



INTEREST RATE CHANGE



Where a loan is obtained by an employee from his employer in excess of R3000.00 and either no interest is payable or the interest payable is less than the "official rate of interest". The difference between the amounts calculated at the official rate of interest, and the amount calculated at the interest rate applied by the employer, is a taxable fringe benefit. The fringe benefit value must be processed in the payroll and reported on the tax certificate against the general code 3801.

Effective from 1 March 2011, the "official rate of interest" is defined in the Seventh Schedule as the rate of interest that is equal to the RSA repurchase rate ("Repo rate") plus 100 basis points (1%). The official rate of interest changes from the first day of the month following the date on which the Repo rate change comes into effect.

The Repo rate was reduced to 6.75% on 20 July 2017 and the Official Rate of Interest is therefore **7.75% effective from 1 August 2017**.

The new rate has been implemented by Paymaster on the system from 1 August 2017.

Any questions, please ask your Payroll Administrator.

Ian Hurst | Managing director



Contact Ian on 082 898 5006 or mail him at ian@paymaster.co.za for more details.