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Fuel Schemes Stakeholder Group

Access information from meetings of the Fuel Schemes Stakeholder Group.

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QC 28466

Fuel Schemes Stakeholder Group key messages 21 August 2025

Key messages from the Fuel Schemes Stakeholder Group meeting 21 August 2025.

Published 14 October 2025

Welcome

No conflicts of interest were declared, and members were reminded to declare any conflicts which may arise during discussions.

Integrity declarations have been completed by all non-government attendees. Attendees were asked to highlight any issues considered sensitive or confidential during discussions.

Reflections of 2024–25 / focus for 2025–26

The fuel tax credit (FTC) scheme is currently considered by the Australian Taxation Office (ATO) as a low-risk program and is operating as intended. The focus is on how to make it simpler for those who already comply but target and address any areas of concern. Overall, the scheme is quite simple, unless apportionment of fuel use is involved, which is where the ATO will continue to focus attention.

Tax gap estimates are used by the ATO as a measure of voluntary compliance and amount of underclaims and overclaims of FTCs. Tax gaps are updated and reported in October yearly. The 2022–23 FTC tax gap was 4.3% or \$322.3 million, with the total FTC claims for that period being \$7.5 billion. The gap is a net figure, combining estimated underclaims and overclaims. Against other product tax gaps, this is considered as a low non-compliance rate.

The current methodology to calculate the fuel tax credits gap is complex and does not allow the ATO to segment the tax gap estimate further. For example, it isn't possible to estimate the FTC tax gap by industry or size of claimant. The results of actual compliance activities provide some insights as to where most issues are found.

Future tax gaps will consider focusing on identifying how much of the tax gap may be attributed to fraud or errors in calculations. The ATO noted that not all eligible claimants submit FTC claims where people are not aware of FTCs or consider the amount received too low compared to the effort required to substantiate claims. From the

current FTC population, it was noted that of nearly 300,000 registered claimants, in a particular BAS period only, 180,000 might submit claims. This may also be impacted by seasonal claimants. Tax gaps around 4% are more susceptible to statistical data variations.

We continue to work to ensure that the tax gap estimate for FTCs remains low by making it easy for claimants to claim. Claiming is clear and simple, assisted by tools, as well as addressing those overclaiming with better tools, support and where required, audit action.

We are aware that some underclaiming exists due to perceived complexity/risk in claims being submitted.

Approximately 180,000 FTC claimants lodged claims in 2023–24, with the amount claimed totalling \$9.6 billion across:

- \$4.5 billion by the mining industry
- \$1.8 billion for transport, postal and warehousing
- \$693 million for construction
- \$1.1 billion for agriculture, fisheries and forestry.

[Excise data](#) and statistics dating back to 2007 are available, noting that the temporary fuel excise reduction impacted amounts in 2021–22 and 2022–23. Data represents the value of claims and not the volume of fuel that may have been used.

Technology has significantly improved fuel apportionment methods, moving away from anecdotal approaches and spreadsheets. It is not foolproof and must be supported by other evidence to ensure low-risk, high-accuracy outcomes. Apportionment methods must be regularly reviewed. Initial setup may require significant effort, but ongoing review is essential due to changes in business operations, for example equipment type, age, size. Methods should account for factors that could distort results.

While testing every vehicle isn't expected, a reasonable sample size is needed to provide assurance that claims are accurate and not over/understated. Methodologies (deductive or constructive) must be validated against actual fuel acquired to avoid overclaiming. Accurate fuel acquisition data is critical, and claims must be backed by appropriate documentation, which the ATO has found is sometimes missing in practice and results in significant adjustments to claims.

A global positioning system can support apportionment, but it has limitations so checks and balances are necessary to ensure reliability. There is a risk relying on default fuel consumption rates or applying them across different equipment types without supporting evidence. A balance is needed between sufficient evidence and practical claim support. If clients or members are concerned about the risk of a methodology, they can reach out to the ATO for guidance and assurance.

Members raised an issue about contradictory messaging from auditors regarding estimates used for claiming FTCs in the agriculture sector. Michael Hughes noted that without knowing the specific case, sometimes context and caveats can be missed in anecdotal reports. The ATO accepts evidenced-based estimates provided they are reasonable and supported by documentation appropriate to the size of the enterprise, noting that original assumptions should be regularly reviewed, like vehicle use, fuel types to ensure the methodology remains true.

Members raised concerns about the feasibility of tracking every kilometre or litre, especially for incidental use, like utes on farms. Darryl Daisley noted that the mining sector uses representative sampling (weekly/monthly) and reviews methods when operations change.

Members noted that some organisations still use methods developed over a decade ago and assume they are still ATO-approved as they passed previous audits. Members expressed a desire for clearer, stronger ATO guidance on how often methodologies should be reviewed and updated. The ATO acknowledged the need for updated guidance, for example, existing PCG 2016/8 and PCG 2016/11 and will seek member feedback on what further guidance would be helpful.

