

Practice Note: No 37 – Date: 13 January 1995
Income Tax: Deduction of fees paid to accountants, bookkeepers and tax consultants for the completion of Income Tax returns

Taxpayers whose income consists solely of remuneration and/or interest and dividends will be entitled to a tax deduction in respect of fees paid to accountants, bookkeepers, tax consultants and other professional persons or institutions for the completion of their tax returns subject to the following qualifications.

1. No deduction will be allowed against remuneration in the form of salary or wages, but if some or all of the taxpayer's remuneration consists of income, such as commission, in respect of which he has incurred expenditure which is allowable under section 11 (a) or (e) of the Income Tax Act, the expenditure will qualify for deduction against such income.
2. In the case of a pensioner whose financial affairs (pensions, annuities, investment income, etc.) are administered by a banking institution, board of executors or similar institution the administration fees, including any fees for the completion of tax returns, paid to the institution will qualify for deduction.
3. Only fees which were actually paid or are payable are deductible.
4. Since the first R2 000 of interest income is exempt from income tax, fees paid will only be allowed as a deduction to the extent that they do not create a loss.
5. Where the taxpayer receives income from exempt interest, other interest and dividends, the fees will be allocated on the income basis between the various sources of income.