

CR 2015/60 - Income tax and fringe benefits tax: customers of GPSI Group Pty Ltd who use the GPSI 'Vehicle Logbook Report' for their log book records

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 This document has changed over time. This is a consolidated version of the ruling which was published on *10 August 2016*



Class Ruling

Income tax and fringe benefits tax: customers of GPSI Group Pty Ltd who use the GPSI 'Vehicle Logbook Report' for their log book records

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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.

[Note: This is a consolidated version of this document. Refer to the Legal Database (<https://www.ato.gov.au/law>) to check its currency and to view the details of all changes.]

What this Ruling is about

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

Relevant provision(s)

2. The relevant provisions dealt with in this Ruling are:
- subsection 136(1) of the *Fringe Benefits Tax Assessment Act 1986* (FBTAA)
 - section 28-120 of the *Income Tax Assessment Act 1997* (ITAA 1997), and
 - section 28-125 of the ITAA 1997.

Class of entities

3. The class of entities to which this Ruling applies is customers of GPSI Group Pty Ltd (GPSI Group) who use the GPSI 'Vehicle Logbook Report' for the purposes of section 10 of the FBTA or Subdivision 28-F of the ITAA 1997.
4. Within this Ruling a member of the class of entities is referred to as a GPSI Group customer.

Qualifications

5. The Commissioner makes this Ruling based on the precise scheme identified in this Ruling.
6. The class of entities defined in this Ruling may rely on its contents provided the scheme actually carried out is carried out in accordance with the scheme described in paragraphs 9 to 14 of this Ruling.
7. If the scheme actually carried out is materially different from the scheme that is described in this Ruling, then:
 - this Ruling has no binding effect on the Commissioner because the scheme entered into is not the scheme on which the Commissioner has ruled, and
 - this Ruling may be withdrawn or modified.

Date of effect

8. This Ruling applies from 1 April 2015. However, this Ruling will not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of this Ruling (see paragraphs 75 and 76 of Taxation Ruling TR 2006/10).

Scheme

9. The following description of the scheme is based on information provided by the applicant in the application for Class Ruling dated 17 April 2015. The applicant provided an example of a GPSI 'Vehicle Logbook Report'.
10. The GPSI 'Vehicle Logbook Report' provides the following information for each journey undertaken by a vehicle during the period of the report:
 - description of vehicle
 - vehicle registration
 - the report period

- initial odometer reading for the report period
- last odometer reading for the report period
- total kilometres travelled during the report period
- total kilometres for all trips during the report period that were classified as private trips
- total kilometres for all trips during the report period that were classified as business trips
- total kilometres for all trips during the report period that were unassigned
- percentage of trips during the report period that were classified as business trips.
- driver name
- date for each journey
- start odometer reading for each journey
- finish odometer reading for each journey
- start time for each journey
- finish time for each journey
- start location for each journey
- finish location for each journey
- distance travelled
- reason for trip, and
- trip type (private or business).

11. The GPSI 'Vehicle Logbook Report' is produced by the GPSI Logbook reporting solution. The GPSI Logbook reporting solution is made up of the following components:

- an electronic vehicle device – the Roadscout telematics and driver safety device
- a cloud based vehicle/driver management platform – FleetConnect, and
- a custom ELogbook FBT application and reporting module.

12. Upon turning on the ignition of the vehicle and at the end of the journey, the Roadscout telematics and driver safety device records and uploads vehicle and trip data including the global positioning system (GPS) location, vehicle identification, the time, the date and the odometer reading to the cloud based vehicle/driver management platform.

13. The GPS locations and odometer readings are recorded utilising a GPS, an OBD integrator, a 3G enabled modem and data satellite device.

14. At the conclusion of a trip, users are prompted by a system generated message sent to the user's smartphone to record the purpose of the journey and the journey type (private or business) via the custom ELogbook FBT application and reporting module.

Ruling

15. The GPSI 'Vehicle Logbook Report' described in paragraph 10 of this Ruling will satisfy the definition of 'log book records' in subsection 136(1) of the FBTAA provided:

- the report is for an applicable log book period, and
- the purpose of any journey classified as being a business journey, is entered within a week of the journey occurring and is sufficiently descriptive to enable the journey to be classified as a business journey.

16. The GPSI 'Vehicle Logbook Report' as described in paragraph 10 of this Ruling will satisfy the requirements of section 28-125 of the ITAA 1997 provided:

- the GPSI 'Vehicle Logbook Report' is for the period specified in section 28-120 of the ITAA 1997, and
- the purpose of any journey classified as being a business journey is entered within a week of the journey occurring and is sufficiently descriptive to enable the journey to be classified as a business journey.

Commissioner of Taxation

12 August 2015

Appendix 1 – Explanation

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

Does the GPSI 'Vehicle Logbook Report' satisfy the definition of 'log book records' in subsection 136(1) of the FBTA?

