



**Malawi
Revenue
Authority**

PUBLIC NOTICE

APPLICABLE COMMERCIAL RATE FOR FRINGE BENEFIT TAX ON EMPLOYER PROVIDED CONCESSIONAL LOANS FOR THE THIRD QUARTER (OCTOBER TO DECEMBER 2023)

The Malawi Revenue Authority (MRA) would like to notify all employers that for the quarter ending **31st December 2023**, the applicable commercial rate for calculating Fringe Benefit Tax (FBT) on concessional loans provided by the employer to an employee is **28%**.

Paragraph 5(e) of the Fringe Benefits Tax Regulations stipulates that where an employer provides a loan to an employee at an interest rate lower than the applicable commercial rate, the resulting interest difference (saving) be recognized as a fringe benefit.

For purposes of determining the fringe benefit under the said regulation, the prevalent rate on the formal market for loans in the middle of each quarter (15th day of the second month of each quarter) is deemed to be the commercial rate. The prevalent rate on the **15th November, 2023** was **28%**.

All employers should, therefore, use this rate to compute the taxable value of the fringe benefit on concessional loans for the quarter ending **31st December, 2023**. Please, note that this regulation does not cover short-term emergency loans such as advances for rental payments and medical expenses for employees.

MRA would like to remind all employers that failure to comply with the Fringe Benefits Tax Regulations attracts penalties. FBT for the third quarter is due by **14th January, 2024**.

John S. Biziwick

COMMISSIONER GENERAL