Advisors struggle to convince clients to update methods if they have passed audits before, but the advisor may be concerned whether the client has reviewed and assessed previous methodologies. Advisors are seeking ATO messaging to support them encouraging regular reviews.

The ATO agrees to provide short-term clarification and work on longer-term updates, asking industry to identify gaps in current guidance.

Action item	Review existing public advice and guidance relating to FTC claims
Responsibility	Anthony Barnard
Description	Review existing public advice and guidance relating to FTC claims. Members will be asked to provide feedback on current public advice and guidance products.

The ATO will undertake work to review existing public advice and guidance relating to FTC claims. Members will be asked to provide feedback on current public advice and guidance products – Anthony Barnard.

Group governance

A membership review was carried out in July 2025, with membership considered in terms of representation and engagement. Several changes have since been made.

As part of governance for stakeholder groups, the groups charter is required to be endorsed annually. The 2024 charter was provided in meeting papers for consideration. No comments were received from members, and the charter will carry over for 2025.

Action item	Endorsement of 2025 charter
Responsibility	Chair and members
Description	The 2025 Fuel Schemes Stakeholder Group (FSSG) charter is to be distributed to members with the FSSG meeting minutes for endorsement.

Technical advice

Since 1 July 2025, there have been a few FTC rate changes. The Road User Charge (RUC) increased on 1 July 2025 and biodiesel rates

changed from that date as part of the phasing in of excise duty rates. Under current law, phasing in of biodiesel excise duty rates will finish by 2030. There was an increase to excise and customs rates on 4 August, noting that changes don't always take effect from the first day of the month due to reliance on publishing dates of the consumer price index by the Australian Bureau of Statistics. FSSG members are advised when rate changes occur. The ATO encourages claimants to use the FTC calculator available on ato.gov.au to ensure correct rates are applied to specific dates.

The last of the RUC rate changes given effect to via the *Fuel Tax RUC Determination 2023* occurred on 1 July 2025. Further rate changes are for government consideration.

The Miscellaneous Tax Ruling **MT 2024/1 Miscellaneous tax: time limits for claiming an input tax or fuel tax credit** was issued on 4 December 2024. The ruling advised that credits are required to be claimed within 4 years of the earliest BAS in which they could have been claimed.

Recent deregulation measures included the implementation of a bunker fuels measure. From 1 January 2025, fuel supplied or imported for use in ships 400 tonnes or over are no longer required to pay excise duty. Relevant advice was updated on ato.gov.au

Members were encouraged to liaise with the ATO, particularly where issues may be contentious or complex. Early engagement processes are effective in working through issues to determine the most appropriate guidance product. Members can contact the Technical Advice team via Excise.Experience@ato.gov.au initially.

Further to the earlier discussion regarding ATO advice products, John Gordon noted that guidance around the minimum requirement considered reasonable in terms of small, medium or mature businesses might be useful.

Action item	Clarification on changes in PCG 2026/11
Responsibility	Anthony Barnard
Description	ATO to provide clarification around the change made to current safe harbours in PCG 2016/11 (paragraph 5).

Roundtable member comments

Treasury advised that there are no current measures in the FTC space, but it noted that government is holding an Economic Reform Roundtable, with a focus on 3 main themes:

- making our economy more productive
- building resilience in the face of global uncertainty
- strengthening the budget and making it more sustainable.

Information on the [Economic Reform Roundtable](#), including the agenda and a short overview paper are available.

- Deloitte advised the main issue for clients relates to calculation and apportionment/substantiation and evidentiary requirements. Deloitte are seeing more clients choosing not to claim any off-road element, particularly in the transport industry. Larger scale claimants refer to difficulties taking a truck out of service to calculate burn rates for testing.
- KPMG noted similar issues with clients reverting to claiming the on-road rate. KPMG are currently working through obtaining reliable telemetry data to build robust calculations. It was noted that there had been significant audit activity during COVID-19 which reinforced clients' need to ensure they were complying. The road transport industry was struggling, with many advising FTC claims were equal to the bottom line for their business.
- Pitcher Partners advised that some clients consider the safe harbour apportionment methodology low for off road claims and wanted to understand evidence required to support higher claims. Some clients had also indicated that time and effort spent calculating claims for offroad travel were not worth the claim.
- National Road Transport Association echoed KPMG's comments in relation to the value of FTC claims for the transport industry and noted the importance of reasonable lead times in relation to any changes as many businesses do not have the flexibility to make changes quickly. The biggest issue for many is underclaiming and it was noted the potential uncompetitive advantage of primary production vehicles competing against transport companies in ports. Members discussed usage of the current safe harbour, noting that a slight change of wording in the Practical Compliance Guideline (PCG) led to some vehicles not being listed in relation to

auxiliary equipment. This change was in response to Federal Court decision and ATO did note that there is another safe harbour for incidental off road use that mainly focused on farming and construction industries. Further information will be provided to members to clarify existing guidance.

