

# ***CR 2019/50 - Helpten Pro Vehicle Telematics Solution - use for fringe benefits tax car logbook and odometer records***



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## Class Ruling

### *Helpten Pro* Vehicle Telematics Solution – use for fringe benefits tax car logbook and odometer records

#### **❶ Relying on this Ruling**

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

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

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

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#### **What this Ruling is about**

1. This Ruling sets out when the *Helpten Pro* Vehicle Telematics Solution (*Helpten Pro*) can be utilised to reduce the operating costs in both a logbook and non-logbook year of tax for the purposes of calculating the fringe benefits tax taxable value of a car fringe benefit using the cost basis method.
2. Broadly, sections 10A<sup>1</sup> and 10B allow an employer to reduce the operating cost of a car for business journeys that are undertaken in the car during the period in which the car was held (either by the employer or another person). Such a reduction can only occur where certain conditions are met.
3. Full details of *Helpten Pro* are set out in paragraphs 20 to 32 of this Ruling.

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

#### **Who this Ruling applies to**

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

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

**When this Ruling applies**

5. This Ruling applies from 31 July 2019 to 31 March 2022.

**Ruling****Background to legislative requirements**

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

7. Where the election is made, the taxable value of the car fringe benefit using the operating cost method is calculated according to the formula in subsection 10(2). In accordance with this formula, an employer intending to claim a reduction in the operating cost of a car, on account of business journeys undertaken during the holding period, must meet the requirements of either section 10A (if the year is a 'log book year of tax' (as defined in subsection 136(1))) or section 10B (if the year is not a 'log book year of tax'), as applicable.

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

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

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

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

**Logbook year of tax**

10. A year in which the *Helpten Pro* is used will be a 'log book year of tax' if:

- this is the first year that you use *Helpten Pro* for the purposes of keeping logbook and odometer records, and a logbook has not been kept for the particular car in the previous four years<sup>2</sup>, or
- you make an election to treat the year as a logbook year of tax.<sup>3</sup>

11. The subsequent four years will be a 'non-logbook year of tax' if either of the points in paragraph 10 of this Ruling apply to the first year.

12. *Helpten Pro's* Trip Report must be retained for at least five years.<sup>4</sup>

<sup>2</sup> Refer to paragraph 162G(1)(a).

<sup>3</sup> Refer to paragraph 162G(1)(b).

**Logbook records**

13. *Helpten Pro's* Trip Report is a document which satisfies the requirements of the definition of 'log book records' in subsection 136(1), as over the time the Trip Reports are being kept<sup>5</sup>:

- *Helpten Pro* collects the location, date, purpose and distance travelled for each journey.
- The odometer readings generated by the *Helpten Pro* are considered to be of sufficient integrity to be 'odometer readings of the car'. This is because the user is required to enter the opening odometer reading displayed on the car's built-in odometer prior to commencing the first trip for which *Helpten Pro* is used. Each time the car is driven, the start and end odometer readings for the journey are automatically calculated by *Helpten Pro* from the data recorded.
- The purpose of each journey (business or private) is input by each driver at the end of each journey. The reason recorded for each business journey is sufficiently descriptive (as it is a pre-loaded purpose, or if not, the system requires further details from the driver). The journey purpose must be inputted within a week of the journey occurring.
- All records and details contained in the Trip Reports are in English and all entries are made at the end of the journey or within a week of the relevant journey occurring.

**Odometer records**

14. *Helpten Pro's* Trip Report is a document which satisfies the requirements of the definition of 'odometer records'<sup>6</sup> as it provides details of the odometer reading for the car at the start of the journey and also the odometer reading for the car at the end of the journey that was undertaken during each reporting period.

**Business kilometres and business use percentage**

15. *Helpten Pro's* calculation of the number of business kilometres and the total number of kilometres travelled by a car satisfies the requirements necessary for you to:

- estimate the number of business kilometres travelled<sup>7</sup>, and
- determine the 'business use percentage'.<sup>8</sup>

<sup>4</sup> Refer to the definition of 'retention period' in subsection 136(1). Under subsection 123(2) if you fail to retain the documents for the retention period, the logbook records or odometer records are deemed never to have been maintained.

