

Enquiries.: HA Kotze      Ref. : SS5/2/40    Tel.: 012 6722024      Fax: 012 6722111  
e-mail: kotzea@srd01.pwv.gov.za

## **ALL ACCOUNTING OFFICERS AND CHIEF FINANCIAL OFFICERS**

### **OFFICE OF THE ACCOUNTANT-GENERAL PRACTICE NOTE 4 OF 2002**

#### **DISCRETIONARY DEDUCTIONS ON PERSAL: MICRO LENDERS: TERMINATION OF DEDUCTIONS BY EMPLOYEES**

1. The stipulations of the Business Agreement between the Accountant-General and the micro lending industry were brought to the attention of all accounting officers and chief financial officers in Practice Note 13 of 2001.
2. In terms of the Business Agreement loan deductions on PERSAL shall continue for the full duration of the loan term unless -
  - a) **the employee** deposes, in an affidavit, that he/she has in writing so advised **the Lender** of his/her intentions and that **the Lender** consents in writing to such cancellation; or
  - b) **the Lender** is unreasonably withholding its consent.
3. It would appear that Departments receive many requests from employees and threats by their legal representatives to terminate deductions on the salaries of employees claiming that in terms of the Basic Conditions of Employment Act, 1997 an employee must agree to a deduction on his salary and that the employee consequently also has the right to withdraw his consent, in which case the deduction has to be terminated by the employer. This viewpoint has been borne out by legal opinions that have been obtained.
4. In cases where a department terminates deductions at the request of an employee, it is however vital that they only be terminated on the following conditions, which must be verified by the department prior to terminations:-
  - a) There must be an administration order issued by a court of law in terms of which the discretionary deduction had to be terminated; or
  - b) there must be a valid instruction from the employee to cancel the deduction on record; or
  - c) if the deduction was terminated on instruction of an administrator/debt mediator, there

must be a legally valid power of attorney in favour of the administrator/debt mediator to instruct the termination of deductions on behalf of the employee; or

- d) if the employee has responded negatively to the micro lenders' letters of intent to reinstate their loan deductions, written confirmation of such response must be produced to the PERSAL Credit Service Call Centre (Telephone 0861 101128) and PERSAL.

**I A MAMOOJEE**  
**ACCOUNTANT-GENERAL**  
**DATE:**