17. Section 10 of the FBTA allows an employer to elect to calculate the taxable value of a car fringe benefit using the cost basis method (operating cost method).

18. Where this election is made, subsection 10(2) of the FBTA provides that the taxable value of the car fringe benefit will be the amount calculated in accordance with the formula:

$$(C \times (100\% - BP)) - R$$

where:

C is the operating cost of the car during the holding period;

BP is:

(a) if, under sections 10A or 10B, the employer is not entitled to a reduction in the operating cost of the car on account of business journeys undertaken in the car during the holding period – nil; or

...

(c) in any other case – the business use percentage applicable to the car for the holding period; and

R is the amount (if any) of the recipient's payment.

19. Therefore, an employer intending to claim a reduction in the operating costs of a car, on account of the business journeys undertaken during the holding period, must meet the requirements of section 10A of the FBTA (if the year is a log book year of tax), or section 10B of the FBTA (if the year is not a log book year of tax).

20. Subsection 162G(1) of the FBTA sets out the circumstances in which a year will be a log book year of tax. The circumstances include a year in which an election is made to treat the year as a log book year of tax.

21. A GPSI Group customer who uses the GPSI Logbook reporting solution to record details of the journeys undertaken in a car during a particular year will be taken to make an election for the year to be a log book year of tax.

22. Section 10A of the FBTA requires that in a log book year:

- log book records are maintained for an applicable log book period
- odometer records are maintained for an applicable log book period

- odometer records are maintained for the period of the year in which the car was held (the 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.

23. For the purpose of this Ruling it is only necessary to consider the first of these requirements.

Log book records

24. Subsection 136(1) of the FBTAA defines 'log book records' as follows:

log book records, in relation to a car held by a person (in this definition called the ***holder***), in relation to a period, means a daily log book or similar document in which, in respect of each business journey:

- (a) that is undertaken in the car during the period; and
- (b) that the holder, or a person acting on behalf of the holder, chooses to record in the document for the purpose of demonstrating the pattern of use of the car during the period;

an entry setting out particulars of:

- (c) the date on which the journey began and the date on which it ended; and
- (d) the respective odometer readings of the car at the beginning and end of the journey; and
- (e) the number of kilometres travelled by the car in the course of the journey; and
- (f) the purpose or purposes of the journey;

...

is made in the English language at, or as soon as reasonably practicable after, the end of the journey.

25. In considering these conditions, the Roadscout telematics and driver safety device records data for each trip undertaken in the car. Therefore, it will record information in respect of each business journey. The other requirements of the definition of 'log book records' are considered below.

The date on which the journey began and the date on which it ended

26. Paragraph (c) of the definition of 'log book records' requires each entry to detail the dates on which the business journeys began and ended. This requirement is met as the GPSI 'Vehicle Logbook Report' provides details of the time and date on which each journey began and ended.

The respective odometer readings of the car at the beginning and end of the journey

27. Paragraph (d) of the definition of 'log book records' requires that the respective odometer readings of the car at the beginning and end of each journey be entered into the relevant records.

28. The term 'odometer' is not defined in either the FBTA or the ITAA 1997 but the *Macquarie Dictionary* online edition defines that term as being 'an instrument for measuring distance passed over, as by a motor vehicle'.

29. However, the definition of 'odometer records' in subsection 136(1) of the FBTA makes reference to the 'odometer reading of the car'. In this regard, it is concluded that, whilst odometer readings must pertain to the car, it does not necessarily mean that they must also be attributable either wholly or in part to the rotation of the car's wheels.

30. Provided the device used to determine the car's odometer readings is of sufficient integrity it can be accepted that a system other than the car's own odometer may meet the FBTA legislative requirements.

31. Each time the car is driven, the GPSI 'Vehicle Logbook Report' provides details of the respective start and end odometer reading of the car for each journey. Therefore, the GPSI 'Vehicle Logbook Report' will satisfy the requirements of paragraph (d) of the definition of 'log book records'.

The number of kilometres travelled by the car in the course of the journey

32. Paragraph (e) of the definition of 'log book records' requires the number of kilometres travelled by the car in the course of each business journey to be shown. This requirement is met as the GPSI 'Vehicle Logbook Report' shows the total distance travelled in kilometres for each journey.

The purpose or purposes of the journey

33. Paragraph (f) of the definition of 'log book records' requires the purpose or purposes of each business journey to be recorded. To enable this requirement to be met, the user is able to input the purpose of a journey at the end of the journey using the custom ELogbook FBT application and reporting module. Therefore, this requirement will be met if the reason that is input for the journey is sufficiently descriptive to enable the journey to be classified as a business journey.

