Late fee cap down to 40% of tax debt (1/27/17)

The Taxes and Duties Act has been amended with effect from 1 July 2017 to reduce the statutory limit on fees charged for overdue tax payments. The amendments provide for charging a late fee until it reaches 40% of the principal tax debt.

A lower cap and a reduced rate

Late charges used to be capped at 100% of the underlying tax debt, but now they'll stop accruing once they reach 40% of the debt. Old late charges already over the new limit will also stop growing.

To encourage voluntary payment, persons paying off their tax debts voluntarily will have a daily overdue rate of 0.025% (down from the standard 0.05%) of their principal debt stated in a tax ruling.

Miscellaneous

It's important to remember that the Taxes and Duties Act requires that taxpayers should pay all of their taxes and duties in full and on a timely basis.

If a taxpayer is having difficulty paying any tax on its due date, they are advised to handle that situation responsibly in order to minimise late charges. In the case of voluntary payment, the tax debt can be paid off by instalments. More information about this option can be found on the SRS website (the *Tax Debts* section).

Taxpayers are welcome to use the SRS Electronic Declaration System for checking whether they have any tax debts.