



# Division 7A calculator and decision tool

Use this tool to see if Division 7A applies and to calculate the minimum yearly repayment on a complying loan.

**Last updated** 9 September 2022

## About the tool

The Division 7A calculator and decision tool has 2 components to help you determine the effect of Division 7A in relation to payments, loans or debt forgiveness from private companies and how to meet your obligations on complying loans.

To learn more about:

- the operation of Division 7A, visit [Private company benefits – Division 7A dividends](#)
- Division 7A loans, visit [Loans by private companies](#).

## Decision tool component

This component will ask you a series of questions to help you determine whether a **direct** transaction by a private company to a shareholder or their associate (other than a private company) will be treated as an unfranked dividend (deemed dividend) in an income year.

## Calculator component

If you have a complying loan agreement in place, this component will calculate the:

- **minimum yearly repayment** required on a loan
- **interest payable to the lender** for the income year
- **amount of the loan not repaid by the end of an income year** (closing balance).

When you use the tool:

- you can't use the calculator if the private company uses a substituted accounting period
- the amount of interest payable and the closing balance will only match obligations under your agreement if the interest payable equals the benchmark interest rate


## Information you will need

To calculate the minimum yearly repayment you will need to know the:

- income year in which the loan was made
- amount of the loan not repaid by the end of the previous year of income
- actual term of the loan
- date and amount of any repayments attributable to that loan.

Use the calculator to calculate minimum yearly repayments for years after the loan was made, up to the current year. It can't calculate minimum yearly repayments for future years (because the benchmark interest rate is not available until just before the start of an income year).

## When we update the calculator

We update the calculator with the next benchmark interest rate in July each year, using the 'Housing loans; Banks; Variable; Standard; Owner-occupier' rate last published by the [Reserve Bank of Australia](#)  before the start of the income year.

## Get started

- [Use the Division 7A calculator and decision tool](#)

## **Our commitment to you**

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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