



Class Ruling

SmarTrak Aust Pty Ltd (PoolCar) booking system – use for FBT car logbook records and odometer records

1 Relying on this Ruling

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

If this Ruling applies to you, and you correctly rely on it, we will apply the law to you in the way set out in this Ruling. That is, you will not pay any more tax or penalties or interest in respect of the matters covered by this Ruling.

Further, if we think that this Ruling disadvantages you, we may apply the law in a way that is more favourable to you.

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What this Ruling is about

1. This Ruling sets out the circumstances in which the logbook report and the odometer reading report that the SmarTrak Aust Pty Ltd (PoolCar) booking system produces satisfies the legislative requirements for the purpose of calculating the taxable value of a car fringe benefit using the cost basis method.
2. Broadly, sections 10A and 10B of the *Fringe Benefits Tax Assessment Act 1986*¹ allow an employer to reduce the operating cost of a car for business journeys that are undertaken in the car during the period in which the car was held (either by the employer or another person). Such a reduction can only occur where certain conditions are met.
3. Full details of the PoolCar booking system are set out in paragraphs 20 to 40 of this Ruling.

Note: By issuing this Ruling, the ATO is not endorsing this product. Potential purchasers/users must form their own view about the product.

Who this Ruling applies to

4. This Ruling applies to you if you are an employer who uses the PoolCar booking system to keep car logbook records and odometer records for the purposes of calculating the taxable value of a car fringe benefit using the cost basis method.

¹ All legislative references in this Ruling are to the *Fringe Benefits Tax Assessment Act 1986*.

When this Ruling applies

5. This Ruling applies from 1 April 2019 to 31 March 2024.

Ruling

Background to legislative requirements

6. Section 10 allows employers to elect to calculate the taxable value of a car fringe benefit using the cost basis method (operating cost method).

7. Where the election is made, the taxable value of the car fringe benefit using the operating cost method is calculated according to the formula in subsection 10(2).

8. In accordance with this formula, an employer intending to claim a reduction in the operating cost of a car, on account of business journeys undertaken during the holding period, must meet the requirements of either section 10A (if the year is a 'logbook year of tax' (as defined in subsection 136(1)) or section 10B (if the year is not a 'logbook year of tax'), as applicable.

9. Section 10A requires that in a logbook year:

- logbook records are maintained for an applicable logbook period
- odometer records are maintained for an applicable logbook period
- odometer records are maintained for the period of the year in which the car was held (holding period)
- the employer estimates the number of business kilometres travelled during the holding period, and
- the employer specifies the business use percentage for the holding period.

10. Section 10B requires that in a non-logbook year:

- odometer records are maintained for the period of the year in which the car was held (holding period)
- the employer estimates the number of business kilometres travelled during the holding period, and
- the employer specifies the business use percentage for the holding period.

11. A year in which the PoolCar booking system is used will be a 'logbook year of tax' if:

- this is the first year that you use the PoolCar booking system for the purposes of keeping logbook and odometer records, and a logbook has not been kept for the particular car in the previous four years², or
- you make an election to treat the year as a logbook year of tax.³

12. The subsequent four years will be a 'non-logbook year of tax' if either dot points in paragraph 11 of this Ruling applies to the first year.

² Refer to paragraph 162G(1)(a).

³ Refer to paragraph 162G(1)(b).

Logbook records

13. The PoolCar booking system 'Logbook report' is a document which satisfies the definition of 'log book records' in subsection 136(1), as over the time the fringe benefits tax (FBT) logbook reports are being kept⁴:

- the PoolCar booking system, via the In-Car device which records car movement data, collects all applicable information for each journey undertaken by a car (that is, the location of the start and end of a journey, date and time of the start and end of a journey, purpose of each journey, kilometres travelled as per the GPS coordinates), and automatically sends it to SmartTrak's centralised server
- the business use or private use details for the journey are input by each respective driver entering the purpose and destination of the journey before a new booking is made and nominating the business portion of the journey on check-out
- each time the car is driven, the start and end odometer readings for the journey are automatically calculated by the PoolCar booking system from the GPS and other telemetry data recorded, while the Odometer Reading summary reports provides the opening and closing odometer readings for the period during which a car is registered in the PoolCar booking system including as at 31 March of the relevant FBT year, and
- all records and details contained in the 'Logbook reports' are in English and all entries are made at or as soon as reasonably practicable after the end of the journey.