- Members raised the possibility of extending safe harbours or if there could be a safe harbour specifically for off-road claims, or off-road claims for different types of industries. The ATO encouraged industry to put forward their suggestions for potential safe harbours.
- Fuel Tax Advisers agreed with member comments, noting that more guidance would be appreciated, particularly in relation to safe harbours across different industries and on public roads. They referred to the need for consistency in audit messaging. Could the existing safe harbour for claimants under \$10,000 be extended to larger claimants to increase the potential client base that would utilise the safe harbour. The ATO has invited specific comments/suggestions from industry on this, and the ATO noted that approximately 80% of current FTC claimants claim under \$10,000, with most being self-preparers – that is, a large percentage of the current FTC registered population are able to access the safe harbour.
- Bus Industry Confederation referred to current issues for the bus industry, including anti-social behaviour and staff shortages. Current challenges in relation to electrification of vehicles and the potential competitive advantage for diesel operators was noted. The ATO noted that the policy intent on the introduction of the FTC scheme was for fuel excise to cover the cost of building and maintenance of public roads, with those travelling off road able to claim back that charge. Electrification had not been considered when the scheme was introduced.
- Shipping Australia Limited referred to the recent bunker fuel measure implementation and noted that only minor clarification had been required. Discussions around freight tax were referred to and they advised they will liaise with the ATO if there are any relevant issues.
- Association of Mining and Exploration Companies advised that while the mining industry was an early adopter of new technologies, current experiences with using electric vehicles (both light and

heavy) were not as positive as envisioned, particularly in relation to heavy vehicle assets trialled at mining sites. There will likely be a high reliance on FTC for diesel vehicles for some time, with a slow transition in the industry for electric vehicle fleets. FTC claims continued to be vital for the mining sector. They referred to fuel excise / electric vehicle policies considered by the Commonwealth and State Governments, including current discussions around the RUC. The chair noted issues experienced in the USA where policies have been adopted at the state level and noted this would add an extra level of complexity, particularly for companies operating across states. Given the ATO's administrative role in relation to notional RUC and the FTC scheme, it was also awaiting any government decision in this area.

- Minerals Council of Australia noted the importance of the FTC scheme for members, particularly around the use of diesel in remote and regional areas and the considerable investment by the mining industry to decarbonise, noting recent advice that more than \$30 billion would be spent by companies over the next 5 years to decarbonise vehicle fleets.
- Civic Contractors' Federation supported comments made, particularly in relation to the challenge of electrification and possible changes to the RUC. The importance of reasonable lead times for any transition to any changed arrangements was noted.
- Transport Certification Australia noted an enormous focus across industries on decarbonisation. The TCA had been carrying out research from a service delivery perspective relating to heavy vehicles / the heavy end of the freight space and had noted very slow adoption of electrification. Also commented on, the small net tax gap and the role of certificated telematics perhaps being used due to ease of use rather than providing a minimum level of assurance.

Other business

Members were reminded that the ATO wants to assist them with education about fuel tax credits, reminding them of the recent assistance provided via newsletter articles and webinar presentations, all provided to assist claimants in relation to their obligations and how to claim fuel tax credits.

Attendees

Attendees list

Organisation	Attendee
ATO	Michael Hughes (Chair), Small Business, Excise
ATO	Anthony Barnard, Small Business, Excise
ATO	Bonnie Joshi, Small Business, Excise
ATO	Claudia Bianco, ATO Corporate
ATO	Kellysan Powers-Martin, Small Business, Excise Experience
ATO	Michelle Scott, Small Business, Excise
Association of Mining and Exploration Companies	Darryl Daisley
BAS Agent	Nikki Hannaford
Bus Industry Confederation	Varenya Mohan-Ram
Civil Contractors' Federation	Nicholas Proud
Commonwealth Fisheries' Association	Daniel Casement
Deloitte	Laura O'Brien
Fuel Tax Advisers	Peter Perich
KPMG	Anthony Harmer
Minerals Council of Australia	Ross Lyons

National Road Transport Australia	Warren Clark
Pitcher Partners	Peter Quattrocchi
Shipping Australia Limited	Melwyn Noronha
Transport Certification Australia	John Gordon
Treasury	Zoe Chalmers
Treasury	Juyeon Lee

Apologies

Apologies list

Organisation	Member
ATO	Emma Butler, Small Business, Excise
ATO	Michael Brooks, Small Business, Excise
Association of Mining and Exploration Companies	Neil van Drunen
Australian Institute of Petroleum	Malcolm Roberts
Australian Trucking Association	Bill McKinley
Bioenergy Australia	Shahana McKenzie
EY	Kylie Norman
Maritime Industry Australia Limited	Angela Gillham
National Farmers' Federation	Chris Young

QC 105617

Fuel Schemes Stakeholder Group key messages 29 July 2024

Key topics discussed at the Fuel Schemes Stakeholder Group meeting 29 July 2024.