Made in the English language at, or as soon as reasonably practicable after, the end of the journey

34. In addition, the definition of 'log book records' requires each of the entries to be made in the English language at, or as soon as reasonably practical after, the end of the journey.

35. The first of these requirements is met as the entries are recorded in English.

36. Generally, the second of these requirements will be met as at the end of each journey the user will record the purpose of the journey using the custom ELogbook FBT application and reporting module. However, there may be occasions on which it is not practical to enter this information at the end of the journey. Provided the purpose of each journey is recorded on at least a weekly basis, it will be accepted that the entries were made as soon as practical after the end of the journey.

Conclusion

37. The GPSI 'Vehicle Logbook Report' will satisfy the requirements of the definition of 'log book records' in subsection 136(1) of the FBTAA provided the purpose of any journey classified as being a business journey is entered within a week of the journey occurring and is sufficiently descriptive to enable the journey to be classified as a business journey.

Applicable log book period

38. As set out in paragraph 22 of this Ruling, the log book records must be maintained for an applicable log book period. Subsection 162H(1) of the FBTAA provides that the applicable log book period will be a continuous 12 week period, unless the car is held for less than 12 weeks. If the car is held for less than 12 weeks, the applicable log book period is the period for which the car was held.

Does the GPSI 'Vehicle Logbook Report' satisfy the requirements of section 28-125 of the ITAA 1997?

39. Division 28 of the ITAA 1997 provides four methods that can be used by an individual or alternatively by a partnership (that includes at least one individual) to calculate the amount of the income tax deduction that can be claimed for car expenses.

40. One of the methods is the 'log book' method which is contained in Subdivision 28-F of the ITAA 1997. To be able to use this method, the substantiation requirements set out in section 28-100 of the ITAA 1997 must be met.

41. Section 28-100 of the ITAA 1997 requires:
- the car expenses to be substantiated in accordance with Subdivision 900-C of the ITAA 1997
 - a log book to be kept in accordance with Subdivision 28-G of the ITAA 1997
 - odometer records to be kept in accordance with the requirements in Subdivision 28-H of the ITAA 1997 for the period of the year for which the car was held
 - an estimate to be made of the number of business kilometres and the business use percentage, and
 - the log book and odometer records to be retained.
42. For the purpose of this Ruling it is only necessary to consider the second of these requirements.

Log book requirements in Subdivision 28-G of the ITAA 1997

43. Section 28-115 of the ITAA 1997 sets out the circumstances in which a log book will need to be kept. The circumstances include the making of a decision to keep a log book in a year in which it is not otherwise required to be kept.

44. In using the GPSI Logbook reporting solution to record the details of journeys undertaken in a particular year a GPSI Group customer will be taken to have chosen to keep a log book for the year.

45. Section 28-120 of the ITAA 1997 requires the log book to cover a continuous period of 12 weeks, unless the car is held for less than 12 weeks. If the car is held for less than 12 weeks, the log book must be kept for the period for which the car was held.

46. Section 28-125 of the ITAA 1997 sets out the way in which a log book is to be kept. Section 28-125 states:

28-125 How to keep a log book

- (1) It is in your interests to record in the log book any journey made in the *car during the log book period in the course of producing your assessable income. If a journey is not recorded, the log book will indicate a lower *business use percentage than is actually the case.
- (2) A journey is recorded by making in the log book an entry specifying:
 - (a) the day the journey began and the day it ended;
 - (b) the *car's odometer readings at the start and end of the journey;
 - (c) how many kilometres the car travelled on the journey;
 - (d) why the journey was made.

The record must be made at the end of the journey or as soon as possible afterwards.

- (3) If 2 or more journeys in a row are made in the *car on the same day in the course of producing your assessable income, they can be recorded as a single journey.
- (4) The following must be entered in the log book:
 - (a) when the log book period begins and ends;
 - (b) the *car's odometer readings at the start and the end of the period;
 - (c) the total number of kilometres that the car travelled during the period;
 - (d) the number of kilometres that the car travelled, in the course of producing your assessable income, on journeys recorded in the log book;
 - (e) the number of kilometres referred to in paragraph (d), expressed as a percentage of the total number referred to in paragraph (c).

Each of the entries must be made at or as soon as possible after the start or end of the period, as appropriate.
- (5) Each entry in the log book must be in English.

47. In considering these conditions, the Roadscout telematics and driver safety device records data for each trip undertaken in the car. Therefore, it complies with subsection 28-125(1) of the ITAA 1997. The requirements of subsection 28-125(2) of the ITAA 1997 are considered below.

The day the journey began and the day it ended

48. Paragraph 28-125(2)(a) of the ITAA 1997 requires the day the journey began and the day it ended to be entered for each journey. This requirement is met as the GPSI 'Vehicle Logbook Report' provides details of the time and date on which each business journey began and ended.

