

Delays in winding up estates raise eyebrows

WHY is it taking so long to resolve deceased estates? John Frith, who has been vocal about estate duty issues that involve paying more than is necessary to the South African Revenue Service (SARS), has determined that back in 2002 it took about 10 months to secure liquidation and distribution notices for deceased estates. By last year, however, this had risen to between 14 and 18 months.

An instinctive reaction is that this is yet another example of increasing

government incompetence. But is that right?

According to Lester Basson, the chief master of the high court, the target he has set of a turnaround time of 15 days for the appointment of an executor, and a further 15 days to examine an executor's liquidation and distribution accounts, is being achieved 90% of the time.

So, where is the problem? Angelique Visser of the Fiduciary Institute says the first step when someone dies is to file a period return with SARS. That requires an IRP5 from the

employer, which has to be done manually. But employers generally don't respond with any sense of urgency. Delays in this filing have the effect of delaying everything else.

The second area of concern is that many assets are comparatively illiquid — such as in property or in equity in unlisted companies — and asset sales may take time.

Frith says, however, that an heir who holds a bond he could repay has to sit and wait while estate money is sitting in the estate's bank account earning little or no interest. Who is

benefiting, he asks, at the expense of the heirs?

But surely these two problems existed previously. It cannot be that they have suddenly taken on an unusual time dimension.

So there has to be something else causing these inordinate and frankly unacceptable delays.

Is it that executors are benefiting unreasonably from money sitting idle in escrow accounts? If this is indeed the case then someone — the chief master? — needs to take action promptly to rectify the situation.