TD 95/20 - Fringe benefits tax: what is the benchmark interest rate to be used for the fringe benefits tax (FBT) year commencing 1 April 1995?

This cover sheet is provided for information only. It does not form part of *TD 95/20 - Fringe benefits tax: what is the benchmark interest rate to be used for the fringe benefits tax (FBT) year commencing 1 April 1995?*

This document has changed over time. This is a consolidated version of the ruling which was published on *4 May 1995*

Australian Taxation Office

Taxation Determination **TD 95/20**

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part IVAAA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part . Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, this Determination applies to years commencing both before and after its date of issue. However, this Determination does not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

Taxation Determination

Fringe benefits tax: what is the benchmark interest rate to be used for the fringe benefits tax (FBT) year commencing 1 April 1995?

1. The benchmark interest rate for the FBT year commencing 1 April 1995 is 10.50 per cent per annum. This rate replaces the rate of 8.75 per cent that has applied for the past year.

2. The rate of 10.50 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 1995 an employer lends an employee $60,000 for five years at an interest rate of 6% 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 both the past year and the current year is $3600 (60,000 x 6%). In the current year, with a benchmark interest rate of 10.50% per annum, the taxable value is $2700 [(60,000 x 10.50%) - $3600].

Commissioner of Taxation
4/5/95

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