



SARS Media Advisory – Reduction in official rate of interest for determining a fringe benefit

PRETORIA, 28 FEBRUARY 2011 - The "official rate of interest" for calculating fringe benefits will reduce with fifty basis points to 6.5% with effect from 1 March 2011.

The reduction is due to amendments to the definition of "official rate of interest" in the Seventh Schedule to the Income Tax Act, 1962, by section 90 of the Taxation Laws Amendment Act, 2010, coming into effect.

The amended definition of "official rate of interest" provides that the official rate, in the case of a loan denominated in Rand, is equal to the South African repurchase rate plus 1 per cent with effect from 1 March 2011. Therefore, the current repurchase rate of 5.5 per cent plus 1 per cent results in an official rate of 6.5 per cent.

ENDS

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