14. However, the PoolCar booking system 'Logbook report' is not a document which satisfies the definition of 'log book records' in subsection 136(1) if:

- the report is not for an applicable logbook period
- the purpose of the journey is not sufficiently descriptive to enable the journey to be classified as a business journey, and
- the purpose of a journey classified as being a business journey is not entered within a week of the journey occurring.

Odometer records

15. The PoolCar booking system 'Odometer reading report' satisfies the definition of 'odometer records' in subsection 136(1)⁵ as it provides details of the odometer reading for the car at the start of the first recorded journey and also the odometer reading for the car at the end of the last recorded journey that were undertaken during each report period.

⁴ Refer to the definition of 'log book records' in subsection 136(1).

⁵ Refer to the definition of 'odometer records' in subsection 136(1).

Satisfying the requirements of section 10A in a logbook year of tax

16. An employer satisfies the requirement in section 10A and is entitled to claim a reduction of operating costs in a logbook year of tax if the PoolCar booking system is used continuously for:

- the duration of the 'applicable logbook period'⁶, which will be a continuous period of not less than 12 weeks that begins and ends during the period that the employer owns or leases the car, unless the car is held by the employer for less than 12 weeks, and
- the whole of the 'holding period'⁷, which is generally the period the employer owns or leases the car during the FBT year.

17. If the PoolCar booking system:

- is used continuously for the duration of the 'applicable logbook period', which will be a continuous period of not less than 12 weeks that begins and ends during the period that the employer owns or leases the car, unless the car is held by the employer for less than 12 weeks, and
- is not used continuously for the whole of the 'holding period', which is generally the period the employer owns or leases the car during the FBT year,

then the employer satisfies the requirement in section 10A and is entitled to claim a reduction of operating costs in a logbook year of tax provided the employer:

- separately records the odometer readings for the beginning and end of the period of the year for which the car was held
- estimates the number of business kilometres travelled by the car during the period of the year for which the car was held using all relevant matters including the PoolCar booking system reports, odometer records and any variations in the pattern of use of the car, and
- specifies the business use percentage for the period of the year for which the car was held using the estimated number of business kilometres and the odometer readings for the beginning and end of the holding period.

Satisfying the requirements of section 10B in a non-logbook year of tax

18. An employer satisfies the requirement in section 10B and is entitled to claim a reduction of operating costs in a non-logbook year of tax if the PoolCar booking system is used continuously for the whole of the holding period.

19. An employer in a non-logbook year of tax who has used the PoolCar booking system in one of the previous four FBT years continuously for an 'applicable logbook period' but:

- does not use the system in that year of tax, or
- does not use it for the whole of the period that the car is held,

satisfies the requirements in section 10B and will be entitled to claim a reduction of operating costs of the car on account of business journeys undertaken in the car during the holding period provided the employer:

⁶ As that term is defined in subsection 162H(1).

⁷ As that term is defined in section 162C.

- separately records odometer readings for the beginning and end of the period of the year for which the car was held
- estimates the number of business kilometres travelled by the car during the period of the year for which the car was held using all relevant matters including the PoolCar booking system reports, odometer records and any variations in the pattern of use of the car, and
- specifies the business use percentage for the period of the year for which the car is held using the estimated number of business kilometres and the odometer readings for the beginning and end of the holding period.

Scheme

20. The following description of the scheme is based on information provided by the applicant. If the scheme is not carried out as described, this Ruling cannot be relied upon.

21. The PoolCar booking system is a suite of mobility booking systems for organisations with shared vehicles.

22. The PoolCar booking system consists of an online booking calendar that is updated in real time and can be accessed from a web browser, smartphone or tablet application. The system operates like a shared calendar – on a given time and date, the system provides details of vehicles that are available from nominated locations. It is designed to be used for the entire FBT year for each vehicle registered in the system.

