

INTEREST ON TIME DEPOSITS OF SOLE TRADERS IS PART OF THEIR BUSINESS INCOME

1 January 2015 is the effective date of changes to PIT Act relating to taxation of interest on business bank accounts of sole traders.

Under the old law, only interest on current business accounts of such traders was treated as their business income, while interest on their time deposits was categorised as capital gains and taxed as such (19% flat-rate tax withheld by the bank).

According to the new law:

- a sole trader's business income will include also interest on his/her time deposits and on other savings or investments in the form of bank accounts maintained in connection with the person's business;
- it is the trader that, being a taxpayer, must ensure such interest is added to his/her business income, and reported and taxed through the self-assessment mechanism.

If this issue pertains to your business and you are interested in our assistance, please contact your WTS&SAJA consultant or our office.

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