



Class Ruling

Fuel tax: clients of LogbookMe Pty Ltd who use the reports generated by LogbookMe In-Car Logbook Solution for calculating the kilometres travelled in a vehicle as a record for fuel tax credit purposes

Contents Para

**LEGALLY BINDING
SECTION:**

What this Ruling is about 1

Date of effect 8

Previous Rulings 9

Scheme 10

Ruling 29

**NOT LEGALLY BINDING
SECTION:**

Appendix 1:

Explanation 34

Appendix 2:

Detailed contents list 66

ⓘ This publication provides you with the following level of protection:

This publication (excluding appendixes) is a public ruling for the purposes of the *Taxation Administration Act 1953*.

A public ruling is an expression of the Commissioner's opinion about the way in which a relevant provision applies, or would apply, to entities generally or to a class of entities in relation to a particular scheme or a class of schemes.

If you rely on this ruling, the Commissioner must apply the law to you in the way set out in the ruling (unless the Commissioner is satisfied that the ruling is incorrect and disadvantages you, in which case the law may be applied to you in a way that is more favourable for you – provided the Commissioner is not prevented from doing so by a time limit imposed by the law). You will be protected from having to pay any underpaid tax, penalty or interest in respect of the matters covered by this ruling if it turns out that it does not correctly state how the relevant provision applies to you.

What this Ruling is about

1. This Ruling sets out the Commissioner's opinion on the way in which the relevant provisions identified below apply to the defined class of entities, who take part in the scheme to which this Ruling relates.

Relevant provision(s)

2. The relevant provisions dealt with in this Ruling are:

- Subdivision 41-B of the *Fuel Tax Act 2006* (FTA)
- sections 41-20, 60-5 and 110-5 of the FTA
- subsections 41-5(1) and (2) of the FTA
- section 382-5 of Schedule 1 to the *Taxation Administration Act 1953* (TAA), and
- subsections 382-5(1), 382-5(8) of Schedule 1 to the TAA.

All legislative references in this Ruling are to the FTA unless otherwise indicated.

Class of entities

3. The class of entities to which this Ruling applies are clients of LogbookMe Pty Ltd (LogbookMe) who are registered for goods and services tax and who use the LogbookMe In-Car Logbook Solution (LogbookMe In-Car Solution) for measuring the kilometres travelled and the location of the travel, in calculating the extent of their fuel tax credit entitlement.

4. The vehicles used by the clients of LogbookMe must have a gross vehicle mass of 4.5 tonnes or less (light vehicle).

Qualifications

5. The Commissioner makes this Ruling based on the precise scheme identified in the Ruling.

6. The class of entities defined in this Ruling may rely on its contents provided the scheme actually carried out is carried out in accordance with the scheme described in paragraphs 10 to 28 of this Ruling.

7. If the scheme actually carried out is materially different from the scheme that is described in this Ruling, then:

- this Ruling has no binding effect on the Commissioner because the scheme entered into is not the scheme on which the Commissioner has ruled, and
- this Ruling may be withdrawn or modified.

Date of effect

8. This Ruling applies from 1 April 2014 to 30 June 2018. However, this Ruling will not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of this Ruling (see paragraphs 75 and 76 of Taxation Ruling TR 2006/10).

Previous Rulings

9. The use of the LogbookMe In-Car Logbook Solution described in paragraphs 10 to 28 was considered in:

1. Class Ruling CR 2014/27 *Fringe benefits tax: clients of LogbookMe Pty Ltd who use the LogbookMe In-Car Logbook solution for car logbook and odometer records.*
2. Class Ruling CR 2015/2 *Fringe benefits tax: clients of LogbookMe Pty Ltd who use the LogbookMe In-Car Logbook Solution to calculate the total number of car parking benefits.*

Scheme

10. The following description of the scheme is based on information:

- provided by the applicant in the application
- provided on the LogbookMe website
- subsequently requested from the applicant.

Note: certain information has been provided on a commercial-in-confidence basis and will not be disclosed or released under Freedom of Information legislation.

11. The LogbookMe In-Car Logbook Solution consists of a:

- non-integrated device installed in a light vehicle (referred to as an In-Car Device) that operates to capture information at specific times
- cloud-based remote data management platform (Platform) that securely receives, processes, reports and stores the location information, and
- web browser based secure portal (Portal) that allows the entity to review and generate reports.