23. Car and employee registration are required with secure login and password features. Employees once logged in, can search for available cars by motor pool location, body type (for example, sedan, wagon, dual cab), transmissions and accessories such as whether the vehicle is fitted with an e-tag.

24. Bookings are the reservation for a vehicle. The car booking system captures when the car was taken and returned with the 'Check Out/In' feature. Car keys are managed via a 'key cabinet' in a central location and can only be taken by the employee when they 'Check Out' that particular car. The booking screen captures details including:

- reservation start (date and time)
- reservation end (date and time)
- driver details, and
- purpose and destination.

25. On 'Check In', the system captures vital data from the driver such as the odometer reading, parking location, overnight garaging, fuel level, business-use percentage for that trip and if there is any damage that needs looking at.

26. The Check Out/In process can be done via the key cabinet, smartphone or the online booking system at the Check Out/In tab. The Telematics tab gives a pin drop of where the vehicle is located.

27. GPS tracking is enabled by way of an In-car device that is installed in the car to capture journey information. The In-car device is a GPS device that can monitor the position of the car so as to determine the car's journeys. It also records the start and stop times of the journeys and calculates the distance travelled in each of the journeys. Engine start and end are matched to bookings and kilometres travelled for that trip and are then updated into the logbook report for the driver and the vehicle.

28. Recorded data is saved onto the device memory with identifiers including the time and date of each capture. The recorded data is then automatically sent using a wireless mobile connection to the PoolCar system.

29. Should coverage on the mobile network not be available, the In-car device will automatically store the recorded data and periodically resend until successful.

30. Combining booking data with GPS telematics trip data allows for the accurate capture of odometer readings and other trip information. Booking data then flows through to the various system reports.

31. The PoolCar booking system can also be used where GPS tracking is not enabled in an employer's car fleet. In order to ensure capture of relevant odometer records, specific internal controls can be enabled if required.

32. The PoolCar booking system produces two specific reports to be used in conjunction with the operating cost basis of determining the taxable value of car benefits:

- a logbook report, and
- an odometer reading report.

Logbook report

33. The logbook report provides for the following details per vehicle booking:

- car registration number
- employee name
- employee identification
- employee contact number
- driver cost centre
- booking reservation start
- booking reservation end
- when the booked in vehicle was checked out
- when the booked in vehicle was checked in
- nights home garaged
- opening odometer at start of trip
- closing odometer at end of trip
- kilometres travelled
- journey description
- private use percentage
- private kilometres travelled, and
- business kilometres travelled.

34. When the PoolCar booking system is used for FBT record-keeping purposes, the option must be enabled to ensure it is compulsory for employees to complete the odometer reading, to capture the split between private and business and enter in a journey description at the time of making the journey or shortly thereafter.

35. The logbook report is produced in English and can be exported by way of Excel and comma-separated values (CSV) format.

Odometer reading report

36. The odometer reading report lists all the PoolCar booking system registered vehicles and their odometer readings as at a specified date.

37. When a vehicle is added to the fleet, its details are recorded in the vehicle register along with the opening odometer reading. The vehicle's odometer reading can also be recorded as at 31 March each year and when a car is disposed of.

38. Odometer readings are obtained either by manual entry (paragraph 25 of this Ruling) or, where GPS telematics is enabled, determined by the In-car device.

39. The odometer reading report provides for the following details:

- car registration
- car make
- car model
- reading date, and
- odometer reading.

40. The odometer reading report is produced in English and can be exported by way of Excel and CSV format.

Commissioner of Taxation

25 March 2020

References

Previous draft:

Not previously issued as a draft

- FBTAA 1986 136(1)
- FBTAA 1986 162C
- FBTAA 1986 162G
- FBTAA 1986 162G(1)
- FBTAA 1986 162G(1)(a)
- FBTAA 1986 162G(1)(b)
- FBTAA 1986 162H(1)
- TAA 1953

ATO references

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