



Tax rates and allowances 2018-19

Beneficial Loans

A director or employee obtains a benefit by reason of their employment when he or she, or any of their relatives, are provided with a cheap or interest free loan.

These loans are called beneficial loans.

An employee is chargeable to tax and the employer is liable for class 1A National Insurance on the difference between the official rate of interest and the interest, if any, paid.

The benefit can be calculated using either of the following methods:

Normal Averaging Method

$$\frac{\text{Loan at start of year} + \text{loan at end of year}}{2} \times \frac{\text{Months loan outstanding}}{12} \times \text{Official rate}$$

Alternative Precise Method

Sum of:

$$\text{Loan outstanding on each day} \times \frac{\text{Official rate on that day}}{365}$$



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HMRC Average official rates

Use the table below to find the average official rate of interest for years when:

- The loan was outstanding throughout the income tax year
- You are using the normal averaging method calculation

Tax Year	Average official rate %
2018-19	announced at end of tax year
2017-18	2.50%
2016-17	3.00%
2015-16	3.00%
2014-15	3.25%
2013 -14	4.00%
2012 -13	4.00%
2011-12	4.00%
2010-11	4.00%
2009-10	4.75%
2008-09	6.10%
2007-08	6.25%
2006-07	5.00%
2005-06	5.00%
2004-05	5.00%
2003-04	5.00%
2002-03	5.00%
2001-02	5.94%
2000-01	6.25%
1999-2000	6.25%
1998-99	7.16%
1997-98	7.08%
1996-97	6.93%
1995-96	7.79%



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HMRC actual official rates

Use the table below in cases not within the above table.

From	To	Actual official rate %
6 th April 2017		2.50%
6 th April 2015	5 th April 2017	3.00%
6 th April 2014	5 th April 2015	3.25%
6 th April 2010	5 th April 2014	4.00%
1 st March 2009	5 th April 2010	4.75%
6 th April 2007	28 th February 2009	6.25%
6 th January 2002	5 th April 2007	5.00%
6 th March 1999	5 th January 2002	6.25%
6 th August 1997	5 th March 1999	7.25%
6 th November 1996	5 th August 1997	6.75%
6 th June 1996	5 th November 1996	7.00%
6 th February 1996	5 th June 1996	7.25%
6 th October 1995	5 th February 1996	7.75%
6 th November 1994	5 th October 1995	8.00%