Product Ruling

Fuel tax: Navman Wireless Australia Pty Limited and FTC Manager – FTC Self Claim level clients

Contents Para

Relying on this Ruling

This publication (excluding appendixes) 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.

No guarantee of commercial success

The Commissioner **does not** sanction or guarantee this product. Further, the Commissioner gives no assurance that the product is commercially viable, that charges are reasonable, appropriate or represent industry norms, or that projected returns will be achieved or are reasonably based.

Potential participants must form their own view about the commercial and financial viability of the product. The Commissioner recommends a financial (or other) adviser be consulted for such information.

This Product Ruling provides certainty for potential participants by confirming that the tax benefits set out in the **Ruling** part of this document are available, **provided that** the scheme is carried out in accordance with the information we have been given, and have described below in the **Scheme** part of this document. If the scheme is not carried out as described, participants lose the protection of this Product Ruling.

Terms of use of this Product Ruling

This Product Ruling has been given on the basis that the entity(s) that applied for the Product Ruling, and their associates, will abide by strict terms of use. Any failure to comply with the terms of use may lead to the withdrawal of this Product Ruling.

What this Ruling is about

1. This Product Ruling sets out the Commissioner's opinion on the way in which the relevant provisions identified in the Ruling section apply to the defined class of entities that take part in the scheme to which this Ruling relates. All legislative references in this

Ruling are to the *Fuel Tax Act 2006* unless otherwise indicated. The Product Ruling does not address other taxation obligations.

2. In this Product Ruling, the scheme involves the FTC Manager telematics and technology product (the FTC Manager Product) provided by Navman Wireless Australia Pty Limited in conjunction with services provided by PPM Tax Tech Pty. Ltd. (PPM). The FTC Manager Product gathers a range of information and data that can be sourced from the Global Navigation Satellite System, including Global Positioning System (GPS) and telematics technology. The FTC Manager Product is a telematics technology-based reporting and calculation tool to use data collected for the purposes of apportioning kilometres travelled, fuel used and other activities for the purposes of fuel tax credits.

3. Broadly, and subject to paragraph 5 of this Product Ruling, this Product Ruling addresses whether the:

- FTC Manager Product provides a step in the apportionment of fuel
- apportionment methodology used is fair and reasonable
- FTC Manager Product generates fair and reasonable results to work out the amount of fuel tax credits
- FTC Manager Product has governance and assurance processes in place to identify and correct any outliers and errors, including fuel consumption rates, and
- Fleet Summary Report, the GPS Data Report and the FTC Claim Report generated are a record (but not the only record) that can be used for fuel tax credit record-keeping purposes.

4. This Product Ruling does not address the assessability of fuel tax credits for income tax purposes or other taxation obligations.

Class of entities

5. This part of the Product Ruling specifies which entities can rely on the Ruling section of this Product Ruling and which entities cannot rely on the Ruling section.

6. The class of entities that can rely on the Ruling section of this Product Ruling are fuel tax credit clients (clients) of Navman Wireless Australia Pty Limited that are registered for goods and services tax (GST)[1] and who use the FTC Manager Product for apportioning taxable fuel acquired and used in vehicles and auxiliary equipment in carrying on their enterprise for fuel tax credit purposes. These are FTC Self Claim level clients where fleet configuration has been

[1] Broadly, entitlement to a fuel tax credit is dependent upon an entity being registered, or required to be registered, for GST at the time they acquire, manufacture or import taxable fuel.

completed by PPM and who elect to receive ongoing fuel tax credit advice from PPM in relation to the FTC Manager Product.

Note: Class Ruling CR 2021/30 *Navman Wireless Australia Pty Limited – use of FTC Manager for fuel tax credits* covers FTC Data level clients not covered by this Product Ruling.

Qualifications

7. The class of entities defined in this Product Ruling may rely on its contents provided the scheme actually carried out is done so in accordance with the scheme described in paragraphs 18 to 107 of this Product Ruling.

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

- this Product 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 Product Ruling may be withdrawn or modified.

9. This Product Ruling does not apply if there are software and system updates and/or changes that will materially affect the tax outcome of the scheme outlined in paragraphs 18 to 107 of this Product Ruling. The Commissioner is to be notified of any software and/or system updates that will affect the scheme.

10. This Product Ruling does not apply if governance, assurance processes and checks are not maintained to ensure that:

- any errors or distortions associated with GPS drift which impact distance, idling and other outliers are corrected within time limits, and
- outcomes of the FTC Manager Product remain accurate and reflect events that occurred.

11. Prior to lodging a fuel tax return using the results from the FTC Manager Product, the fuel tax credit client will need to ensure the:

- correctness of their claim on their fuel tax return
- results can be supported by factual evidence of the events that occurred in carrying on their enterprise, and
- results have not been distorted or manipulated.

Date of effect

12. This Product Ruling applies to taxable fuel acquired on or after 1 July 2020 by the class of entities that enter into the scheme for the

fuel tax credit results from the FTC Manager Product from 1 July 2020 until 30 June 2022, being its period of application.

13. However, this Product Ruling only applies to the extent that there is no change in the scheme as described in paragraphs 18 to 107 of this Ruling, or in the entity's involvement in the scheme.

Changes in the law

14. Although this Product Ruling deals with the fuel tax laws and other relevant taxation laws enacted at the time it was issued, later amendments may impact on this Product Ruling. Any such changes will take precedence over the application of this Product Ruling and, to that extent, this Product Ruling will have no effect.

15. Entities who are considering participating in the scheme are advised to confirm with their taxation adviser that changes in the law have not affected this Product Ruling since it was issued.

Note to promoters and advisers

16. Product Rulings were introduced for the purpose of providing certainty about tax consequences for entities in schemes such as this. In keeping with that intention, the Commissioner suggests that promoters and advisers ensure that participants are fully informed of any legislative changes after the Product Ruling has issued.

Ruling

17. Subject to paragraph 5 and the assumptions in paragraph 108 of this Product Ruling:

- Where ongoing fuel tax credit advice from PPM is provided, the FTC Manager Product provides fair and reasonable results for working out the amount of fuel tax credits under Division 43 for the class of entities in paragraph 6 of this Product Ruling.
- The methodology applied within the FTC Manager Product can be used in determining the extent of taxable fuel acquired for use both on and off public roads for the vehicles and auxiliary equipment. The apportionment methodology is fair and reasonable.
- The Fleet Summary Report, the GPS Data Report and the FTC Claim Report generated by the FTC Manager Product for selected tax periods are records (but not the only record) that can be used to support information for fuel tax credit purposes. These reports, retained for five years, are documents that satisfy a record for the purposes of subsection 382-5(8) of

Schedule 1 to the *Taxation Administration Act 1953* (TAA). Other records relating to fuel acquisition, use of fuel (supporting evidence demonstrating the information from the FTC Manager Product) and calculations of credits will be required. In addition, source data records will need to be retained where applicable.