In-Car Device

12. The In-Car Device (ICD) is a global positioning system (GPS) device that monitors a vehicle's use including the position of the vehicle, the vehicle's travel (measured in kilometres) and the time and date of the start and cessation of the travel.

13. The following data is input to the ICD by the client of LogbookMe, to the extent relevant to the client's enterprise:

- vehicle category
- vehicle sub-category
- body type
- driver name
- vehicle registration.

14. The ICD contains a GPS module, movement sensors, solid state memory, mobile communication modules, sim card, battery and power socket. The ICD is powered through a USB cable that can be connected to the vehicle's 12 volt cigarette lighter attachment, in-built USB port or on-board diagnostics port.

15. If the data connection is out of range the ICD records all trip data which can be uploaded once connection is re-established.

Platform

16. The platform processes trip data recorded by the ICD and validates the classification of the location based on the segment of the travel being either within or outside of declared boundary locations. The boundary parameters are based on the manual assessment and are used to set the eligible / ineligible locations in the ICD based on geocodes (co-ordinates) for the eligible / ineligible locations. Classification will be based on segmented identification of the light vehicle route and whether it is within or outside of eligible / ineligible locations.

17. The location is recorded as eligible or ineligible based on the geocodes entered manually by the LogbookMe client, hence the system is customised for each client and this information dictates the parameters relevant for each client. The vehicle driver does not determine the declared boundary locations of each travel event.

Portal

18. The web portal utilises the sorted data in the platform and produces reports that show the number of kilometres travelled by each vehicle within the eligible and ineligible locations, and the period of the report.

Summary of process

19. Each time the ICD senses travel of the vehicle, the ICD automatically and continuously records the vehicle's current location using the GPS geocoding. The ICD records the current location, time and date and kilometres travelled within the eligible or ineligible locations as set by the geocodes.

20. The recorded data is saved onto the ICD's memory. The recorded data is then automatically sent on a periodic basis to the Platform using wireless data interchange on a mobile network.

21. If the mobile internet network is unavailable the ICD will automatically store the recorded data and periodically resend it until it is successfully saved to the Platform.

22. The Platform receives all transmissions continuously while the ICD is operating and verifies data integrity and receipt. The Platform then processes the transmissions and generates a log for the vehicle in which the ICD is installed. As part of the processing the various transmissions are collated to create individual trips (Trip Log).

23. The Trip Log is then applied to classify segments of each travel within the eligible and ineligible boundaries and the total number of kilometres travelled within the boundaries.

24. The Portal produces a report that shows:
- reporting period
 - vehicle identification
 - kilometres travelled in eligible / ineligible locations
 - total kilometres travelled.
25. A full trip log is available which shows:
- trip log with all travel
 - date of travel
 - start and end time of each travel event
 - address at start and end of travel
 - total kilometres travelled
 - odometer readings at start and end of travel.
26. The reports are produced in English and are exportable to Microsoft excel (xls), portable document format (PDF) and comma separated values (csv) format.
27. The LogbookMe report is used in conjunction with a dedicated vehicle fuel card for a given period to accurately allocate kilometres travelled to fuel usage between different activities for the purpose of determining the extent of use of taxable fuel for different purposes.
28. The Australian Taxation Office external website tools are then used to assist in the calculation of the amount of fuel tax credit.

Ruling

29. The LogbookMe In-Car Solution includes a device that may be used to determine the number of kilometres a light vehicle travels in specified locations. The locations are specified by geocodes input to a GPS of the ICD.
30. The report generated by the LogbookMe In-Car Solution details the kilometres travelled by the light vehicle in the specified locations.
31. The report is in English.
32. This report is a document that satisfies a record for the purposes of subsection 382-5(8) of Schedule 1 of the *Taxation Administration Act 1953* (TAA).

CR 2015/13

33. Provided the report is retained for 5 years, or in accordance within the specific requirements of section 382-5 of Schedule 1 of the TAA, it can be used for record keeping purposes to the extent of the kilometres travelled by the light vehicle for the purposes of calculating fuel tax credits.

Commissioner of Taxation

25 February 2015

Appendix 1 – Explanation

❶ *This Appendix is provided as information to help you understand how the Commissioner's view has been reached. It does not form part of the binding public ruling.*

Is apportionment a requirement to work out the entitlement to a fuel tax credit?

34. Subsection 41-5(1) provides that an entity is entitled to a fuel tax credit for taxable fuel they acquire or manufacture in, or import into, Australia to the extent that they do so for use in carrying on their enterprise.