Published 3 October 2024

Group governance

Integrity declaration

Members were advised of the introduction of an integrity declaration for all consultation groups. A copy of the declaration will be provided to members by email and will need to be completed and returned prior to the first meeting in 2025.

Integrity declarations are required to be signed annually by primary members of the group, as well as by proxy members at meetings. They are not required to be completed by Commonwealth members, who are covered by other Australian Public Service guidelines.

Annual review

An annual review is required for all consultation groups to ensure relevant representation of industry organisations and associations. Ongoing engagement is a factor in membership consideration. Following the review, a recommendation was made to offer an invitation for Fuel Tax Advisers which was accepted.

Charter

The Fuel Schemes Stakeholder Group (FSSG) charter has been updated to include the integrity declaration and a draft was provided

with meeting papers. There were no comments received by members and the charter was endorsed.

Action item	FSSG Charter
Responsibility	Rowena Troth, Secretariat
Description	Enquire if endorsed FSSG charter can be published to FSSG webpage.

2023–24 reflections and 2024–25 compliance focus areas

The fuel tax credit program is operating as intended. Total fuel tax credit (FTC) claims for 2023–24 will be published in October 2024 in the Australian Taxation Office (ATO) Annual Report however, it was noted that FTC claims are approximately \$7.5 billion to \$8 billion each year, with around 300,000 registered claimants. Mining (49%), transport (18%), and agriculture forestry and fishing (10%) represented the largest industries based on value of claims, closely followed by the construction industry however, most FTC clients are in agriculture, fishing or forestry, or road transport sectors.

For further details of claims by industry and FTC rates back to 2006, see [Historical FTC rates](#).

The ATO continues to monitor the potential impact of electric vehicle usage on FTC claims however, to date this has not been significant with overall claimant population numbers and total FTC amount claimed growing overall. We consider the FTC product to be low risk with a very high level of voluntary compliance. The 2021–22 tax gap was estimated at 2.6% or \$175.3 million, which represents the net of over and underclaims.

Following a request at the 2023 FSSG meeting, a one-page fact sheet of common errors was produced and distributed to members. Earlier in 2024, FTC-related content on ato.gov.au was updated as part of a website upgrade. Feedback is always welcome to improve reference material on the website. The FTC calculator was updated over the last year based on changes in Road User Charge, indexation and biodiesel rates and members were encouraged to utilise the FTC calculator when preparing their claims to ensure they are using the latest rates.

Members noted continuing frustrations in non-alignment of rate changes with business activity statement (BAS) reporting periods, with updates commencing at the beginning of the financial year quarters preferred for ease of administration. Current rate changes are linked to indexation of fuel duty rates, which are governed by existing legislative requirements.

During 2023–24 we updated the telematics checklist, which assists advisors and technology providers, to reflect changes in positional certification and the impact of hybrid vehicles.

We continue to see some attempts to fraudulently extract refunds using BAS. As FTCs are claimed on the BAS, that label has also been used for potential fraud where clients deliberately overstate FTC claims to obtain a refund. We are managing that risk, with rules in place to detect suspicious claims. At times these may delay some legitimate claims, however those are quickly released following checks being carried out.

Apportionment of fuel between on and off-road use continues to be the main area of potential risk, whether due to errors in manual record-keeping or an over-reliance on technology and incorrect methodologies used for that specific business. Back claims over extended periods can also contribute to increased errors. Excise centre continues to work with advisers and clients to provide Product Rulings and Class Rulings to give greater assurance and certainty for clients in the use of Global Positioning Systems (GPS) telematics. There are currently 3 Product Rulings and 5 Class Rulings in place.

Another common error arises where the incorrect entity in a contractual relationship claims FTCs. Despite what is written in a contract, only the correct entity is entitled to make the claim and particular attention should be given to establishing which entity has the proprietary interest in the fuel. Finally, from a common errors perspective, it was noted that claims have also been found to incorrectly include quantities of diesel exhaust fluid (often referred to as AdBlue), as a taxable fuel. FTC cannot be claimed for this product.

The focus for 2024–25 will continue to be on supporting and helping clients to claim their correct entitlement. The ATO can provide information for industry articles to assist clients in making correct FTC claims. Excise centre will continue to liaise with advisers, developers and clients to develop Product and Class Rulings. A specific compliance/audit focus will be on back claims that have relied on

manual calculations or estimations with little evidence to support a claim.

We encourage members to liaise with the excise centre if they believe there are further opportunities for safe harbours to be developed for FTC claims.

ATO technical advice

The Road User Charge (RUC) rate increased on 1 July 2024 from 28.8 cents per litre to 30.5 cents per litre, which reduces the fuel tax credit rate for fuel used in heavy vehicles travelling on public roads. Members were advised of the upcoming indexation of fuel excise rates which will take effect from Monday 5 August, in line with the consumer price index. The next indexation date of effect will be from 3 February 2025. The ATO's FTC calculator and web content will always reflect the most current rate.

