



Taxation Determination

Fringe benefits tax: what is the benchmark interest rate to be used for the fringe benefits tax year commencing on 1 April 2015?

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Ruling

1. The benchmark interest rate for the fringe benefits tax (FBT) year commencing on 1 April 2015 is 5.65 per cent per annum. This rate replaces the rate of 5.95 per cent that has applied for the previous FBT year commencing on 1 April 2014.
2. The rate of 5.65 per cent is used to calculate the taxable value of:
 - a fringe benefit provided by way of a loan, and
 - a car fringe benefit where an employer chooses to value the benefit using the operating cost method.

Example

3. *On 1 April 2015 an employer lends an employee \$50,000 for five years at an interest rate of 5% per annum. Interest is charged and paid 6 monthly and no principal is repaid until the end of the loan. The actual interest payable by the employee for the current year is \$2,500 ($50,000 \times 5\%$). The notional interest, with a 5.65 per cent benchmark rate, is \$2,825. The taxable value is \$325 ($\$2,825 - \$2,500$).*

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Note: FBT does not apply to a loan in relation to a shareholder in a private company, or an associate of such a shareholder, that causes (or will cause), the private company to be taken under Division 7A of Part III of the *Income Tax Assessment Act 1936* to pay the shareholder or associate a dividend.

Date of effect

4. This Determination applies to the FBT year commencing on 1 April 2015.

Commissioner of Taxation

25 March 2015

References

Previous draft:

Not previously issued as a draft

Previous Rulings/Determinations:

TD 94/29; TD 95/20; TD 96/17; TD 97/8;
TD 98/6; TD 1999/2; TD 2000/19;
TD 2001/4; TD 2002/13; TD 2003/8;
TD 2004/12; TD 2005/8; TD 2006/24;
TD 2007/10; TD 2008/7; TD 2009/10;
TD 2010/6; TD 2011/6; TD 2012/7;
TD 2013/8; TD 2014/5

Subject references:

- car fringe benefits
- FBT benchmark interest rate
- fringe benefits tax
- loan fringe benefits

Legislative references:

- ITAA 1936 Pt 111 Div 7A
- TAA 1953

ATO references

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