The car's odometer readings at the start and end of the journey

49. Paragraph 28-125(2)(b) of the ITAA 1997 requires the car's odometer readings at the start and end of each journey to be recorded. As discussed at paragraphs 27 to 31 of this Ruling in relation to paragraph (d) of the definition of 'log book records' in subsection 136(1) of the FBTA, the odometer readings detailed in the GPSI 'Vehicle Logbook Report' will be accepted as being the odometer readings for the start and end of each journey.

How many kilometres the car travelled on the journey

50. Paragraph 28-125(2)(c) of the ITAA 1997 requires the number of kilometres travelled by the car in the course of each business journey to be shown. This requirement is met as the GPSI 'Vehicle Logbook Report' shows the total number of kilometres travelled during each trip.

Why the journey was made

51. Paragraph 28-125(2)(d) of the ITAA 1997 requires the reason for the journey to be shown. As discussed at paragraph 33 of this Ruling the user is able to input the purpose of a journey at the end of the journey using the custom ELogbook FBT application and reporting module. Therefore, this requirement will be met if the reason that is input for the journey is sufficiently descriptive to enable the journey to be classified as a business journey.

The record must be made at the end of the journey or as soon as possible afterwards

52. In addition, subsection 28-125(2) of the ITAA 1997 requires the entries to be made at, or as soon as possible after the end of the journey. As discussed at paragraph 36 of this Ruling, provided the driver enters the purpose of each journey at the end of the journey, or at least on a weekly basis, it is accepted that the entries were made as soon as practicable after the end of the journey.

Details to be entered into the log book

53. Subsection 28-125(4) of the ITAA 1997 requires the following details to be entered into the log book:

- the date on which the log book period begins and ends
- the car's odometer readings at the start and end of the period
- the total number of kilometres that the car travelled in the period
- the number of kilometres that the car travelled in the course of producing assessable income on journeys recorded in the log book, and
- the number of kilometres that the car travelled in the course of producing assessable income as a percentage of the total number of kilometres travelled during the period.

54. The GPSI 'Vehicle Logbook Report' will satisfy each of these requirements as it provides:

- the start and end dates of the log book period
- the car's odometer readings at the start and finish of the period
- the total number of kilometres travelled by the car during the period

- the total number of kilometres that the car travelled in the course of producing assessable income during the period, and
- the number of kilometres travelled in the course of producing assessable income as a percentage of the total number of kilometres travelled during the period.

Entries to be made at or as soon as possible after the start or the end of the period, as appropriate, and in the English language

55. In addition, subsection 28-125(4) of the ITAA 1997 requires each of the entries to be made at, or as soon as possible after the start or end of the period as appropriate and subsection 28-125(5) of the ITAA 1997 requires each entry to be in English.

56. Generally, the first of these requirements will be met as at the end of each journey the driver will record the purpose of the journey using the custom ELogbook FBT application and reporting module. However, there may be occasions on which it is not practical to enter this information at the end of the journey. Provided the purpose of each journey is recorded on at least a weekly basis, it will be accepted that the entries were made as soon as practical after the end of the journey.

57. The requirement at subsection 28-125(5) of the ITAA 1997 is met as the entries are recorded in English.

Conclusion

58. The GPSI 'Vehicle Logbook Report' will satisfy the requirements of section 28-125 of the ITAA 1997 provided:

- the report is for the period specified in section 28-120 of the ITAA 1997, and
- the purpose of any journey classified as being a business journey is entered within a week of the journey occurring and is sufficiently descriptive to enable the journey to be classified as a business journey.

Appendix 2 – Detailed contents list

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References

Previous draft:

Not previously issued as a draft

Related Rulings/Determinations:

TR 2006/10

Subject references:

- car fringe benefits
- log book records
- odometer records

Legislative references:

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- FBTA 1986 10
- FBTA 1986 10(2)
- FBTA 1986 10A
- FBTA 1986 10B
- FBTA 1986 136(1)
- FBTA 1986 162G(1)
- FBTA 1986 162H(1)
- ITAA 1997
- ITAA 1997 Div 28

- ITAA 1997 Subdiv 28-F
- ITAA 1997 Subdiv 28-G
- ITAA 1997 Subdiv 28-H
- ITAA 1997 28-100
- ITAA 1997 28-115
- ITAA 1997 28-120
- ITAA 1997 28-125
- ITAA 1997 28-125(1)
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- ITAA 1997 28-125(2)(b)
- ITAA 1997 28-125(2)(c)
- ITAA 1997 28-125(2)(d)
- ITAA 1997 28-125(4)
- ITAA 1997 28-125(5)
- ITAA 1997 Subdiv 900-C
- TAA 1953

Other references:

- *Macquarie Dictionary* online edition

ATO references

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