35. Taxable fuel is defined in section 110-5.

36. However, under subsection 41-5(2), the entity is only entitled to the fuel tax credit if they are registered for goods and services tax at the time they acquire, manufacture or import the fuel.

37. Subdivision 41-B contains the disentitlement rules for fuel tax credits and includes at section 41-20 the following disentitlement:

41-20 No fuel tax credit for fuel to be used in light vehicles on a public road

You are not entitled to a fuel tax credit for taxable fuel to the extent that you acquire, manufacture or import the fuel for use in a vehicle with a gross vehicle mass of 4.5 tonnes or less travelling on a public road.

38. Hence an entity that acquires taxable fuel for use in their enterprise in a vehicle with a gross vehicle mass of 4.5 tonnes or less (a light vehicle), is entitled to a fuel tax credit to the extent the fuel is used otherwise than in the vehicle travelling on a public road.

39. The use of the phrase 'to the extent' in section 41-5 and section 41-20 contemplates apportionment between fuel acquired for an eligible use and fuel acquired for an ineligible use. The implications of this phrase for the purposes on entitlement has been considered in paragraph 5 of FTD 2010/1 *Fuel tax: is apportionment used when determining total fuel tax credits in calculating the net fuel amount under section 60-5 of the Fuel Tax Act 2006?*

40. At paragraph 5 of FTD 2010/1 the Commissioner relevantly states:

5. The use of the phrase 'to the extent that' in the FT Act contemplates apportionment in the case of:

- section 41-5 of the FT Act between a use that entitles you to a fuel tax credit and one that does not, and between uses that give rise to different rates of fuel tax credits, taking into account the operation of Division 41 of the FT Act...

...

41. To determine the extent of the fuel tax credit an entity that acquires taxable fuel, and uses the fuel in a light vehicle, will need to apportion the fuel between that used while travelling on a public road travel (ineligible use) and otherwise.

What are the principles for apportioning fuel used in a light vehicle?

42. The FTA does not prescribe how to apportion fuel between different uses. The Commissioner has explained in FTD 2010/1 that methods that are fair and reasonable are acceptable.

43. Specifically paragraph 33 of FTD 2010/1 says:

33. It is not necessary for an apportionment method to track the intended use of every last drop of fuel. A method may be fair and reasonable without doing so provided that the application of the method reasonably reflects the extent to which taxable fuel is acquired for an eligible activity.

44. Apportionment of fuel for the purpose of working out an entitlement, and calculating the amount of the entitlement, are distinct phases. Specifically, an entity can either:

- undertake all the necessary apportionment as a single step process that encompasses working out the entitlement as well as the calculation of a fuel tax credit amount, or
- undertake apportionment as discrete steps, for example:
 - apportionment takes place in working out entitlement to a fuel tax credit and then in calculating the fuel tax credit amount, or
 - apportionment takes place in working out the amount of fuel used in particular equipment or particular auxiliary equipment of a vehicle travelling on a public road or in a group of equipment or group of auxiliary equipment and then apportioning the uses of fuel in relation to that equipment or group to calculate the fuel tax credit amount.

45. The amount of the entitlement calculated should be the same whether a single step process or a discrete step calculation is performed.

46. To apportion the taxable fuel an entity has acquired to the different activities for which the fuel was used, a measure can be used as part of an apportionment methodology. The Commissioner accepts that an entity can use any appropriate reliable measure as the basis for calculating the amount of taxable fuel that it acquires for use in an eligible activity.

47. Examples of known reliable measures include:
- odometer readings of kilometres actually travelled
 - route distances
 - kilowatt hours of electricity generated
 - hours of operation of vehicle or equipment, or
 - average hourly fuel consumption of vehicle or equipment.
48. Although these are commonly used measures, because of the diverse range of eligible activities, this is not an exhaustive list and there may be other measures that are appropriate to an entity's circumstances.

Does the LogbookMe In-Car Solution provide a step in the apportionment of fuel such that it determines the kilometres travelled by a light vehicle and the location of the travel?

49. The platform processes trip data recorded by the ICD and validates the classification of the location based on the segment of the travel being either within or outside of declared boundary locations. The parameters for the boundary locations are based on the LogbookMe clients' manual assessment of the public and non-public road locations based on geocodes (co-ordinates) input to the ICD of the LogbookMe In-Car Solution.
50. The system is customised for each client and the information dictates the parameters for that client.
51. Subject to the parameters set in the system the LogbookMe In-Car Solution can be used as a step in determining the kilometres travelled for which the taxable fuel used may be eligible for fuel tax credit purposes.
52. This travel data must then be used as part of the formula to determine the extent of the taxable fuel to be apportioned to use in the light vehicle for fuel tax credit purposes.

