TD 2000/19 - Fringe benefits tax: what is the benchmark interest rate to be used for the fringe benefits tax (FBT) year commencing on 1 April 2000?

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This document has changed over time. This is a consolidated version of the ruling which was published on *10 May 2000*

Australian Taxation Office

Taxation Determination **TD 2000/19**

Taxation Determination

Fringe benefits tax: what is the benchmark interest rate to be used for the fringe benefits tax (FBT) year commencing on 1 April 2000?

Preamble

The number, subject heading, date of effect and paragraphs 1 and 2 of this Taxation Determination are a 'public ruling' for the purposes of Part IVAAA of the ***Taxation Administration Act 1953*** *and are legally binding on the Commissioner. The remainder of the Determination is administratively binding on the Commissioner. Taxation Rulings TR 92/1 and TR 97/16 together explain how a Determination is legally or administratively binding.*

Date of Effect

This Determination applies for the FBT year commencing on 1 April 2000. However, this Determination does not apply to taxpayers to the extent that it conflicts with the terms of settlement of a dispute agreed to before the date of the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

1. The benchmark interest rate for the FBT year commencing on 1 April 2000 is 7.30 per cent per annum. This rate replaces the rate of 6.50 per cent that has applied for the previous year.

2. The rate of 7.30 per cent is used to calculate the taxable value of:
   - a fringe benefit provided by way of a loan;
   - a car fringe benefit where an employer chooses to value the benefit using the operating cost method.

Example

On 1 April 2000 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 x 5%). In the current year the taxable value is $1,150.00 [(50,000 x 7.30) - $2,500].

Note

3. 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.

TD 2000/19

Commissioner of Taxation
10 May 2000

Previous draft:
Not previously issued in draft form.

Related Rulings/Determinations:
TD 94/29; TD 95/20; TD 96/17; TD 97/8; TD 98/6; TD 98/22; TD 1999/2;

Subject references:
- car fringe benefit
- FBT benchmark interest rate
- fringe benefits tax
- loan fringe benefits

Legislative references:
- FBTAA 11(2)
- FBTAA 18
- FBTAA 19
- FBTAA 136(1)
- ITAA Part III Div 7A

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