- Anti-avoidance provisions – provided the scheme ruled on is entered into and carried out as described in this Product Ruling, the anti-avoidance provisions in Part 4-4 will not apply to an entity referred to in paragraph 6 of this Product Ruling.

Scheme

18. The scheme that is the subject of this Product Ruling is identified and described in the following documents:

- application for a Product Ruling as constituted by documents and information received on 19 June 2020, 20 August 2020, 31 August 2020 and 20 September 2020
- the documentary evidence, including testing and sampling for governance and assurance controls to support the processes and results, received on 11 December 2020, 15 February 2021 and 25 February 2021
- Class Ruling CR 2017/42 *Fuel tax: clients of Navman Wireless Australia Pty Ltd who use the GPS Data Report generated by FTC Manager for calculating kilometres travelled and the hours used by auxiliary equipment in or on a vehicle as a record for fuel tax credit purposes*, and
- Class Ruling CR 2017/64 *Fuel tax credits: clients of Navman Wireless Australia Pty Ltd who use the FTC Claim Reports information showing litres allocated according to travel generated by FTC Manager as a record for fuel tax credit purposes*.

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

19. For the purposes of describing the scheme to which this Product Ruling applies, there are no other agreements which an entity referred to in paragraph 6 of this Product Ruling, or any associate of such entity, will be a party to which are a part of the scheme.

Overview

20. The FTC Manager Product is a telematics technology-based reporting and calculation tool. The FTC Manager Product records and stores GPS and telematics data which clients can use to apportion kilometres travelled in vehicles on public roads and hours used for auxiliary equipment. It can also be used to apportion fuel used based on fuel acquisition records. It incorporates an operating platform and technology support provided from Navman Wireless Australia Pty Limited (also known as Teletrac Navman). The hardware device that uses GPS satellite information is set up in each vehicle.

21. Clients are required to complete a template CSV set-up file that is entered into the system and which contains the name assigned to the tracking unit, vehicle registration, vehicle type, make/model, year, fuel type, gross vehicle mass (GVM), auxiliary equipment type and idle fuel burn rate and, where applicable, auxiliary equipment apportionment method and auxiliary equipment burn rate. This fleet summary information provides the connection between the processing server and the relevant Teletrac Navman platform and configures parameters for measurement and reporting.

22. Reports can be generated from the system including a Fleet Summary Report, a GPS Data Report and an FTC Claim Report.

Hardware

23. The FTC Manager Product operates exclusively with Teletrac Navman GPS hardware which is capable of producing high definition data (that is, data produced on a second-by-second basis known as breadcrumb data). There are controls to detect false readings of data.

24. Teletrac Navman is responsible for the installation of a GPS tracking hardware device to the vehicle. The hardware device is enclosed in a tamper-proof case and fitted with tamper-proof alarms and hardwired into the vehicle usually under the dashboard of the driver's side. The device is used to generate the data required for the FTC Manager Product. There are a number of hardware variants fit for specific purposes. One variant can measure auxiliary equipment operating hours through specific ports and generate breadcrumb data which are the core datapoints used to measure distance travelled and idle time.

25. Once physical installation is complete, Teletrac Navman's Support team is notified and the data is connected to the relevant user interface to start recording and storing GPS data for the client. The support team is notified, and configuration is completed to allow the data flow in the system.

26. As part of the installation process, clients have the option of making additional connections from the auxiliary equipment engine or Power Take-off (PTO) unit to the GPS tracking device. The GPS tracking device can connect up to six items of auxiliary equipment.

Typically, there are two main connections used by the FTC Manager Product system (PTO Conex and Work Lights Conex).

27. Teletrac Navman hardware devices are a type approved by Transport Certification Australia Limited.

Configuration

28. Configuration of the user interface is conducted by either PPM or the client, based on the service level. The information required for configuration of the system is:

- vehicle name
- registration number
- description
- notes/comments
- vehicle type
- make/model
- year
- fuel type
- GVM
- auxiliary equipment
- auxiliary manual rate percentage
- auxiliary other rate percentage
- auxiliary burn rate
- auxiliary burn source
- idle burn rate – allows client to set a manual fuel consumption rate (litres per hour) for fuel used while idling. The manual fuel consumption rates are accepted[2] fuel consumption rates for heavy and light vehicles
- idle burn source
- PTO Port
- connection date, and
- Work Lights Port.

[2] The default idle consumption rates for heavy and light vehicles used for this FTC Manager Product have been verified with the ATO.

Transmission information

29. As soon as the system is switched on following installation of the hardware, it will begin collecting data for each device. If the engine is not on, no data is produced, and time and distance cannot be mistakenly recorded when a vehicle is not operational.

30. Once the system set-up is complete, the data will be allocated to relevant vehicles and equipment based on the information uploaded to the system in the set-up data file. Data will be collected continuously from this point in time.

31. The vehicle's position is provided by GPS Satellite Receiver to the hardwired device and the data is transmitted by the tracking unit at the time it is generated or, stored on board and transmitted when the tracking unit returns to telecommunications coverage. The information is transmitted between the vehicle and the telecommunications company via a wireless cellular connection. The telecommunications company provides the communication between the vehicle and Navman Wireless (secure hosted service centre). The portable computer displays the information in real time using the relevant Teletrac Navman platform.

32. Where vehicles are out of cellular coverage, data is stored on the GPS device for up to 28 days and transmitted once the vehicle reconnects to cellular coverage. Clients in remote locations have the ability to purchase an iridium satellite modem to transmit data in real time.

33. The data flow includes the processing of event data and breadcrumb data extracted in real time from the servers. The 'ping rate' is second-by-second high definition data (that is, breadcrumb data). If the GPS accuracy is below a certain acceptable level, then the breadcrumb data is ignored. That is, the trip is ended, and a new trip is started when accurate breadcrumb data is generated.

34. Each individual trip segment is exposed on the user interface in both written and graphical view ensuring that the precise path travelled by the vehicles is tracked (particularly relevant for off-road locations). It is then configured against the fleet of vehicles stored in the portal.

35. The system then geocodes the event and breadcrumb data against the Australian road centreline data and map layer data to determine on and off public roads. The filters process data to determine start and end of idle when off public roads and also when auxiliary equipment is in use. Filters process the data to determine start and end of work lights when in use (where relevant). The processing engine then calculates the apportionment using GPS distances and idle time of vehicles and fuel transactions (where applicable) for the relevant period.

36. Event and breadcrumb data are tagged with GPS location, date and time, event type and accuracy information (horizontal dilution of precision and number of satellites). This data is processed

by the server through an incoming message queue and inserted into the Teletrac Navman platform.

