



# ***TD 2019/6 - Fringe benefits tax: what is the benchmark interest rate to be used for the fringe benefits tax year commencing on 1 April 2019?***

 This cover sheet is provided for information only. It does not form part of *TD 2019/6 - Fringe benefits tax: what is the benchmark interest rate to be used for the fringe benefits tax year commencing on 1 April 2019?*

 For information on the exemption threshold for future fringe benefits tax years, refer to Fringe benefits tax - rates and thresholds.



# Taxation Determination

## Fringe benefits tax: what is the benchmark interest rate to be used for the fringe benefits tax year commencing on 1 April 2019?

### Relying on this Ruling

This publication (excluding appendices) is a public ruling for the purposes of the *Taxation Administration Act 1953*.

If this ruling applies to you, and you correctly rely on it, we will apply the law to you in the way set out in the ruling. That is, you will not pay any more tax or penalties or interest in respect of the matters covered by this ruling.

Further, if we think that the ruling disadvantages you, we may apply the law in a way that is more favourable to you.

### Ruling

1. The benchmark interest rate for the fringe benefits tax (FBT) year commencing on 1 April 2019 is 5.37% per annum. This rate replaces the rate of 5.20% that has applied for the previous FBT year commencing on 1 April 2018.
2. The rate of 5.37% 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 2019 an employer lends an employee \$50,000 for five years at an interest rate of 5% per annum. Interest is charged and paid six-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 5.37% benchmark rate, is \$2,685. The taxable value is \$185 ( $\$2,685 - \$2,500$ ).*

**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 1 April 2019.

## References

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*Previous draft:*

Not previously issued as a draft

*Legislative references:*

- ITAA 1936
- ITAA 1936 Pt III Div 7A
- TAA 1953

*Previous Rulings/Determinations:*

TD 2014/5; TD 2015/8; TD 2016/5;  
TD 2017/3; TD 2018/2

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ATO references

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method

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