



Show arms-length interest rate at the time the loan was entered into

Division 7A - benchmark interest rate

- <https://www.ato.gov.au/Rates/Division-7A---benchmark-interest-rate/>
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Division 7A – benchmark interest rate

Under Division 7A of Part III of the *Income Tax Assessment Act 1936*, the 'benchmark interest rate' for an income year is the 'Indicator Lending Rates – Bank variable housing loans interest rate'. This is the 'Housing loans; Banks; Variable; Standard; Owner-occupier' rate last published by the [Reserve Bank of Australia](#)² before the start of the income year. The benchmark interest rate for an income year does not change if the Reserve Bank of Australia later revises its published rate after the start of the income year.

Benchmark interest rates

These rates apply to private companies with an income year ending 30 June.

A private company that meets certain requirements may adopt an income year ending on a date other than 30 June – a [substituted accounting period](#). Those companies will need to determine the relevant rate.

Benchmark interest rates

Income year ended 30 June	%	ATO reference
2022	4.52%	This is the 'Indicator Lending Rates - Bank variable housing loans interest rate' published by the Reserve Bank of Australia on 2 June 2021.
2021	4.52%	This is the 'Indicator Lending Rates - Bank variable housing loans interest rate' published by the Reserve Bank of Australia on 2 June 2020.

2020	5.37%	This is the 'Indicator Lending Rates - Bank variable housing loans interest rate' published by the Reserve Bank of Australia on 4 June 2019. Note: Annual Taxation Determinations for the benchmark interest rate are no longer published.
2019	5.20%	TD 2018/14
2018	5.30%	TD 2017/17
2017	5.40%	TD 2016/11

Substituted accounting period

If a private company has adopted a substituted accounting period, the applicable benchmark interest rate is the 'Housing loans; Banks; Variable; Standard; Owner-occupier' rate last published by the [Reserve Bank of Australia](#)^{CA} before the start of the private company's substituted accounting period.

Examples

Company ABC has a substituted accounting period starting on 1 November 2016. According to the RBA website, the last interest rate published before 1 November 2016 was for September 2016 and recorded to be 5.25%. The benchmark interest rate for Company ABC's income year commencing 1 November 2016 is 5.25%.

Company XYZ has a substituted accounting period starting on 1 May 2016. According to the RBA website, the last interest rate published before 1 May 2016 was for March 2016 and recorded to be 5.65%. The benchmark interest rate for Company XYZ's income year commencing 1 May 2016 is 5.65%.

Next step:

- [Division 7A calculator and decision tool](#)

See also:

- [Division 7A – Loans](#)
- [Substituted accounting periods](#)
- [Reserve Bank of Australia](#)^{CA} for the indicator lending rates.

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