




Division 7A – benchmark interest rate

Find the benchmark interest rate and calculator and decision tool for Division 7A loans made by private companies.

Last updated 1 July 2024

Benchmark interest rates

Under Division 7A of Part III of the *Income Tax Assessment Act 1936*, the 'benchmark interest rate' for an income year is the 'Indicator Lending Rates – Bank variable housing loans interest rate'. This is the 'Housing loans; Banks; Variable; Standard; Owner-occupier' rate last published by the [Reserve Bank of Australia](#)  **before** the start of the income year. The benchmark interest rate for an income year does not change if the Reserve Bank of Australia later revises its published rate **after** the start of the income year.

Current and past benchmark interest rates

These rates apply to private companies with an income year ending 30 June.


A private company that meets certain requirements may adopt an income year ending on a date other than 30 June – a [substituted accounting period](#). Those companies will need to determine the relevant rate.

Benchmark interest rates – 2020 to 2025 income years

Income year ended	Rate	ATO reference
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30 June		
2025	8.77%	This is the 'Indicator Lending Rates - Bank variable housing loans interest rate' published by the Reserve Bank of Australia on 7 June 2024.
2024	8.27%	This is the 'Indicator Lending Rates - Bank variable housing loans interest rate' published by the Reserve Bank of Australia on 7 June 2023.
2023	4.77%	This is the 'Indicator Lending Rates - Bank variable housing loans interest rate' published by the Reserve Bank of Australia on 2 June 2022.
2022	4.52%	This is the 'Indicator Lending Rates - Bank variable housing loans interest rate' published by the Reserve Bank of Australia on 2 June 2021.
2021	4.52%	This is the 'Indicator Lending Rates - Bank variable housing loans interest rate' published by the Reserve Bank of Australia on 2 June 2020.
2020	5.37%	This is the 'Indicator Lending Rates - Bank variable housing loans interest rate' published by the Reserve Bank of Australia on 4 June 2019.

Substituted accounting period

If a private company has adopted a substituted accounting period, the applicable benchmark interest rate is the 'Housing loans; Banks; Variable; Standard; Owner-occupier' rate last published by the [Reserve Bank of Australia](#)  before the start of the private company's substituted accounting period.

Example 1: substituted accounting period starting on 1 November 2022

Company ABC has a substituted accounting period starting on 1 November 2022. According to the Reserve Bank of Australia website, the last interest rate published before 1 November 2022 was 6.77%. This was the rate for September 2022, published in October 2022. The benchmark interest rate for Company ABC's income year commencing 1 November 2022 is 6.77%.

Example 2: substituted accounting period starting on 1 May 2023

Company XYZ has a substituted accounting period starting on 1 May 2023. According to the Reserve Bank of Australia website, the last interest rate published before 1 May 2023 was 8.02%. This was the rate for March 2023, published in April 2023. The benchmark interest rate for Company XYZ's income year commencing 1 May 2023 is 8.02%.

Division 7A calculator and decision tool

Access the [Division 7A calculator and decision tool](#).

This tool will help you determine the effects and your obligations on Division 7A – Loans by private companies.

QC 17928

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