



Debunking Division 7A myths

Engage with our new content that debunks common Division 7A myths.

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If you own a private company, understanding how Division 7A applies is crucial to avoiding costly tax consequences when accessing its money or other benefits.

Division 7A is an integrity rule that prevents private company profits from being provided to shareholders or their associates tax-free. It doesn't apply to payments of salary and wages, director fees, ordinary dividends or certain fringe benefits, but has broad application to other payments, loans and benefits. When Division 7A applies, the recipient of the payment, loan or other benefit will be deemed to have been paid an unfranked dividend that will be included in their assessable income.

To support your understanding of your tax obligations when managing private company money, we've launched new content: **Division 7A Myths debunked**. This page debunks common myths about Division 7A, breaking these into topics such as **business structure, record keeping, and payments to other entities**.

While Division 7A can be complex, most errors we see that result in its application are simple in nature, including:

- not recognising that your company's money is not your money, and you can't access it for personal use without tax consequences
- loans being made without complying loan agreements
- applying the wrong **benchmark interest rate** when calculating Division 7A loan repayments.

These errors are often the result of common myths about Division 7A and how it works. To help you avoid making simple, but costly, Division

7A errors, we encourage you to explore our new resource so you can be across these myths.

Division 7A resources


We also recommend you bookmark or favourite our **private company benefits Division 7A dividends** web content, so you can easily access our comprehensive information whenever you need it.

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