37. Security technology and scans ensure the data is backed up and protected.

Administrator functions

38. The PPM Administrators can make system updates, geofence approvals, client fleet configuration and fuel tax credit updates (such as rates).

39. Fuel tax credit clients are provided with instructions on how to configure their vehicles and are advised that any changes to vehicle configuration is at their own risk and may affect their fuel tax credit claim and the protection afforded by this Product Ruling (if applicable).

40. Clients are encouraged to contact the PPM support team prior to making any vehicle configuration changes. Although the user interface does not display details on when configuration changes are made, in cases of misuse Teletrac Navman/PPM can identify which user made changes and when through the system back-end.

41. The following training methods are offered to clients to ensure they have the necessary information on the FTC Manager Product:

- online webinar with screen sharing
- over the phone step-by-step walk through
- detailed user guides, and
- embedded tutorial tool in FTC Manager Product.

Service levels

42. The FTC Manager Product has two different core service levels – FTC Data level and FTC Self Claim level.

FTC Data level

43. FTC Data level clients receive GPS Data Services and ongoing support services from Teletrac Navman but no fuel tax credit advice from PPM as standard. FTC Data level clients are encouraged to review data prior to making each claim and report any map anomalies to the PPM support team. Where map anomalies are identified, the requisite geofences are created and approved. The data for the relevant fleet is then reprocessed to take the adjustments into account. FTC Data level clients are also encouraged to seek professional advice to assist with apportionment of fuel tax credit claims. FTC Data level clients can only access raw data from GPS Data Reports. FTC Data level clients are not within the class of entities in paragraph 6 of this Product Ruling.

FTC Self Claim level

44. FTC Self Claim level clients can access the same GPS data as FTC Data level clients but also have access to FTC Claim Reports. FTC Self Claim level clients also receive initial fuel tax credit advice from PPM as standard.

45. FTC Self Claim level clients:

- can provide information to allow PPM
  - to configure the FTC Manager Product's system on their behalf, or
  - elect to configure the system on their own with the assistance of user guides and the PPM support team, and
- are encouraged to review data prior to making each claim and report any map anomalies to the PPM support team.

46. Where map anomalies are identified, the requisite geofences are created and approved. The data for the relevant fleet is then reprocessed to take the adjustments into account. In addition to the core service levels, FTC Self Claim level clients can elect to receive additional services from PPM including:

- FTC retrospective reviews, and
- full-service compliance – PPM prepares all aspects of the claim using the FTC Manager system on behalf of the FTC Self Claim level client.

Assurance process and internal controls

47. The FTC Manager Product (the actual software system) does not use algorithms to 'estimate' fuel usage between GPS data signals.

48. Teletrac Navman uses the GPS trip data rather than internal odometer readings. The odometer will have more distance travelled because it allows for high variations rather than point-to-point measurements. Results are not automatically checked against odometer readings of the vehicle; regular calibrations are performed by clients that utilise Teletrac Navman maintenance scheduling capabilities.

49. Teletrac Navman does not make any assumptions with regards to the generation of GPS data in the FTC Manager Product. All data used is verifiable through an auditable process and all trip segments are available for review.

50. Teletrac Navman and PPM undertake various testing. Sampling as part of the apportionment process is conducted by PPM.

51. The FTC Manager Product was designed as a self-usage system, so it relies on clients to provide accurate fuel usage

information. It is not possible to check that the fuel acquisition data used by each client for each claim period is accurate. However, as part of its on-boarding processes, PPM reviews recent claims and instructs the client to correct any errors detected (for example, AdBlue fuel additive incorrect claiming).

Road map data

52. The FTC Manager Product is based on a commercial base layer geographic information systems (GIS) dataset of the Australian road network.

53. The system uses a processing engine to geocode event and breadcrumb data of the Australian road network and the system has incorporated centreline geotunnels around all roads from that data.

54. Two mapping layers are added on top of the GIS dataset:

- centreline geotunnels – automatically created on both sides of the centreline of all public road segments from the GIS dataset. The geotunnels are set at a distance of 30 metres on either side of the centreline of the public road (total width is 60 metres). The areas within the geotunnels are treated as 'on road' – that is, public roads for fuel tax credit purposes, and
- custom geofences.

55. A separate repository of all geofences is retained to allow for updating of the underlying GIS dataset without affecting the map changes made by clients and administrators.

56. Once event-based data and breadcrumb data is generated by the tracking units, it is processed through the centreline geotunnel layer and then through the custom geofence layer.

57. The system allows for adjustments to enable client and PPM Administrator geofences[3] to be created in certain circumstances with rural and urban areas and geotunnels, such as the client's premises being within the incorporated centreline geotunnel. All client-created geofences are submitted for approval and do not enter the universal map until approved by a PPM Administrator. Once approved the geofences are integrated into the universal map-set.

58. The PPM Administrator can also create geofences around specific locations where the more automated dataset of the Australian road network may require adjustment to reflect the categorisation of locations of travel for the purposes of fuel tax credits. Examples may include newly-opened roads not yet updated on maps based on the

[3] When assessing the status of a road, the principles outlined in 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* and the Federal Court decision in *Linfox Australia Pty Ltd v Commissioner of Taxation of the Commonwealth of Australia* [2019] FCAFC 131 are applied.

dataset of the Australian road system, or a road that is closed and undergoing construction and maintenance.

59. Certain geofences apply only to the fleet which created the geofence. There are also set timeframes for the operation of certain geofences. Other geofences can be set permanently, for example, for the client's premises.

60. Heavy vehicles (with a GVM exceeding 4.5 tonnes) engaged in road construction, maintenance or repair activities may operate on-road construction sites and off-road sites, such as quarries. Drivers of these vehicles are required to engage flashing warning lights while operating on these sites, and to have the lights turned off when not operating on these sites.[4] Clients with heavy vehicles in these situations may choose to connect the FTC Manager Product device to their flashing warning lights so that the system can automatically measure and record the distance and time these vehicles are not travelling on a public road while operating on these sites.

Auxiliary equipment

61. Vehicles that operate auxiliary equipment usually power that equipment from either a PTO unit from the vehicle's main engine or directly from a secondary engine. The GPS tracking hardware device unit can be connected to either type of auxiliary system allowing information to be captured and reported for the period which the auxiliary equipment is in operation. The device unit records the amount of operating time (hours) of auxiliary equipment of heavy vehicles.