A draft *Miscellaneous Taxation Ruling MT 2024/D1 Miscellaneous tax: time limits for claiming an input tax or fuel tax credit* was released for consultation in February 2024. This draft ruling explains the ATO's view on the 4-year time limit that applies to claims for input tax credits and fuel tax credits. The final ruling is expected to be published in the coming weeks and an email will be sent to FSSG members. Refer to the [ATO advice and guidance page](#) on the ATO website which provides details of draft and final public advice.

Excise Centre's Technical Advice team continue to develop new and renew existing Product and Class Rulings as well as responding to queries relating to FTC claims. Common queries include clarifying the fuel ownership for FTC purposes and determining the correct volume of fuel acquired when fuel has been invoiced based on a temperature corrected volume. The ATO noted that regardless of contracts including references to which entity can claim FTCs under the contract, this does not override the legislative requirements as set out in [Section 41 of the Fuel Tax Act 2006](#).

Excise centre continues to work with clients and advisers regarding apportionment methodologies which can be complex. It was noted that clients cannot simply rely on methodologies or results prepared by another entity. Each client's assumptions/variables need to be supported by testing and adequate sampling, particularly in relation to testing of inputs and fuel consumption rates.

The ATO is aware of incorrect advice being provided to clients that diesel particulate regeneration fuel is not subject to the RUC and attracts a higher FTC. The ATO advised members that the Commissioner of Taxation's view is that this use is considered 'travelling' and that this view is supported by the **Decision Impact Statement Linfox > Australia Pty Ltd v Commissioner of Taxation of the Commonwealth of Australia**. The **Fuel Tax Ruling FTR><2008/1 Fuel tax: vehicle's travel on a public road that is incidental to the vehicle's main use and the road user charge** deals in part with 'travelling' and that the FTC for this fuel is reduced by the RUC.

Since the 2023 FSSG meeting, the previous legislative instrument for correcting errors had sunsetted, with the update remade on 25 September 2023, *Fuel Tax Act 2006 Legislative Instrument LI 2023/33*.

Members were advised of recent deregulation streamlining changes to the administration of excise and excise equivalent goods. Measures came into effect on 1 July 2024 dealing with licensing fees and renewal requirements, as well as entity level licensing. These changes impacted excise and customs duty payers. The final measure of this package, to take effect on 1 January 2025, relates to removing excise and customs duty for fuel used in commercial shipping, which would have an impact on FTC claims by those clients in relation to fuel used in domestic voyages. Excise centres are currently updating ATO web content relating to bunker fuels and commercial shipping and will continue to liaise with FSSG members involved in the commercial shipping industry. The Association of Mining and Exploration Companies raised the issue of transition arrangements from 31 December 2024 to 1 January 2025 and asked that appropriate advice be provided in advance.

Action item	Deregulation new measures
Responsibility	Anthony Barnard, ATO
Description	Liaise with Australian Border Force in relation to transitional arrangements for deregulation new measures to ensure that appropriate advice regarding customs duty is developed and published prior to December 2024, in addition to ATO advice regarding excise duty.

Industry updates – roundtable

Pitcher Partners advised of instances where entities claiming fuel can be impacted by organisational restructures where fuel is purchased by one entity and used across the organisation, and subsequently recharged across the group.

Support was shown for development of safe harbours and the potential expansion of the current safe harbour **Practical Compliance Guideline PCG 2021/2 Fuel tax credits – basic method for heavy vehicles** relating to businesses claiming \$10,000 or less in FTCs annually. Analysis has found that the current safe harbour is not being widely used, with customers relying on the FTC calculator. The ATO is happy to consider safe harbours or practical approaches where the demand is there and feedback from industry and advisors is important in determining that demand.

Support was shown for an expanded threshold to the existing safe harbour, noting that larger clients were more likely to utilise GPS for other compliance purposes, while smaller clients were not able to afford the cost of GPS technology. A potential safe harbour relating to burn rates was suggested.

The continued move by the mining industry toward use of renewable fuel sources was discussed. Over the last 6 to 18 months several companies, particularly in Western Australia, have been importing electric vehicles (EVs) for use in remote and regional environments. Over the past 5 to 10 years, power requirements at sites are being transitioned from diesel to solar power. Companies are testing electrified four-wheel drive and heavy vehicle fleets (dump trucks) and are working with vehicle manufacturers to operate effectively with EVs. This is likely to lead to a notable reduction in diesel used in some remote facilities.

Despite this, the mining industry continues to be a significant user of diesel which is not likely to change in the short term without breakthroughs in technology, particularly for trucks carrying ore and diesel locomotives pulling ore cars. Industry continues to work with equipment providers for alternative solutions. Although solar and wind farms are providing some stationary energy for industry, issues are still being worked through in terms of storage of energy. The Minerals Council of Australia has contributed to a government discussion paper on low carbon liquid fuels, noting that while the use of biofuels being

used to replace diesel was gaining traction in the USA, Australia was still some way behind.