<sup>5</sup> Refer to the definition of 'log book records' in subsection 136(1).

<sup>6</sup> Refer to the definition of 'odometer records' in subsection 136(1).

<sup>7</sup> In accordance with section 162F.

<sup>8</sup> As defined in subsection 136(1).

***Satisfaction of the requirements in section 10A in a logbook year of tax***

16. You satisfy the requirements in section 10A and are entitled to claim a reduction of operating costs in a logbook year of tax on account of business journeys made in the car during the period you own or lease the car if you use *Helpten Pro* continuously:

- for the duration of the ‘applicable logbook period’<sup>9</sup> being a continuous period of not less than 12 weeks that begins and ends during the period that you own or lease the car
- for the whole period that you own or lease the car<sup>10</sup>
- to determine the number of kilometres travelled on the journeys classified as business journeys, and
- to calculate the business use percentage for the selected period.

17. If you, in a logbook year of tax, use *Helpten Pro* continuously for:

- the duration of the ‘applicable logbook period’<sup>11</sup> being a continuous period of not less than 12 weeks that begins and ends during the period you own or lease the car, and
- do not use *Helpten Pro* continuously for period that you own or lease the car

you satisfy the requirements in section 10A and are entitled to claim a reduction of operating costs on account of business journeys made in the car during the period you own or lease the car provided you:

- separately record the odometer readings for the beginning and end of the period of the year for which the car was owned or leased by you
- estimate the number of business kilometres travelled by the car during the period of the year for which the car was owned or leased by you using all relevant matters including *Helpten Pro*’s Trip Report, odometer records and any variations in the pattern of use of the car, and
- specify the business use percentage for the period of the year for which the car was owned or leased by you using the estimated number of business kilometres and the odometer readings for the beginning and end of the period that you own or lease the car.

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

18. If you use *Helpten Pro* continuously for the whole period that you own or lease the car, you will meet all the necessary requirements of section 10B in a non-logbook year of tax and are entitled to claim a reduction of operating costs on account of business journeys made in the car during the period you own or lease the car as the Trip Report and/or *Helpten Pro*:

- provides odometer records for the beginning and end of the period you own or lease the car

<sup>9</sup> As that term is defined in subsection 162H(1). The applicable logbook period will be less if the car is owned or less by the employer for a period of less than 12 weeks.

<sup>10</sup> This is the period the car was held by you known as the ‘holding period’. Section 162 outlines when a car is held by a person.

<sup>11</sup> As that term is defined in subsection 162H(1). The applicable logbook period will be less if the car is owned or leased by the employer for a period of less than 12 weeks.

- determines the number of kilometres travelled on the journeys classified as business journeys during the period for which the system is continuously used, and
- calculates the business use percentage for the selected period using the determined number of business kilometres travelled and the odometer readings for the beginning and end of the period the car was owned or leased by you.

19. If you, in a non-logbook year of tax use *Helpten Pro* continuously for an 'applicable logbook period' but:

- do not use the system in that year of tax, or
- do not use it for the whole of the period that the car was owned or leased by you

you satisfy the requirements in section 10B and will be entitled to claim a reduction of operating costs of the car on account of business journeys made in the car during the period you own or lease the car provided you:

- separately record odometer readings for the beginning and end of the period of the year for which the car was owned or leased by you
- estimate the number of business kilometres travelled by the car during the period of the year for which the car was owned or leased by you using all relevant matters including *Helpten Pro*'s Trip Report, odometer records and any variations in the pattern of use of the car, and
- specify the business use percentage for the period of the year for which the car was owned or leased by you using the estimated number of business kilometres and the odometer readings for the beginning and end of the period that the you own or lease the car.