Does the report generated from the LogbookMe In-Car Solution satisfy a record for the purposes of subsection 382-5(8) of the Schedule 1 to the TAA?

53. Section 382-5(1) of Schedule 1 of the TAA provides that you must keep records that record and explain all transactions and other acts you engage in that are relevant to an entitlement to a fuel tax credit.
54. You must retain these records for at least five years after the completion of the transactions or acts to which they relate.
55. Subsection 382-5(8) of Schedule 1 to the TAA provides that the records must be in English, or easily translated into English, and enable an entitlement under an indirect tax law, that is, a fuel tax law to be ascertained.

56. The LogbookMe In-Car Solution includes a device (referred to as an ICD) that records kilometres travelled in a light vehicle and allows for recording time, date and classification of the kilometres travelled within and outside set parameters. The classification determines whether the travel was on public or non-public roads (referred to as eligible / ineligible locations).

57. The ICD automatically and continuously records the vehicle's current location using the GPS geocoding, time and kilometres travelled within the eligible or ineligible locations (which are set by the geocodes).

58. The recorded data is saved onto the ICD memory. On a regular basis the data is automatically sent to the Platform using wireless data interchange on the mobile network.

59. The platform receives all transmissions continuously as the ICD is operating and verifies data integrity and receipt. The Platform then processes the transmissions and generates a log of travel within the boundaries.

60. The Portal allows the entity using the LogbookMe In-Car Solution in their enterprise to generate reports. The report available to the entity show:

- the reporting period
- vehicle identification
- ineligible and eligible kilometres (based on the boundaries), and
- total kilometres travelled.

61. A full trip log is available showing the all travel, date of travel, start and end times and address, total kilometres travelled and odometer readings at the start and end of travel.

62. The reports are produced in English and are exportable to Microsoft excel (xls), portable document format (PDF) and comma separated values (csv) format.

63. The report is used in conjunction with a dedicated vehicle fuel card to allocate kilometres travelled to fuel usage between different activities.

64. The report is in English and is a record that can be used in determining apportionment for fuel tax credit purposes. As such, it is a document that satisfies a record for the purposes of subsection 382-5(8) of Schedule 1 to the TAA.

65. The Ruling section provides a detailed explanation of the Commissioner's decision. Therefore, no further explanation is needed.

Appendix 2 – Detailed contents list

66. The following is a detailed contents list for this Ruling:

	Paragraph
What this Ruling is about	1
Relevant provision(s)	2
Class of entities	3
Qualifications	5
Date of effect	8
Previous Rulings	9
Scheme	10
In-Car Device	12
Platform	16
Portal	18
Summary of process	19
Ruling	29
Appendix 1 – Explanation	34
Is apportionment a requirement to work out the entitlement to a fuel tax credit?	34
What are the principles for apportioning fuel used in a light vehicle?	42
Does the LogbookMe In-Car Solution provide a step in the apportionment of fuel such that it determines the kilometres travelled by a light vehicle and the location of the travel?	49
Does the report generated from the LogbookMe In-Car Solution satisfy a record for the purposes of subsection 382-5(8) of the Schedule 1 to the TAA?	53
Appendix 2 – Detailed contents list	66

References

Previous draft:

Not previously issued as a draft

Related Rulings/Determinations:

TR 2006/10; FTD 2010/1;
CR 2014/27; CR 2015/2

Subject references:

- Fuel tax credits

Legislative references:

- FTA 2006

- FTA 2006 41-5
- FTA 2006 41-5(1)
- FTA 2006 41-5(2)
- FTA 2006 Subdiv 41-B
- FTA 2006 41-20
- FTA 2006 60-5
- FTA 2006 110-5
- TAA 1953
- TAA 1953 Sch 1 382-5
- TAA 1953 Sch 1 382-5(1)
- TAA 1953 Sch 1 382-5(8)

ATO references

NO: 1-67BNFSG

ISSN: 1445-2014

ATOlaw topic: Excise ~~ Fuel tax credits ~~ Other

**© AUSTRALIAN TAXATION OFFICE FOR THE
COMMONWEALTH OF AUSTRALIA**

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).