

CenSus  
Council Tax and  
Non-Domestic Rates  
Write Off Reason Guide

## **Council Tax and Non-Domestic Rates - Write Off Reason Guide**

There are a number of reasons as to why the Council will put forward unpaid Council Tax and Non-Domestic Rates debts for write off. These reasons are listed in detail below:

### **Insolvency:**

Insolvency is where an individual or company is unable to pay their debts. It includes Bankruptcy, Individual Voluntary Arrangements, Debt Relief Orders, Liquidation, Administration and Company Voluntary Arrangements. Where a company or individual is insolvent, we make a claim for the debt outstanding. It is unlikely we will receive a dividend payment from this claim but if one is subsequently received, the amount is written back on. Any debts owed by an insolvent company or individual are therefore be referred for consideration of write-off.

### **Bankruptcy:**

Where an individual has been declared bankrupt, we make a claim for the debt outstanding. It is unlikely we will receive a dividend payment from this claim but if one is subsequently received, the amount is written back on. Creditors are unable to take recovery action against the debtor and the debt will be referred for consideration of write-off.

### **Company Dissolved:**

Where a company has been dissolved, it will no longer exist and have no legal identity. There will be no prospect of recovery in these cases and the debt will be referred for consideration of write-off.

### **Liquidation:**

Where a company is in liquidation, we make a claim for the debt outstanding. It is unlikely we will receive a dividend payment from this claim but if one is subsequently received, the amount is written back on.. As there is little prospect of recovery, the debt will be referred for consideration of write-off.

### **Administration:**

Where a company is in administration and ceased trading, we make a claim for the debt outstanding. It is unlikely we will receive a dividend payment from this claim but if one is subsequently received, the amount is written back on.. Any debts owed by a company in administration will referred for consideration of write-off.

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**Uncollectable:**

The costs of undertaking more advanced forms of recovery including Bankruptcy Action, Charging Orders or making an application for Committal to Prison can be high with no guarantee the debt will be paid. Alternatively, the costs of undertaking these actions would be higher than the actual debt. These accounts would have gone through all the standard forms of recovery action before being referred for consideration of write-off including issuing to bailiffs (Council Tax and Non-Domestic Rates) and attempting to attach from an individual's salary or benefits (Council Tax).

**Abscoded**

The debtor has left the debt address or other address without leaving a forwarding address. The Billing Authority will have tried to find the debtor using various search methods including a benefits based database and credit reference agencies. Two searches with credit agencies are usually undertaken prior to the debts being referred for consideration of write off.

**Small Balance:**

These are debts below £50.00. The costs of pursuing the debt through Court action would exceed the actual debt. In addition, the costs of pursuing a debt from an individual or business no longer resident in the property could further increase the costs. The costs of pursuing the debts would not be financially viable and would therefore be referred for consideration of write-off.

**Debtor Deceased:**

Where a debtor is deceased and the assets from their estate are insufficient to meet all the debts, the estate is therefore insolvent. In these circumstances the Council is unable to take further recovery action and the debt is referred for consideration of write-off.

**Committed to Prison:**

Where a term of imprisonment has been served in respect of a debt the Council will be precluded from taking any further action to recover the outstanding balance and the debt will be referred for consideration of write-off.

**Remitted by Magistrates :**

Magistrates have the power to remit all or part of a debt. If the Magistrates have taken a decision to remit the debt no further recovery action can be taken and the debt will be referred for consideration of write-off.

### **Debt Barred**

If a billing authority does not issue notices that Council Tax is payable as soon as practicable or take recovery action by obtaining a liability order within 6 years of the amount becoming due, it is barred from enforcing the debt.

### **Dormant Company**

Company still exists but is not actively trading and has no assets other than small number of shares at a nominal value. In these cases there is no prospect of recovery and the debt will be referred for consideration of write-off.