An update was provided about the impacts of global tensions on international shipping routes, which is leading to significant increases in delivery delays and the cost of shipping freight. The International Maritime Organisation has adopted a strategy to decarbonise the shipping industry by 2050, with the use of methanol increasing across industry. In the last 3 years, the number of methanol powered vehicles has increased from zero to approximately 350, while other renewable energy sources being considered are LNG, hydrogen and ammonia.

Wayne Calder advised members of a name change from the former 'Australian Petroleum Production and Exploration Association' to 'Australian Energy Producers'.

The Maritime Industry Australia Ltd offered support in liaising with the shipping industry on the implementation of deregulation new measures relating to bunker fuels.

The significant number of FTC claimants in the construction industry was discussed, with approximately 1,200 contractors. It was noted that the Civil Contractors' Federation was interested to work with the ATO to look at options for administrative savings, particularly for the 300 to 400 smaller contractors.

Action item	Civil construction industry assistance
Responsibility	Michael Brooks, ATO
Description	Liaise with Nicholas Proud (Civil Contractors Foundation) to explore options for administrative savings in the civil construction industry.

Attendees

Attendees list

Organisation	Attendee
ATO	Tony Poulakis (Chair),

	Small Business
ATO	Alexandra Godwin, Small Business
ATO	Anthony Barnard, Small Business
ATO	Bonnie Joshi, Small Business
ATO	Claudia Bianco, ATO Corporate
ATO	Michael Brooks, Small Business
ATO	Michael Hughes, Small Business
ATO	Michelle Scott, Small Business
Association of Mining and Exploration Companies	Darryl Daisley
Australian Energy Producers	Wayne Calder
BAS Agent	Nikki Hannaford
Bioenergy Australia	Shahana McKenzie
Civil Contractors' Federation	Nicholas Proud
Deloitte	James Hallebone
EY	Kylie Norman
Fuel Tax Advisers	Peter Perich
KPMG	Anthony Harmer
Maritime Industry Australia Limited	Sarah Cerche

Minerals Council of Australia	Ross Lyons
National Farmers' Federation	Guy Nicol
National Road Transport Association	Samuel Marks
Pitcher Partners	Peter Quattrocchi
Ryan	Chris Sant
Shipping Australia Limited	Jim Wilson
Shipping Australia Limited	Melwyn Noronha
Treasury	Caitlin Payne
Treasury	Isaac Rosser
Treasury	Liz Jaspers
Treasury	Zoe Chalmers

Apologies

Apologies list

Organisation	Member
ATO	Mark Arnold, Small Business
Ampol Australia Petroleum Pty Ltd	Megan Kirkby
Australian Trucking Association	Christopher Wren
Bus Industry Confederation	Roz Chivers
Commonwealth Fisheries Association	Andrew Sullivan

Deloitte	Laura O'Brien
KPMG	Andy Larmour
Maritime Industry Australia Limited	Angela Gillham
National Farmers' Federation	Ash Salardini
PwC	Gary Dutton
Transport Certification Australia	John Gordon

QC 103110

Fuel Schemes Stakeholder Group key messages 25 July 2023

Key messages from the Fuel Schemes Stakeholder Group meeting 25 July 2023

Last updated 30 August 2023

Welcome and introductions

Tony Poulakis opened the meeting with an Acknowledgment of Country, welcomed members and called for conflicts of interest, noting that Fuel Schemes Stakeholder Group (FSSG) discussions were not of a confidential nature, with key messages from meetings published on the ATO website. No conflicts of interest were declared.

The FSSG 11 August 2022 meeting key messages have been published on ato.gov.au

There are no outstanding action items from previous meetings.

2022–23 Results and 2023–24 Focus areas

Mark Arnold advised that the overall trends for the 2022–23 financial year are in line with expected outcomes. The temporary excise rate reduction which concluded in September 2022 did have an impact on fuel tax credits (FTC) claims. Prior to the rate reduction, and since the conclusion, claims were trending as per previous years, noting that the mining industry is the largest industry participant in the FTC scheme.

The FTC population is considered relatively stable and consistent. The current state of electric vehicle (EV) take-up and EV technology generally is being monitored given potential impacts on the FTC scheme.

In 2022–23, the overall FTC risk remained low but will continue to be monitored for potential impacts relating to GPS technology claims, unsubstantiated methodologies, incorrect assumptions being made, and where there is a lack of testing to support assumptions.

The FTC label on the business activity statement (BAS) has also been used for fraudulent claims as part of BAS–level fraud identified by the ATO. The ATO continues to work on improving risk models and detection to stop this behaviour.

There has been an increase in label 7c adjustments in the BAS, as a result of clients identifying overclaims made in previous BAS, usually in relation to the excise rate reduction.

