



## Division 7A – benchmark interest rate

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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 \(http://www.rba.gov.au/statistics/tables/?anchor=interest-rates#interest-rates\)](http://www.rba.gov.au/statistics/tables/?anchor=interest-rates#interest-rates) **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.

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#### 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. <b>Note:</b> Annual Taxation Determinations for the benchmark interest rate are no longer published.
2019	5.20%	<a href="#">TD 2018/14 (/law/view/document?docid=TXD/TD201814/NAT/ATO/00001)</a>
2018	5.30%	<a href="#">TD 2017/17 (/law/view/document?docid=TXD/TD201717/NAT/ATO/00001)</a>
2017	5.40%	<a href="#">TD 2016/11 (/law/view/document?docid=TXD/TD201611/NAT/ATO/00001)</a>

## 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 (<http://www.rba.gov.au/statistics/tables/?anchor=interest-rates#interest-rates>) 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 \(/Calculators-and-tools/Division-7A-calculator-and-decision-tool/\)](#)

**See also:**

- [Division 7A – Loans \(/Business/Private-company-benefits---Division-7A-dividends/In-detail/Division-7A---Loans/\)](#)
- [Substituted accounting periods \(/tax-professionals/prepare-and-lodge/tax-agent-lodgment-program/tax-returns-by-client-type/substituted-accounting-periods/\)](#)
- [Reserve Bank of Australia \(http://www.rba.gov.au/statistics/tables/?anchor=interest-rates#interest-rates\)](http://www.rba.gov.au/statistics/tables/?anchor=interest-rates#interest-rates) for the indicator lending rates.

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