FROM A REVENUE
PERSPECTIVE

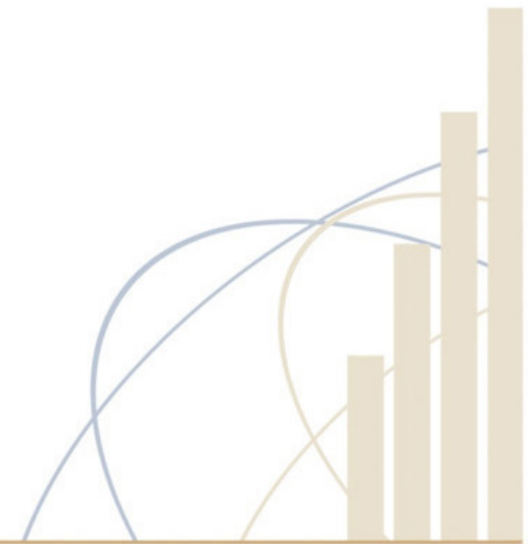
CONTENT

- ✓ **Purpose**
- ✓ **Legislation Applicable**
- ✓ **Deceased estate & Trust's requirement**
- ✓ **Municipal requirements**
- ✓ **Municipal Overview**
- ✓ **Salient Issues**
- ✓ **Recommendations & Solutions**



PURPOSE

- ✓ **Create Awareness**
- ✓ **Need to establish Relationship with relevant State Dept's**
- ✓ **Look for some solutions**



RELEVANT LEGISLATION

- **ADMINISTRATION OF ESTATES ACT, ACT 66 of 1965 AS AMENDED**
- **LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT, ACT 32 of 2000 AS AMENDED**
- **COMPANIES ACT, ACT 71 OF 2008 AS AMENDED**
- **INSOLVENCY ACT, ACT 24 OF 1936 AS AMENDED**
- **DEEDS REGISTRY ACT, ACT 47 of 1937 AS AMENDED**
- **TRUST PROPERTY CONTROL ACT 1988, ACT 57 OF 1988 AS AMENDED**



DECEASED ESTATES REQUIREMENTS

- Person passed away – Notification to Master of the High Court
 - Within 14 days of death
 - Open Estate Late Bank Account
 - Obtain Letter of Executorship (LoE) Estate Value >R250k or
 - Letter of Authority when Estate Value <R250k
- Conveyancer to handle transfer of property between spouses
 - Can't this be relooked at when
 - A will is in existence
 - Inheritance & Transfer is not opposed



MUNICIPAL REQUIREMENTS DECEASED ESTATE

- ✓ **Customer Relatives**
 - to report Deceased Estate
 - to provide municipality with Death Certificate
 - to provide Municipality with LoE
- ✓ **Municipal Action**
 - Change on system that there is a Deceased Estate for reporting purposes
 - Account reflect Estate Late “Customer Name”
 - Accounts needs to be furnished to Executor
 - Step in the shoes of the deceased
 - To transfer property s118? Between spouses? Zero value?



MUNICIPAL REQUIREMENTS TRUSTS

- **Customer**
 - to submit Trust Deed
 - to Letter of Authority
 - to provide Municipality with a surety
- **Municipal Action**
 - Change on system with Trust Detail for reporting purposes
 - Link Trust to individual as well who signed surety
 - Get detail of all trustees
 - Establish who benefit from the trust
 - Look at deposit on trusts to cover any risk for non-payment
 - Trust can't be an indigent customer



MUNICIPAL DEBT OVERVIEW

- ✓ *Debt impairment fastest growing expenditure item @ >13% per annum Pages - default (treasury.gov.za)*
- ✓ *Consumer Debt >R141 Bn (Audit Outcomes 2019/2020 NT Report)*
 - *Households >69%*
 - *Ethekwini Deceased Estate debt Estimated @ 10%*
- ✓ *Use as proxy total deceased estate debt approx. R14bn*
- ✓ *Many non-compliant with administration of deceased estates Act*
- ✓ *Trust has a bigger portion of Debt estimated at 15% this equal to R21bn*

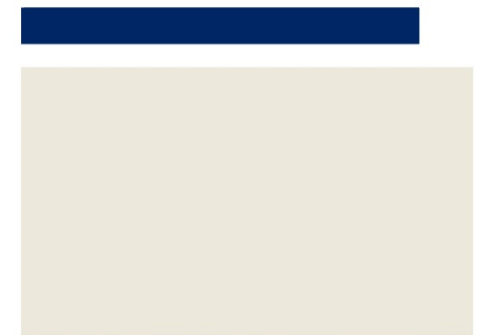


SALIENT ISSUES DECEASED ESTATES



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- *Certain Communities doesn't wind their estates*
- *About 80% of population does not have a will*
- *Municipal Revenue Collection is problematic*
- *No enforcement of winding the estate by Master's office*
- *Municipal debt increase and no prospect of collection without an appointed executor*
- *Families don't report deceased with the Municipality*



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SALIENT ISSUES TRUST

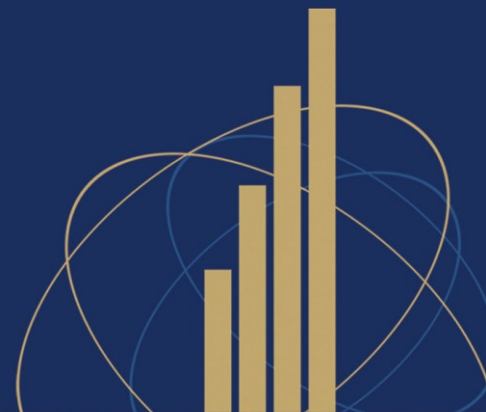
- ✓ *Municipal records incomplete*
- ✓ *No dedicated person looking after Trusts*
- ✓ *Municipal Revenue Collection is problematic*
- ✓ *No enforcement of updating information from Master's office*
- ✓ *Municipal debt increase and no prospect of collection without dedicated staff and collection processes*
- ✓ *Trustees of trusts pass on and no new trustee appointed*

RECOMMENDATION

- ✓ **Review on requirements to wind an estate**
- ✓ **Easier process is required, e.g. Increase amount to R1m value**
- ✓ **Transfer of assets between relatives must be easy**
- ✓ **Have fixed fees for estate management especially poorer communities, estate \leq R1m.**
- ✓ **Access to Home Affairs with real time updates – death certificate**
- ✓ **Update with Master's Offices to update Trusts information**
- ✓ **SALGA, NT and COGTA to work with Municipalities on this**



Thank You!



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