Despite some clients self-correcting overclaims, compliance casework in 2022–23 included identification of FTC overclaims during the period of the excise rate reduction, resulting in a high level of voluntary disclosures. The ATO identified instances where contracts that included the provision of fuel were not clear as to which party should be claiming FTCs. Communications were issued to clients to advise of errors made suggesting adjustments be done where appropriate.

The ATO continues to identify issues relating to on and off-road apportionment with the use of incorrect rates, not reconciling litres calculated by the apportionment methodology to litres acquired, not conducting suitable testing to determine burn rates, and using other entity's apportionment methods without testing to confirm similarity in use. There were issues in relation to claims for battery powered sleeper cabins, differences in eligibility to claim depending on whether a client used cash or accrual accounting and some instances of clients claiming for AdBlue. Audits and reviews carried out have assisted clients with information and education about correct reporting.

The FTC Tax Gap methodology is being reviewed and an updated Tax Gap will be published in the ATO's Annual Report published in October 2023.

A major component of the FTC risk strategy has been the continuation of early engagement with advisors and the publication of Product and Class Rulings relating to the use of GPS technology and telematics products used in the calculation of FTCs. To date, 2 Product Rulings and 3 Class Rulings have been published on ato.gov.au

The ATO previously advised members of plans to review and update FTC content on the ATO website. Content relating to heavy vehicles was updated in February 2023, however other updates have been paused due to a freeze on publishing pending a release of a new ATO website. FTC content will be reviewed in early 2024 and FSSG members will be consulted as part of that review.

The ATO previously advised of a planned targeted mailout to clients who may have utilised GPS based systems to calculate FTC claims to highlight common issues with those systems, however due to delays caused by COVID-19 lockdowns and weather events the mailout was delayed and the strategy is being reviewed before any further action.

A small survey of businesses and tax agents was undertaken to ascertain interest in expanding eligibility for the current **Practical Compliance Guide (PCG) 2021/2 (Fuel tax credits – basic method for heavy vehicles)**. It was found that clients either used the ATO's FTC Calculator or their own method and were not interested in changing. The ATO will be following up with agents who expressed interest in the current PCG to build further awareness.

Initial modelling of the temporary excise rate reduction showed some clients had continued to claim at the full rate. A sample set of cases identified a lack of awareness of changes as a key contributor to the use of incorrect rates. The ATO undertook a range of communications activities to remind claimants of the change in FTC rates. Some issues around use of the apportionment method and backclaiming have been identified and these have been included in the risk treatment strategy for 2023–24.

The 2023–24 plan will continue to support most claimants who claim correct amounts. The ATO will continue to liaise with agents and GPS providers for ongoing assurance of governance and consider strategies to further educate clients.

Other issues identified in relation to the misuse of public guidance included:

- Where agents and entities claim they are using ATO-accepted burn rates which have been approved for other entities. Mark reminded members that unless the PCG 2021/2 was being used, fuel burn rates used to support FTC apportionment methodologies should be supported by an entity's own evidence and testing.
- The use of ATO simplified methods such as the total cost of fuel being divided by the average price per litre being applied by clients who were ineligible, with those methods only relating to clients who claim less than \$10,000 of FTCs annually.
- Incorrect application of PCG 2016/11 *Fuel tax credits – apportioning taxable fuel used in a heavy vehicle with auxiliary equipment*. This included incorrectly combining an apportionment methodology plus the safe harbour for a vehicle; claiming 5% for battery powered sleeper cabin air-conditioning units where there is no entitlement and failing to limit claims to 10% in relation to refrigerated trailers (even if a vehicle may be moving multiple trailers).

The ATO is noting an increase in the use of hybrid vehicles and will be monitoring that to determine the potential impact on apportionment in relation to data captured by GPS telematics.

Darryl Daisley advised that the ATO had previously issued a 'common errors in calculating and claiming FTCs'. Industry supported a revised version of this type of information which was found to be valuable for members.

Anthony Harmer noted the increase in costs for clients to access raw data for telematics-based calculations. At times that cost far outweighs the additional benefits of apportioning for off-road use. Various industries are looking at possible solutions, for example, installation of low-cost devices in fleets to access data more cost-effectively.

Action item	25072023-3-1
Due date	October 2023
Responsibility	Rowena Troth, FSSG secretariat

Action item details	Following the release of the updated FTC Tax Gap in October 2023, ATO are to arrange an out of session meeting for interested FSSG members to discuss the updated tax gap methodology.
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Action item	25072023-4-2
Due date	September 2023
Responsibility	Mark Arnold, ATO
Action item details	The ATO to work with Marketing and Communications staff to develop an updated 'common errors in calculating and claiming FTCs' for distribution to FSSG members.

Industry updates – Roundtable

Gary Dutton, PwC noted that some clients are continuing to rely on burn rates established some years ago. It is important to ensure that clients are aware that those burn rates can continue to be relied on while considered to be fair and reasonable, however there is a requirement for burn rates to be revalidated within 5 years.