62. The apportionment methodologies relevant to auxiliary equipment are the:

- Safe Harbour Method – apply the ATO accepted percentage outlined in the table in Practical Compliance Guideline PCG 2016/11 *Fuel tax credits – apportioning taxable fuel used in a heavy vehicle with auxiliary equipment*. The total vehicle fuel is multiplied by the apportionment percentage and those litres are treated as 'off-road' fuel to be calculated at the full fuel tax credit rate. The remaining litres are 'on-road' fuel to be calculated at the reduced fuel tax credit rate (fuel tax credit rate less road user charge). No other fuel tax credit entitlement for these vehicles is allowed.
- Manual Percentage Method – only available for vehicles for which the client can provide the Average PTO Fuel percentage. The method involves multiplying the Average PTO Fuel percentage for a vehicle

[4] For example, State workplace health and safety laws or national heavy vehicle standards which require work lights to be operated on road construction sites.

operating auxiliary equipment by the vehicle's total fuel acquisitions for the relevant period. There are checks undertaken to review relevant evidence that support the determination of these percentages to assure the robustness of the percentages used.

- Manual Operating Hours Method – only available to clients that have a hardwired PTO Conex connection between the GPS hardware and their auxiliary equipment or PTO unit. Operating hours are multiplied by the fuel consumption rates configured in the Fleet Summary page to calculate fuel tax credit entitlement.
- None – where a client operates a heavy vehicle with auxiliary equipment but does not have access to any of the other methods listed in paragraph 62 of this Product Ruling. The FTC Manager Product skips the auxiliary equipment calculation step and only calculates entitlement for off-road idling and travelling. While no fuel usage for auxiliary equipment / PTO operation is directly factored into the calculations, vehicles which operate auxiliary equipment while stationary in off-road areas can expect to indirectly recover some of the additional auxiliary equipment / PTO fuel usage through the recording of additional off-road idle hours. 'None' is also selected as the default method for all machinery, light vehicles and heavy vehicles without auxiliary equipment.

Inputs

63. All inputs are based on information for the specific client with the exception of the default idle consumption rate.

64. Where the client is unable to obtain the average idle fuel consumption rate for their vehicles, a default idle consumption rate is used.

Idle hours

65. The FTC Manager Product records only off-road idle hours when the following conditions are met:

- the vehicle's engine is operational/running
- the vehicle is in an off-road location, and
- the vehicle has been stationary for five seconds or longer.

66. Off-road idle hours for each vehicle are then multiplied by an average rate of fuel consumption when the vehicle is idle to calculate the amount of fuel used for these activities. Off-road idle calculations

do not apply for vehicles that use a set percentage for apportionment of fuel used by auxiliary equipment.

Travelling

67. Except for where the Safe Harbour Method or the Manual Percentage Method for other Auxiliary Equipment is used, once fuel used for operating auxiliary equipment and for idle hours has been calculated, it follows that the remaining fuel is used for travelling. The 'travel' fuel is then apportioned between travel on and off public roads based solely on kilometres travelled in each category during the relevant period.

Analysis

68. Clients can undertake a vehicle trip analysis and obtain summary details from the data collected. The vehicle trip analysis provides details on the specific activities of each vehicle displaying a list of the individual trips, their start and end locations, the classification of area, duration, distance and a map showing every individual trip graphically. It also shows individual off-road idle events.

69. There is the ability for trips to be removed from the overall calculations if erroneous or where amendments to classification of certain areas are required.

70. There are also several layers of verification built into the FTC Manager Product system and these include:

- GPS technology checks – an automated systems check of the GPS signal
- administrator review of client geofences – all geofences created by clients will appear in the PPM Administrator's map adjustments page for review and approval prior to allowing the geofence to enter the universal map-set filter
- issues register – where system errors are identified they will be reviewed and actioned by the relevant PPM Administrators, and
- trip analysis – PPM sample checks trips for all FTC Self Claim level clients and rectifies identified map errors as part of the on-boarding process.

Fuel acquisition data entry

71. At the end of each month or quarter, the client will be required to enter fuel acquisition data into the system. Fuel acquisitions can be entered via CSV file uploads (for example, from fuel suppliers) or via manual data entry (such as credit card purchases and log sheets from bulk tanks). The FTC Manager Product will total the fuel

acquisitions for each period and allocate them to the relevant vehicle or item of machinery.

72. Where clients only have access to bulk fuel details with no breakdown of litres by vehicle, a number of steps may be taken to split the fuel usage between vehicles and ensure correct entitlement to fuel tax credits. The fuel is apportioned based on travel for the vehicles. The apportionment of fuel acquisition data, which sits outside the FTC Manager Product, is not covered by the Product Ruling.

Apportionment sources (records and data)

73. There are a number of apportionment sources (records and data) that can be used within the FTC Manager Product, including direct CAN-bus reporting, Navcan Engine Management System (EMS) reports, engine diagnostic reports, live fuel consumption testing, manufacturer's specifications, default rates and other methods.

74. Navcan EMS reports – a purpose-built hardware device which connects to the CAN-bus of the vehicle to provide additional information from the EMS, including fuel consumption and engine usage. The data is fed into a range of reports which provide data to give a variety of measurements including:

- average PTO fuel percentage = total PTO fuel / total vehicle fuel, and
- stationary fuel consumption rate = total PTO + idle fuel / total stationary engine hours.

75. Engine diagnostic reports – reports available for most modern heavy vehicles but may vary between engine manufacturers. The reports give measurements allowing calculation of average PTO fuel percentage, PTO fuel consumption rate and idle fuel consumption rate.

76. Live fuel consumption testing – where clients are not able to acquire fuel consumption rates through automated reports, they conduct live fuel consumption testing.

77. Manufacturer's specifications – only available to a small number of cases due to variables affecting fuel consumption.

78. Default (idle fuel consumption rate only) – the accepted fuel consumption rates for heavy and light vehicles.

79. Other methods – the sources for the methodology that is fair and reasonable in their circumstances based on Practical Compliance Guideline PCG 2016/8 *Fuel Tax Credits – apportioning fuel for fuel tax credits*.

Apportionment methodology

80. The FTC Manager Product uses a deductive methodology starting with actual fuel acquisitions in the period.

81. Where the apportionment methodology relates to the ATO-accepted percentages for auxiliary equipment, the total fuel is multiplied by the apportionment percentage and the deemed off public road litres are multiplied by the full fuel tax credit rate to calculate the fuel tax credit. The remaining litres represent the on-road fuel at the reduced fuel tax credit rate (fuel tax credit rate less road user charge).

82. The deductive methodology is used to apportion fuel usage and follows a step process:

(1) fuel acquisitions (based on relevant documentation)

(2) less fuel used by heavy vehicles for operating auxiliary equipment (if any)

(3) less fuel used for off-road idling (if any)

(4) the remaining for travelling fuel is apportioned between on public roads and off public roads, and

(5) then calculate the amount of fuel tax credits by applying the relevant fuel tax credit rates.

83. The type of vehicle/equipment in which the fuel is being used is identified. The 'vehicle types' can be chosen in the configuration settings in the Fleet Summary:

- none – default setting when new vehicles are added, and no calculations are made until the configuration is complete
- equipment – no apportionment is required for fuel acquired for use 100% 'off road'
- heavy vehicle, and
- light vehicle.

