



## Taxation Determination

Fringe benefits tax: what are the rates to be applied on a cents per kilometre basis for calculating the taxable value of a fringe benefit arising from the private use of a motor vehicle other than a car for the fringe benefits tax year commencing on 1 April 2018?

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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.

### Ruling

1. The rates to be applied where the cents per kilometre basis is used for the fringe benefits tax (FBT) year commencing on 1 April 2018 are:

Engine capacity	Rate per kilometre
0 – 2500cc	54 cents
Over 2500cc	65 cents
Motorcycles	16 cents

### Date of effect

2. This Determination applies to the FBT year commencing 1 April 2018.

## 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.*

### Explanation

3. An employee's right to use a car for private purposes constitutes a car fringe benefit under the *Fringe Benefits Tax Assessment Act 1986* (FBTAA). Where an employee is entitled to use a motor vehicle **other than a car**, this gives rise to a residual benefit under that Act. For these purposes, pursuant to subsection 136(1) of the FBTAA, which refers to subsection 995-1(1) of the *Income Tax Assessment Act 1997* (ITAA 1997), a 'car' means:

a 'motor vehicle' (except a motorcycle or similar vehicle) designed to carry a load of less than 1 tonne and fewer than 9 passengers, with a 'motor vehicle' being defined as:

any motor-powered road vehicle (including a 4 wheel drive vehicle)

4. Miscellaneous Taxation Ruling MT 2034 *Fringe benefits tax: private use of motor vehicles other than cars* outlines a number of acceptable methods that may be used to value the benefit of the right to use an employer's motor vehicle **other than a car**. One method of valuing the benefit is to multiply the number of private kilometres travelled by employees in a vehicle during a year by a cents per kilometre rate. The effect of paragraphs 15 and 16 of MT 2034 is that this method can only be used where there is extensive business use of the vehicle.

5. The cents per kilometre rates set out in this Determination are those that applied for the year commencing on 1 April 2017, reviewed to reflect the movement in the Consumer Price Index. (The rates that applied for the year commencing on 1 April 2017 are set out in Taxation Determination TD 2017/4 *Fringe benefits tax: what are the rates to be applied on a cents per kilometre basis for calculating the taxable value of a fringe benefit arising from the private use of a motor vehicle other than a car for the fringe benefits tax year commencing on 1 April 2017?*)

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## References

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*Previous draft:*

TD 2015/6; TD 2016/3; TD 2017/4

Not previously issued as a draft

*Legislative references:*

*Related Rulings/Determinations:*

TD 2008/4; MT 2034

- FBTA 1986
- FBTA 1986 136(1)
- ITAA 1997
- ITAA 1997 995-1(1)
- TAA 1953

*Previous Rulings/Determinations:*

TD 2013/7; TD 2014/6

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ATO references

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