

# **When does interest on a debt start running and at what rate?**

Interest starts running as soon as the debt is due and payable. For example where an invoice states that the due amount should be paid within 30 days, interest will start running after the 30 days if the debtor defaults.

The prescribed rate is provided in section 1(2)(a) of the Prescribed Rate of Interest Act, 55 of 1975. The current prescribed rate of interest is the Repo Rate + 3.5% per annum. This rate will be applicable, except if the parties expressly agree on another rate.