

Beneficial Loan Arrangements

Guideline for the purposes of rules 26 and 27 of the Fringe Benefits Rules (SL 123.55) *Issued on: 14th February, 2025*

In virtue of the powers granted by rule 26(2)(c) of the Fringe Benefits Rules (S.L.123.55) and of article 96(2) of the Income Tax Act (Cap. 123), the Commissioner has issued the following guideline:-

1. This guideline applies as from the year of assessment 2025.
2. This guideline applies to any loan granted by a bank set up or licensed under Maltese law or by a financial institution authorised to lend money to the general public in accordance with Maltese law to an employee of such bank or financial institution
3. For the purposes of rules 26 and 27 of the Fringe Benefits Rules, the benchmark rate of interest on loans to which this guideline applies shall be as follows:

- i. In the case of a loan for the purchase of a primary residence, as defined in Directive No. 16 (Regulation on Borrower-Based Measures) issued by the Central Bank of Malta in terms of the Central Bank of Malta Act (Cap. 204), the average interest rate on Overnight Deposits as published by the Central Bank of Malta in the Statistics database titled Interest Rates and other Key Financial Market Rates. (This benchmark rate may be located through this link:

<https://www.centralbankmalta.org/interest-rates-and-key-financial-market-rates>

under the Excel file titled: *Monetary Financial Institutions' Interest Rates on Deposits and Loans to Residents of Malta under Outstanding Amounts Row 37 titled Overnight Deposits*).

- ii. In the case of any other home loan, the average interest rate on *Lending for House Purchases*, as published by the Central Bank of Malta in the Statistics database titled *Interest Rates and other Key Financial Market Rates*. (This benchmark rate may be located through this link:

<https://www.centralbankmalta.org/interest-rates-and-key-financial-market-rates>

under the Excel file titled: *Monetary Financial Institutions' Interest Rates on Deposits and Loans to Residents of Malta under Outstanding Amounts Row 56 titled Lending for House Purchases*).

- iii. In any other case, the average interest rate on *Consumer Credit and other Lending* as published by the Central Bank of Malta in the Statistics database titled *Interest Rates and other Key Financial Market Rates*. (This benchmark rate may be located through this link:

<https://www.centralbankmalta.org/interest-rates-and-key-financial-market-rates>

under the Excel file titled: *Monetary Financial Institutions' Interest Rates on Deposits and Loans to Residents of Malta under Outstanding Amounts* Row 57 titled *Consumer Credit and other Lending*).

4. The average rates referred to in the paragraph (3) shall be calculated by reference to the interest rates prevailing at the end of each month during the twelve-month period ending on 30 September of the year immediately preceding the year during which the benefit is deemed to arise, as published by the Central Bank of Malta in the said database.
5. This guideline overrides the provisions of rule 26(2)(c) of the Fringe Benefits Rules. It also overrides any other guidance notes, including the Fringe Benefits Tax Guide, insofar as they relate to the benchmark rate of interest on loans by banks and financial institutions to their employees. It is, however, without prejudice to the other provisions of the Fringe Benefits Rules and to any guidance notes, including the Fringe Benefits Tax Guide, insofar as they refer to loans other than a loan to which this guideline applies in terms of paragraph 2.