84. The methodology then splits fuel usage between four main categories – auxiliary equipment, off-road idle, off-road travel and on-road travel. Fuel usage in the first three categories is totalled and multiplied by the relevant off-road/auxiliary equipment fuel tax credit rate. Fuel used for on-road travel in heavy vehicles is multiplied by the relevant fuel tax credit rate (full rate less road user charge). Fuel used for on-road travel in light vehicles is excluded from claims.

85. The amounts are added together to calculate the overall fuel tax credit entitlement for the relevant period. Note that if there is a selection for auxiliary equipment, then there is no amount included for off-road Idle to remove the possibility of claiming the higher rate for the same fuel.

Governance, assurance and controls

86. The FTC Manager Product includes governance, assurance processes and internal controls to ensure that errors or anomalies are detected and corrected:

- GPS drift or false reading related errors
- outlier results including high or unusual idle times which are not consistent with the business' operations are examined
- incorrect public road classification, geofencing and that other parameters are appropriate and accurate, and
- the overall calculation of fuel tax credits is representative of the client's unique business operations.

87. As part of the Product Ruling assurance process, documentary evidence has been supplied supporting specific governance, assurance processes and controls.

88. The documentary evidence includes the following (but not limited to):

- conformance certification for Teletrac Navman's hardware by Transport Certification Australia Limited of the GPS product and data sources, noting that testing has been undertaken for certain conditions
- for fuel tax credit purposes, other assurance processes undertaken for the purposes of this Product Ruling, which were not part of the certification process – these included some testing of results pertaining to a variety of travel conditions and terrain, and activities (including idling) off public roads
- verification of the data with mapping sources, engine management systems, and reports and quality controls for implementation of the hardware/device and overall FTC Manager Product
- data accuracy
  - The hardware produces data in second-by-second increments. Each second of data has an accuracy measured by reference to the number of satellites. Where 'bad data' (false readings because of specific parameters) is received, the trip is ended and does not record another start to a trip until the next trip begins (that is, ignition on and accuracy above the threshold). All measurements are excluded for periods where the accuracy is below the threshold. The incidence of bad data is within

tolerance and is subject to continuing refinement/clarification.

- Where the data accuracy is below the minimum threshold intermittently for less than five consecutive seconds, other steps are undertaken where the vehicle is moving to identify the trip (a line is drawn to connect the 'good' data points). Where the vehicle is not moving, the whole trip is recorded as idle time.

- GPS 'ping drift' – there are processes to minimise the distortion of data and events as a result of GPS data drift; this minimises events being recorded incorrectly that may lead to overclaimed fuel tax credits. Data has supported that the incidence of GPS drift is low and is subject to continuing refinement
- distance verification – based on the operation of the system when the vehicle engine is not on, no data is produced; time and distance cannot be mistakenly recorded when the vehicle is not operational
- idle time verification – off public road idle hours have been measured when the vehicle's engine has been operational and the vehicle is considered to be stationary (speed = 0 km/hr, engine = on) for over five seconds and only ceases when the vehicle is moving for longer than five seconds or the engine is turned off
- sample testing was undertaken as part of the assurance process for idle time measurements to determine accuracy; there are processes in place to evidence and ensure that idle time calculations reflect the client's typical use of that vehicle or selected vehicles
- a reality check process was undertaken. which included a designated sample of vehicles where a check of the distance travelled and driving fuel consumption rate for a set period; the results were within an acceptable range, and the reality check also included reports to demonstrate how the fuel is apportioned in a live situation and provided details of the end-to-end assurance process
- trip data review and assurance – as part of the onboarding process for specific client levels, checks are undertaken including
  - general review
  - detection of anomalies (if any)
  - reviewing selected trips off public roads to ensure no incorrect classifications.

- the FTC Manager Product does not measure idle time on public roads
- a range of Prudential Checks have been built into the process.

89. The FTC Manager Product has checks in place for continued assurance to ensure that:

- any errors or distortions with GPS drift, incorrect distance or idling are corrected
- outcomes remain accurate and reflect events that occurred, and
- outliers and errors are corrected within time limits.

90. Where material software and system updates occur that will affect the tax outcome of the scheme outlined, the Commissioner will be notified by PPM and/or Teletrac Navman.

Reporting

91. The FTC Manager Product produces three types of reports that can be produced in CSV or PDF formats:

- Fleet Summary Report – shows all configuration details for a fleet and can be generated by any User or Administrator
- GPS Data Report, and
- FTC Claim Report.

92. The GPS Data Report provides the raw data which is necessary as the base measurements to apportion usage between activities. The report shows the vehicle, registration, type of vehicle, make/model, auxiliary equipment, off-road travel kilometres, off-road travel percentage, on-road travel kilometres, on-road travel percentage, off-road idle hours and auxiliary equipment hours (if applicable) for a selected period. This report can be generated by the client or PPM Administrator for any current or past periods.

93. The FTC Claim Report is available for FTC Self Claim level clients. This reports on the relevant GPS data and extends the functionality by processing information from the GPS Data Report and the fuel acquisitions entered. It shows the fuel apportionment based on the fuel acquisitions entered into the system, the vehicle configuration and the GPS data. This report can be generated by the client or PPM Administrator for a full month period or multiple months to align with business activity statement lodgment requirements.

GPS Data Report

94. When a client runs a GPS Data Report, a disclaimer appears before the report is generated. The disclaimer states:

> IMPORTANT: By clicking 'pdf' or 'csv', you acknowledge that this report does not constitute tax advice. We recommend that you seek professional advice before using this data to apportion fuel usage for the purposes of making FTC claims.

95. The GPS Data Report provides the following information in the selected period:

- vehicle
- registration
- type of vehicle
- make/model
- auxiliary equipment
- off-road travel kilometres
- off-road travel percentage
- on-road travel kilometres
- on-road travel percentage
- off-road idle hours, and
- auxiliary equipment hours.

96. The GPS Data Report will contain the following details for each individual trip:

- *off-road travel percentage* – the distance travelled according to GPS satellite data using the vehicle's latitude and longitude generated on a second-by-second basis. For the relevant reporting period the total kilometres travelled in off-road areas are expressed as a percentage of the total kilometres travelled by that vehicle
- *off-road idle hours* – the amount of time a vehicle spends idle (engine on, no movement for five seconds or more) at off-road sites, and
- *auxiliary equipment operating hours* – the amount of time that auxiliary equipment is in operation for vehicles that have the necessary hardware connection between the GPS tracking unit and the PTO unit or secondary engine.

