A loan fringe benefit will arise where:

- a loan is provided by the University to an employee or associate;
- the loan is not exempt (outlined below); and
- the interest rate charged on the loan is less than the relevant statutory interest rate.

A loan fringe benefit will exist in each FBT year that the employee is under an obligation to repay either the whole or part of the loan and the interest rate is less than the relevant statutory interest rate. See Attachment A at Part 4.1 for the statutory interest rate. An obligation to repay an amount exists both where a payment is not yet due and where an obligation is not enforceable by law.

A loan is defined to include:

- an advance of money;
- the provision of credit or any other form of financial accommodation;
- the payment of an amount which gives rise to an obligation (whether express or implied) to repay the amount; and
- a transaction (whatever its terms or form) which, in substance, is a loan of money.

Further, a loan will be deemed to exist in the following circumstances:

- an employer does not enforce the payment of a debt owed by an employee when it becomes due; or
- a loan, made by an employer to an employee, accrues interest which is not payable at least every 6 months (at each 6 month interval, a separate interest free loan is deemed to arise in respect of the unpaid interest);

Exemptions

A loan will not produce a loan fringe benefit in the following situations:

- an advance made to a current employee to cover employment related expenses where:
  - the expenses are to be incurred within a maximum of six months of the advance being made; and
  - within the six month period the employee must account to the employer, in respect of the expenditure incurred and repay any amount not accounted for; and
- an advance, repayable within 12 months, is made by an employer to an employee to enable the payment of any amounts in relation to a security deposit (or similar) for employment-related temporary accommodation provided by the employer. (The employee must also be provided with a benefit in connection with accommodation which is exempt as the employee is required to live away from his/her
FRINGE BENEFITS TAX  
Section : 4.0

LOAN FRINGE BENEFITS  
Part : 4.10

Revised Date : 24.07.2006

Taxable Value

The taxable value of a loan fringe benefit in a FBT year is the amount by which the notional amount of interest (as calculated by applying a specified interest rate to the daily balance of the loan) exceeds the actual amount of interest accruing on the loan. Each loan is to be considered separately.

Reduction in Taxable Value

The taxable value of a loan fringe benefit will be reduced to the extent to which the notional interest on the loan would otherwise be allowable as an income tax deduction to the employee. For example, where the loan is used to finance the purchase of shares with the expectation of producing a sufficient dividend stream, the loan would not be a taxable benefit because the interest on the loan would normally have been wholly deductible for income tax purposes.

Declarations

In order to prove deductibility, the employee must provide to the employer a declaration, refer Part 4.10 Attachment A, which specifies the use to which the loan was put and the extent to which interest on the use of the loan was deductible.

Where the loan was used to purchase or lease a car which is used for business or employment related purposes please complete the relevant declaration at Part 4.10 Attachment B.
Loan Fringe Benefit Declaration

I, ........................................................ declare that the loan of $.........................(amount in words) made to me by ........................................................... (name of person who lent you the money on ...................) 20..... was used by me during the period from ...........................................20..... to ........................................... 20 ......for the following purpose(s)

....................................................................................................................................................

(Please give sufficient information to demonstrate the extent to which the loan was used for the purposed of earning your assessable income.)

I also declare that had I paid interest at a commercial rate on the loan for the above period, I would have been entitled to claim an income tax deduction equal to ...........% of the interest on that loan.

Signature ___________________________________

Date         ___________________________________
Loan Fringe Benefit Declaration
(to acquire or lease a car)

A

I, ........................................................ declare that the loan of $.....................................(amount in words) made to me by
.............................................................................. (name of person who lent you the money on .................. 20...... was used
by me during the period from
.............................................. 20...... to .................. 20 ......for the following purpose(s)

....................................................................................

(Please give sufficient information to demonstrate the extent to which the loan was used for the purpose of earning
your assessable income.)

I also declare that had I paid interest at a commercial rate on the loan for the above period, I would have been entitled
to claim an income tax deduction equal to ...............% of the interest on that loan.  (See notes 1, 2, 3 & 4 below if the
loan was used to purchase or lease a car).

If the loan was used by an employee to purchase or lease a car which is used for business or employment-related
purposes please complete B, C or D below as applicable.  If the business percentage shown above is based on log book
records, complete section B.  If not, complete either section C or D.

B

I declare that -

(i) the period of the FBT year the car was in use by me for business purposes was - ........... 20.... to ........... 20....;

(ii) log books and odometer records for the car (or a car which this car replaces) were kept for a minimum of 12
    consecutive weeks during that period and have been given to the employer; or

(iii) log books and odometer records for the car (or a car which this car replaces) were kept for a minimum of 12
    consecutive weeks in an earlier year, and odometer records were kept this year and have been given to the
    employer; or

(iv) the car business percentage for the period mentioned in (i) above was ..................... %; (see explanatory note 4)
C

(To be completed where the benefit relates to a car which travelled more than an average of 96 business kilometres per week and Section B has not been completed).

I declare that the period of the FBT year during which the car was in use by me for business purposes was .................... 20.... to .................. 20.... and that an average of more than 96 business kilometres per week was travelled in that period.

D

(To be completed where the benefit relates to a car and neither Section B nor Section C is applicable).

I declare that:

- the period of the FBT year the car was in use by me for business purposes was .................... 20.... to .................. 20....;
- the total number of kilometres travelled by the car in that period was ..................;
- the number of business kilometres travelled by the car in that period was ..................;

Signature ...........................................
Date ..................................................

Notes:

1. If log books have been kept and given to the employer and section B has been completed, the tax deductible percentage stated in section A should equal the percentage of business use for the period during the year that the car was in use by the employee for business purposes, as shown in item (iv) of section B.

2. If log books have not been given to the employer and section C is completed, the tax deductible percentage stated in section A should be 33 1/3%.

3. If section D is completed, the tax deductible percentage stated in Section A should be the lesser of 33 1/3% and the proportion of business kilometres to total kilometres as shown in section D.

4. The percentage of business use is the proportion of business kilometres to total kilometres. The percentage of business use stated in section A and at item (iv) of section B should be determined by taking into account the business use in the logbook records and variations in the pattern of business use throughout the year due to holidays, seasonal factors and the like.