

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part IVAAA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, this Determination applies to years commencing both before and after its date of issue. However, this Determination does 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 the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

Taxation Determination

Fringe benefits tax: is the method outlined in Taxation Ruling MT 2024 appropriate for determining whether a vehicle, other than a dual or crew cab, is 'designed for the principal purpose of carrying passengers' and thereby ineligible for the work-related use exemption available under subsection 8(2) of the *Fringe Benefits Tax Assessment Act 1986*?

1. No. The method outlined in paragraphs 14 to 16 of MT 2024 only applies to dual cab or crew cab vehicles. According to that method, if the majority of the load carrying capacity of the dual or crew cab is attributable to passenger carrying capacity, then it is taken to have been designed for the principal purpose of carrying passengers, regardless of any other considerations.
2. In determining the principal purpose for which any other vehicle was designed, regard should be had to factors including, but not limited to, the following:
 - the appearance and presentation of the vehicle
 - any relevant promotional literature
 - the emphasis evident in marketing
 - the vehicle's specifications
 - load carrying capacity
 - passenger carrying capacity
3. It is emphasised that the exemption provided in subsection 8(2) only applies where, during the year, private use of the car is restricted to:
 - travel by the employee between the employee's home and the place of work, and
 - travel which is incidental to travel undertaken for work purposes, and
 - other private use which is minor, infrequent and irregular.

Example

ABC Pty Ltd purchased a new four wheel drive station wagon for the business. The office manager of the company, Rob, is allowed to use the car for home to work travel. The vehicle has seating for 5 passengers and has a load carrying capacity of 865 kgs. Promotional literature for the vehicle emphasises its level of passenger comfort, off-road capability and "sporty" features. Little reference is made to its capacity to carry a load. It has very little room to carry anything other

than luggage or tools. It is clear from the promotional literature and the vehicle's specifications that it is designed principally for carrying passengers. Any private use of the vehicle by Rob, including home to work travel, will be subject to fringe benefits tax.

Commissioner of Taxation

17/3/94

FOI INDEX DETAIL: Reference No. I 1217103

Previously issued as Draft TD 93/D270

Related Determinations:

Related Rulings: MT 2024

Subject Ref: car fringe benefit; fringe benefit; exempt benefit

Legislative Ref: FBTA 8(2)

Case Ref:

ATO Ref: FBT Cell 30/06

ISSN 1038 - 8982