FTC Claim Report

97. When a client runs this report a disclaimer appears at the top of the page. The disclaimer states:

> By clicking 'Confirm', you acknowledge that the FTC entitlement calculated in this report is based on the GPS Data produced by Teletrac Navman, your fleet configuration as displayed on the 'Fleet Summary' page in the 'Config' menu of FTC Manager and the fuel transactions entered into the FTC Manager system. If fleet configuration was completed on your behalf by PPM Tax Tech Pty. Ltd., you may rely on this report as constituting taxation advice. If fleet configuration was completed on a self-service basis, or if you have made any changes to the configuration completed by PPM, this report does not constitute taxation advice and you accept all liability for any FTC claims made in reliance on this report. Neither Teletrac Navman nor PPM accepts any liability for an FTC claims made as a result of incorrect fuel transaction uploads by users. If you are uncertain about any of the above, we recommend that you seek professional advice from PPM prior to making claims.

98. The FTC Claim Report uses the off-road travel percentage (distance), off-road idle hours (time) and auxiliary equipment hours (time) that have been calculated within the system. The report can only be processed once fuel acquisition data has been entered into the system and a full month or quarterly period has been selected.

99. The FTC Claim Report provides the following information in the selected period:

- vehicle
- vehicle type
- type of auxiliary equipment
- auxiliary equipment calculation – this displays the auxiliary equipment apportionment methodology selected
- total litres – the sum of all individual fuel transactions allocated to each vehicle entered from the Fuel Transactions page
- auxiliary equipment litres
- off-road idle litres – calculated using hours based on categorisation of travel and idle burn rates
- off-road travel litres – calculated by using the categorisation of the travel percentage, and
- road travel litres.

100. Auxiliary equipment litres calculation (where applicable) – depending on the information available and fleet configuration, litres are calculated using one of the first three calculation methods (safe harbour, manual percentage or manual operating hours). Where no auxiliary equipment information is available, auxiliary equipment litres will be zero (that is, the 'None' method).

101. If a manual apportionment is used, the FTC Manager Product will multiply the auxiliary equipment operating hours obtained from the GPS Data Report by the average rate of fuel consumption that has been entered during the set-up process. As part of the set-up process, clients are required to obtain the average idle fuel consumption rates from direct CAN-bus reporting, Navcan EMS reports, engine diagnostic reports, live fuel consumption testing, or manufacturer's specifications.

102. Off-road idle litres calculation – records the number of hours that a vehicle is idle based on the categorisation of the location (that is, the vehicle is located at an off-road site, engine is on and the vehicle has a speed of 0 kilometres per hour for more than five seconds). The number of litres used in off-road idling is based on the total number of off-road idle hours multiplied by an average rate of idle fuel consumption for each type of vehicle. The average idle fuel consumption rates are from direct CAN-bus reporting, Navcan EMS reports, engine diagnostic reports, live fuel consumption testing or manufacturer's specifications. Off-road idle calculations do not apply for vehicles that have used a set percentage for apportionment of fuel used by auxiliary equipment. Time is used to measure off-road idle hours and PTO hours. False readings and inconsistencies can be detected by interrogating the connected device.

103. Off-road travel litres calculation – once the auxiliary equipment and off-road idle litres have been calculated, the remaining litres acquired by each vehicle are designated as the total litres used for driving and the off-road travel litres is established by multiplying the relevant off-road travel percentage from the GPS Data Reports by the total litres used for driving. Off-road travel calculations do not apply for vehicles using the 'safe harbour' method or for vehicles with 'other auxiliary equipment' using the 'manual percentage' method.

104. Road transport litres – comprises the remaining total litres used.

Record keeping

105. All data is stored indefinitely. Past reports and supporting data can be accessed by the client. Past period data is directly available to the client for two years after which time the data is archived. This data can be accessed by the PPM Administrator upon request.

106. Clients are encouraged to retain copies of all reports and worksheets for each business activity statement claim period on their own systems.

107. All trips and events for every trip segment are exposed via the trip review page for each vehicle.

Assumptions

108. This Ruling is made on the basis of the following assumptions:

- Each of the fuel tax credit clients referred to in paragraph 6 of this Product Ruling has acquired or manufactured or imported taxable fuel into the indirect tax zone.
- All parties (including PPM and fuel tax credit clients) will continue to review outcomes and reports generated by the FTC Manager Product to ensure that they are accurate and reflect events that occurred. Evidence of these reviews will be retained.
- All dealings between any of the class of entities referred to in paragraph 6 of this Product Ruling, Teletrac Navman and PPM for the FTC Manager Product will be at arm's length.
- The scheme will be executed in the manner described in the scheme section of this Product Ruling and the scheme documentation referred to in paragraph 18 of this Product Ruling.

Commissioner of Taxation
28 April 2021

Appendix 1 – Explanation

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.

Use of the FTC Manager Product for fuel tax credit purposes

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

109. An entity is entitled to a fuel tax credit for taxable fuel (referred to as fuel)[5] that it acquires or manufactures in, or imports into, the indirect tax zone to the extent that the entity does do so for use in carrying on the entity's enterprise. However, to be entitled to a fuel tax credit in respect of the fuel, the entity must be registered or required to be registered for GST at the time the entity acquires, manufactures, or imports the fuel (subsections 41-5(1) and (2)).

110. Section 41-20 confirms that there is no entitlement to a fuel tax credit for fuel to the extent that an entity acquires, manufactures or imports the fuel for use in a light vehicle[6] travelling on a public road.

111. Division 43 sets out how to work out the amount of a fuel tax credit. Fuel tax credits for fuel acquired for use in heavy vehicles[7] are reduced by the road user charge to the extent that the fuel is for travelling on a public road under subsection 43-10(3).

112. The use of the phrase 'to the extent' in sections 41-5 and 41-20 and subsection 43-10(3) contemplates apportionment between fuel acquired for an eligible use and fuel acquired for an ineligible use, or uses which may give rise to different rates of fuel tax credit entitlement.[8]

113. To determine the entitlement and the amount of fuel tax credit, an entity that acquires fuel for use in vehicles will need to apportion the fuel between:

- vehicles with a GVM exceeding 4.5 tonnes
  - the extent to which the fuel is for use in a vehicle for travelling on a public road (where the fuel tax credit rate is the excise duty rate less the road user charge)
  - the extent to which the fuel is for other uses (where the fuel tax credit rate is the excise duty rate)

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[5] Taxable fuel is defined in section 110-5.
[6] Light vehicle is a vehicle with a GVM of 4.5 tonnes or less.
[7] Vehicles with a GVM greater than 4.5 tonnes.
[8] Paragraph 5 of Fuel Tax Determination FTD 2010/1 *Fuel tax: apportionment may apply when determining total fuel tax credits in calculating the net fuel amount under section 60-5 of the Fuel Tax Act 2006*.