Andy Larmour, KPMG noted that while the capture of data becomes more sophisticated, calculation can be less sophisticated. He observed that technology is advancing and assisting with claims. In relation to processing governance, Andy referred to selected organisations completing combined assurance reviews for GST and income tax. Consideration should be given to ultimately incorporating FTC in future assurance approaches. FTC could also be included to provide similar manuals and workflows to assist staff new to FTC calculation and claiming. KPMG has also noted errors in relation to claims for AdBlue that appear to be caused by clients not reviewing data prior to completing claims.

Simon Whyte, EY supported earlier comments about the expense of obtaining GPS data. He noted that it would be useful for the FSSG to include more telematics providers as EY find clients are being advised by providers that the GPS records are sufficient for FTC claims.

Samuel Marks, NatRoad noted impacts caused by the sudden reduction in rate changes in 2022.

Darryl Daisley, Association of Mining and Exploration (AMEC) noted the increase of activity in the critical minerals area. AMEC has increased in membership, with a core membership in small to medium explorers and producers. Diesel fuel remained critical to the explorers and FTCs were still valuable to these entities. As producers moved to being operational, fuel consumption has increased. Darryl noted sensitivities in contracts as to which entity was entitled to claim FTCs. Members discussed awareness in the market of the ability to claim FTCs and noted that those who are new to the industry not maximising claims. Tony Poulakis offered assistance from ATO Marketing and Communications to assist associations with messaging to share with their members to increase awareness.

Nikki Hannaford, BAS Agent representative raised the issue of indexation rate changes not aligning with regular BAS reporting periods. Anthony Barnard advised that indexation was introduced in 1983 and related to the date fuel excise was indexed. This predated the current FTC scheme. Members noted that tax policy is the responsibility of the Treasury and transport policy, including the Road User Charge, is the responsibility of the Department of Infrastructure, Transport, Regional Development, Communication and the Arts. Michelle Scott advised that safe harbour arrangements are available for those claiming less than \$10,000 in FTCs per year, where rates used are those at the end of BAS period. Nikki advised that some business software includes an FTC calculator which is automatically updated when rates changed.

Gavin Hill, Transport Certification Australia (TCA) advised members of the assurance and certification services provided to telematics providers and noted that telematics are becoming more sophisticated. TCA are seeing a shift not just from GPS-based records but including an amalgam of different data types being collected from vehicles. He noted that there may be opportunities in the future to use different data types to overcome some of the issues discussed by FSSG members.

Other Business

William Reid reminded members of the draft legislative instrument and supporting explanatory statement for LI 2023/D14 which was

distributed to FSSG members on 19 July 2023 and is available for comments to be provided by 5 August 2023.

Claudia Bianco reminded members that the new FTC rates (because of indexation) will be updated on 26 July 2023 to take effect from 1 August 2023. The ATO will provide the updated rates to FSSG members.

Rowena Troth advised FSSG members that a draft Charter is being finalised for the FSSG and will be distributed to members for consideration and endorsement out of session.

Meeting close

Tony Poulakis thanked members for their participation and their ongoing engagement throughout the year.

Attendees

Attendees list

Organisation	Attendees
ATO	Tony Poulakis (Chair), Small Business, Excise Centre
ATO	Anthony Barnard, Small Business, Excise Centre
ATO	Claudia Bianco, ATO Corporate
ATO	Mark Arnold, Small Business, Excise Centre
ATO	Michael Hughes, Small Business, Excise Centre
ATO	Michelle Scott, Small Business, Excise Centre
ATO	Rowena Troth (Secretariat), Small Business, Excise Centre

ATO	William Reid, Small Business, Excise Centre
Association of Mining and Exploration Companies	Darryl Daisley
Australian Trucking Association	Christopher Wren
BAS Agent Representative	Nikki Hannaford
Deloitte	Nick Boland
EY	Simon Whyte
KPMG	Andy Larmour
KPMG	Anthony Harmer
Minerals Council of Australia	Ross Lyons
National Road Transport Association	Samuel Marks
Pitcher Partners	Peter Quattrocchi
PwC	Gary Dutton
Ryan	Jordan LoRusso
Shipping Australia Limited	Jim Wilson
Transport Certification Australia	Gavin Hill

Apologies

Apologies list

Organisation	Member

Ampol	Megan Kirkby
Australian Institute of Petroleum	Nathan Dickens
Australian Petroleum Production and Exploration Association	Simon Staples
Australia Trucking Association	Bill McKinley
Bioenergy Australia	Shahana McKenzie
Bus Industry Confederation	Roz Chivers
Civil Contractors Federation	Duncan Sheppard
Commonwealth Fisheries Association	Andrew Sullivan
EY	Kylie Norman
Maritime Industry Australia Limited	Suzannah Rowley
National Road Transport Association	Edmund de Wet
Ryan	Chris Sant
Shipping Australia Limited	Melwyn Noronha
Transport Certification Australia	John Gordon
Treasury	Joshua Toohey

QC 73192

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