TD 97/8 - Fringe benefits tax: what is the benchmark interest rate to be used for the fringe benefits tax (FBT) year commencing 1 April 1997?

This cover sheet is provided for information only. It does not form part of *TD 97/8 - Fringe benefits tax: what is the benchmark interest rate to be used for the fringe benefits tax (FBT) year commencing 1 April 1997?*

This document has changed over time. This is a consolidated version of the ruling which was published on *16 April 1997*

Australian Taxation Office

Taxation Determination TD 97/8

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 1997?

1. The benchmark interest rate for the FBT year commencing 1 April 1997 is 7.55 per cent per annum. This rate replaces the rate of 10.50 per cent that has applied for the past year.

2. The rate of 7.55 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 1997 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 the current year is $3,600 (60,000 x 6%). In the current year the taxable value is $930 [(60,000 x 7.55%) - $3,600].

Commissioner of Taxation
16 April 1997

FOI INDEX DETAIL: Reference No. I 1015319 Not previously issued in draft form
Related Determinations: TD 94/29; TD 95/20; TD 96/17
Related Rulings:
Subject Ref: benchmark interest rate; car fringe benefit; fringe benefits tax; loan fringe benefit
Legislative Ref: FBTAA 11(2); FBTAA 18; FBTAA 19; FBTAA 136(1)
Case Ref:
ATO Ref: NAT 96/2491-1; FBT 155

ISSN 1038 - 8982