- vehicles with a GVM of 4.5 tonnes or less
  - the extent to which the fuel is for use in a vehicle travelling on a public road[9]
  - the extent to which the fuel is acquired other than for use in a vehicle travelling on a public road, and
- other circumstances in which there is no entitlement including use in heavy diesel vehicles that do not meet the environmental requirements or where another entity has entitlement to a fuel tax credit in respect of the fuel.

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

114. The *Fuel Tax Act 2006* contemplates apportionment but does not prescribe any set method for apportioning fuel between different uses. The Commissioner explained in FTD 2010/1 that fuel tax credit entities can use any apportionment method that is fair and reasonable to their circumstances.[10]

115. Paragraph 33 of FTD 2010/1 states:

> 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.

116. Apportionment of fuel for the purpose of working out an entitlement and calculating the amount of the entitlement are distinct phases. An entity can generally perform separate calculations where there are one or more types of fuel for use in the same or multiple activities. A single calculation may be performed for example, where there is the same type of equipment that uses different types of liquid fuel and at the same fuel consumption rate for both types of fuel.

117. The amount of the entitlement calculated should be the same whether a single step process or a discrete step calculation is performed. The apportionment should not result in more fuel being taken into account than has been acquired, manufactured or imported or used and that the apportionment of fuel is reasonable (for example, fuel used in a heavy vehicle for travelling on public roads is reasonable compared to fuel used off public roads for loading/unloading/or idling purposes).

118. To apportion the fuel an entity has acquired to the different activities for which the fuel was used, a reliable measure can be used as part of an apportionment methodology for calculating the amount of fuel that is acquired for use in an eligible activity.

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[9] No entitlement to a fuel tax credit because of section 41-20.
[10] FTD 2010/1.

119. Examples of known reliable measures include:

- odometer readings of kilometres actually travelled
- route distances
- hours of operation of equipment
- engine monitoring systems
- fuel consumption trails on the vehicles/equipment used in the entity's business under similar operating conditions, and
- telematics technology that produces accurate results.

120. Although these are commonly used measures, because of the diverse range of eligible activities, paragraph 119 of this Product Ruling is not an exhaustive list and there may be other measures that are appropriate to an entity's circumstances. There also needs to be assurances in place to ensure that any measure used does not distort results.

121. The FTC Manager Product is a telematics technology product that can be used as a measure in the apportionment process as it has functionalities for data to be transmitted and events to be categorised on use. Provided that the governance, assurances and controls in place are maintained and the checks are undertaken to ensure that the results generated continue to be accurate, it will be a reliable measure.

Does the FTC Manager Product provide a step in the apportionment of fuel?

122. The initial stages of the FTC Manager Product include the installation of the relevant hardware to the vehicle and configuration of the user interface in order to identify the type of vehicle and equipment being used and the location of the activities including travelling, idling and operating auxiliary equipment. The vehicle's location and distance travelled is tracked via GPS satellite data and transmitted on a second-by-second basis to the hardwired device in the vehicle. It records and stores that data to determine the number of kilometres travelled by the vehicle, hours used for operating auxiliary equipment and idle time.

123. Fuel acquisition data is entered into the FTC Manager Product system to allow the allocation of fuel based on the data from the kilometres travelled, categorisation of the travel and hours of operation and idle time. This enables fuel usage to be allocated based on the operation of the auxiliary equipment, vehicle being idle, and travel based on the categorisation of the travel (both on and off public roads).

124. As a result, the FTC Manager Product functionality has a step in the process for apportioning fuel for different uses (on and off

public roads, auxiliary equipment and fuel used during idle time) as part of a methodology that will attract different fuel tax credit rates.

125. Where the ATO-accepted percentages for auxiliary equipment are used, the total fuel is multiplied by the apportionment percentage and the litres are calculated using the full fuel tax credit rate (for off public road uses). This step is also a step in the overall apportionment of fuel to allocate fuel to the 'on-road rate' (fuel tax credit rate less road user charge) for full fuel tax credit rate.

126. The FTC Manager Product then reconciles the total fuel allocated to each activity with total fuel dispensed within the period to make sure it matches the fuel usage with on-road, off-road, idle off-road and auxiliary equipment usage over the same period.

127. The FTC Manager Product functionality provides a step in the apportionment of fuel based on the categorisation of use.

Is the apportionment methodology fair and reasonable?

128. Paragraph 2.86 of the Revised Explanatory Memorandum to the Fuel Tax Bill 2006 and the Fuel Tax (Consequential and Transitional Provisions) Bill 2006 explain that an entity needs to apportion fuel use between eligible and ineligible uses in calculating their fuel tax credit entitlement.

> If a taxpayer acquires, manufactures or imports fuel for both eligible and ineligible activities, they will need to apportion the use of that fuel between eligible and ineligible uses to determine the amount of the fuel that is eligible for a fuel tax credit.

129. The Commissioner considers that that where an entity is required to apportion the use of fuel between eligible and ineligible uses or multiple eligible uses, the use of the words 'to the extent that' allows an entity to choose a method of apportionment that is fair and reasonable in the circumstances.

130. The principles to be applied in identifying situations where apportionment is appropriate in an income tax context, and the method to be employed where apportionment is required, were considered in an income tax context by the High Court in *Ronpibon Tin NL v Commissioner of Taxation (Cth).*[11] In that case, the High Court considered what parts of expenses incurred by a taxpayer were referable to gaining or producing assessable income. The High Court considered both the allocation of distinct expenditure to specific activities, and apportionment.

131. Following the principles set out by the High Court in *Ronpibon*, an entity can use any method to apportion fuel to take into account the requirements of the entitlement and calculation provisions, but that method needs to be fair and reasonable in the circumstances.

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[11] [1949] HCA 15 (*Ronpibon*).

132. There may be more than one fair and reasonable basis of apportionment. It follows that the calculation of fuel tax credit entitlements cannot necessarily be carried out with absolute arithmetical precision. Rather, an entity is entitled to a fuel tax credit where the other requirements for entitlement are met and, to the extent that an apportionment is required, the amount arrived at is calculated by application of an apportionment method that is fair and reasonable in the circumstances. It is not necessary for an apportionment method to track the intended use of every last drop of fuel.

133. The vehicle's location and distance travelled is recorded based on the satellite data. This information is used to determine the measure of kilometres travelled (distance) and the location of that travel.

134. The FTC Manager Product determines time as a measure for certain uses as it records the idle hours by the amount of time that the vehicle spends idling at a particular location. Time itself may not reflect all fuel consumption however the FTC Manager Product has checks to ensure that the fuel apportionment reflects the usage of the vehicle and auxiliary equipment.

135. The percentages based on distance and time idling are then used to allocate litres at those locations to determine the extent that fuel is acquired and used for working out the amount of fuel tax credit at the various rates.

136. This specific methodology for the vehicles and equipment tracked by the satellites for use by the FTC Manager Product is considered a fair and reasonable apportionment of fuel.

137. Note, this methodology is only fair and reasonable where the location of the vehicle and auxiliary equipment has been correctly classified according to public roads and other areas.

138. The classification of the public roads for this FTC Manager Product aligns with the Commissioner's view outlined in FTR 2008/1. That is, a public road is a road that is available for use by members of the public.

139. Along with correct classification of public roads, errors and outliers need to be identified and corrected within time limits to ensure that the methodology is fair and reasonable. There must be governance and controls in place to ensure accuracy of fuel apportionment for each of the vehicle's activities, including auxiliary equipment. This ensures that the methodology used is accurate and to support that it is fair and reasonable.

140. Provided all the points in paragraphs 133 to 139 of this Product Ruling are considered and reviewed regularly, including checks to ensure data and outcomes remain accurate, the apportionment methodology used by the FTC Manager Product is fair and reasonable.

Does the FTC Manager Product generate fair and reasonable results for working out the amount of fuel tax credits in Division 43?

141. The amount of fuel tax credits is determined with reference to Division 41 and 43. The 'fair and reasonable' principle applies in determining the extent of entitlement and the amount of fuel tax credits within these Divisions.[12]

142. The FTC Manager Product applies an apportionment methodology that is fair and reasonable. It has relevant checks and processes to ensure:

- ascertainment of eligibility to claim fuel tax credits having regard to Division 41 and Subdivision 41-B
- that roads are correctly classified for applying the road user charge to the relevant fuel within subsections 41-10(3) and (4), and
- the amount of fuel tax that was payable on the fuel is worked out at the rate in force on the day using the table in subsection 43-5(2A).

143. As a result, the FTC Manager Product provides fair and reasonable results for working out the amount of fuel tax credits[13] for the class of entities identified in paragraph 6 of this Product Ruling.

Whether the Fleet Summary Report, the GPS Data Report and the FTC Claim Report can be used for record-keeping purposes (but not the only record)

144. Subsection 382-5(1) of Schedule 1 to 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.

145. You must retain these records for at least five years after the completion of the transactions or acts to which they relate.

146. 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.

147. Clients using the FTC Manager Product can undertake a vehicle trip analysis by examining the specific activities undertaken by each vehicle including listing individual trips made by the vehicle, their start and end locations, the classification of the travel, their duration and distance and a map showing the individual trip graphically. The information also shows idle events and location of this idling.

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[12] FTD 2010/1.
[13] Division 43.

148. The FTC Manager Product can generate a Fleet Summary Report, a GPS Data Report and an FTC Claim Report (for certain clients).

149. The Fleet Summary Report shows configuration details for a fleet.

150. The GPS Data Report records basic information including vehicle (registration and type) and auxiliary equipment present on the vehicle. This report includes details of the kilometres travelled in locations and the categorisation of the location of travel (on-road travel and off-road travel percentages), idle time (off-road idle hours) undertaken by a vehicle and hours used by auxiliary equipment in or on a vehicle based on the categorisation of the travel for a period.

151. The FTC Claim Report is generated after fuel acquisition information has been entered. It not only records vehicle, vehicle type and type of auxiliary equipment (including the calculation), but sets out the litres used (total litres, auxiliary equipment, off-road idle, off-road travel and road travel) for a selected period.

152. Both the GPS Data Report and the FTC Claim Report are produced in English. Users (clients) are able to export information for a specific period into a PDF and CSV (Excel file) format. For instance, the GPS Data Report allows the users to export GPS data measurements and the FTC Claim Report allows exporting information showing litres allocated according to travel.

153. The analysis of the data based on the activities and classification of the travel is used in the reporting functionality of the FTC Manager Product.

154. All these reports are records that can be used in various steps in the apportionment methodology process. The reports generated by the FTC Manager Product are documents that are records for the purposes of subsection 382-5(8) of Schedule 1 to the TAA.

155. However, these reports 'will not be the only records' that are used in determining apportionment for fuel tax credit purposes or supporting fuel tax credit claims by a fuel tax credit client. Other records may include, but are not limited to, source data input information reports, fuel acquisition records (such as tax invoices) and reports/testing showing accuracy of fuel consumption rates used for vehicles.

Summary

156. The data generated from the FTC Manager Product and the methodology applied can be used in determining the extent of fuel acquired for use in the nominated vehicles and auxiliary equipment. It can then be used in working out the amount of fuel tax credits for those nominated vehicles and auxiliary equipment under Division 43.

Note: Working out the amount of fuel tax credits will require the correct amount of fuel tax that was payable on the fuel at the rate in force on the relevant day using the table in subsection 43-5(2A).

157. The nominated reports generated from the FTC Manager Product can be used as a record (but not the only record) for the purposes of subsection 382-5(8) of Schedule 1 to the TAA.

158. There are governance and assurance processes that have demonstrated the accuracy and the fair and reasonable results of the FTC Manager Product. However, checks must continue to be undertaken to ensure that the data generated, and the outcomes reflect actual events and that any outliers or errors are corrected.

Part 4-4 – anti-avoidance

159. Provided that the scheme ruled on is entered into and carried out as disclosed in this Product Ruling, and that the data, inputs and results generated are not manipulated or tailored to obtain fuel tax benefits by taking advantage of the fuel tax law in circumstances other than those intended by the fuel tax law, Part 4-4, Division 75 will not apply.

Appendix 2 – Detailed contents list

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

References

Previous draft:

Not previously issued as a draft

Related Rulings/Determinations:

CR 2017/42; CR 2017/64; CR 2021/30; FTR 2008/1; FTD 2010/1; PCG 2016/8; PCG 2016/11

Legislative references:

- FTA 2006 Div 41
- FTA 2006 41-5
- FTA 2006 41-5(1)
- FTA 2006 41-5(2)
- FTA 2006 41-10(3)
- FTA 2006 41-10(4)
- FTA 2006 Subdiv 41-B
- FTA 2006 41-20
- FTA 2006 Div 43
- FTA 2006 43-5(2A)
- FTA 2006 43-10(3)
- FTA 2006 Pt 4-4
- FTA 2006 Div 75
- FTA 2006 110-5
- TAA 1953 Sch 1 382-5(1)
- TAA 1953 Sch 1 382-5(8)

Case references:

- Linfox Australia Pty Ltd v Commissioner of Taxation of the Commonwealth of Australia [2019] FCAFC 131; 271 FCR 365; [2020] ALMD 3305; [2020] ALMD 3320; [2020] ALMD 3321
- Ronpibon Tin NL v Commissioner of Taxation (Cth) [1949] HCA 15; 78 CLR 47; [1949] ALR 785; 8 ATD 431

Other references:

- Revised Explanatory Memorandum to the Fuel Tax Bill 2006 and the Fuel Tax (Consequential and Transitional Provisions) Bill 2006

ATO references

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