## Scheme

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

21. The *Helpten Pro* is a cloud-based logbook system which can be used to log the journeys of a vehicle during a pre-determined period. You install the *Helpten Pro* logbook solution to cars you own and lease that you elect to value using the cost basis method and it remains implemented in the car for the entire period the car is owned or leased by you.

22. *Helpten Pro* is a Vehicle-Telematics-as-a-Service-system (VTaaS). A telematics device is installed in the car and records, stores and sends trip data to a cloud-based remote data management platform (the Platform) over a secure communication network at a configurable interval (for example, every 30 seconds). The Platform is managed by Drive Tech Australia Pty Ltd. In circumstances where network connectivity is not available, the data is stored in the device until the next time network connectivity is available. The devices are also battery back-upped and monitored for deliberate/accidental disconnect and malfunctions, and these are recorded for the vehicle use reporting.

23. The Platform, connected to each on-board device, receives, processes, reports and stores all journey information (including GPS-based distance). The Platform processes vehicle use data entered and generates a log for the specific vehicle telematics device for each individual driver. Part of the processing includes collation of various entries to create individual trips referred to in *Helpten Pro* as a Trip Report.

24. You and your employees access the vehicle use data and reports stored on the Platform using available web and mobile applications, with access based on your respective role and defined access rights.

25. The Platform permanently stores the vehicle use data and, relevantly, allows for the following:

- entry of vehicle and employee registration
- entry of opening odometer reading from the vehicle's built-in odometer
- entry of vehicle registration details, including number plate registration, year of manufacture, manufacturer, model and engine capacity
- ability for the driver to classify the journey and record the purpose of each journey – if it is not one of the reasons pre-loaded into the system tailored to your business purposes, the system will request that the driver provide more details. These classification details and purpose of the journey are provided within a week of each journey
- odometer recordings of the start and end of each journey as automatically calculated by GPS data by *Helpten Pro*
- ability to access and view data on the Platform and generate reports
- choice of either a 12 week log type or continuous log type (although the *Helpten Pro* logbook report contains vehicle logbook data for the entire period the car was owned or leased by you)
- ability to choose recording of 'business only' trips or 'all trips' (that is, including private trips), and
- automatic calculation of the business percentage and private percentage in a logbook report.

26. *Helpten Pro* calculates and displays (both online and through reports generated via the Platform in Adobe Acrobat PDF or Microsoft Excel format) the 'business use percentage' and 'personal use percentage' with the percentage calculated using the following formulas:

**Business percentage**

$$\frac{\text{Number of business kilometres travelled by the car during the holding period}}{\text{Total number of kilometres travelled by the car during the holding period}} \times 100$$

**Personal percentage**

$$\frac{\text{Number of personal kilometres travelled by the car during the holding period}}{\text{Total number of kilometres travelled by the car during the holding period}} \times 100$$

27. *Helpten Pro* calculates both the number of business kilometres and the total number of kilometres travelled by the car during the period where the car was owned or leased by you for the whole year thereby calculating the business use percentage.

28. *Helpten Pro* records and saves every vehicle trip in the Platform for a minimum period of seven years.

***Helpten Pro Trip Report***

29. You, at any stage, can retrieve a progress report of trip data outlining all trips completed during the logbook period. You can then use the information contained within *Helpten Pro* to generate a Trip Report on demand as required, which details each individual journey undertaken by each car.

30. The Trip Report provides the following information for each journey undertaken in the selected period:

- the start and end date of the logbook period
- journey ID
- device ID (identifies the vehicle in *Helpten Pro*)
- Helpten Contract ID (identifies the vehicle in *Helpten Pro*)
- the vehicle's description and license plate number
- the start and end date and time of which each journey occurs, with coordinates (latitude/longitude)
- the start and end odometer readings
- the total distance for the journey
- the private distance for the journey
- the business distance for the journey
- the driver identification
- the purpose of the journey (business or private use)
- the address at the start and end points (that is, the location details for the journey)
- the total distance for the entire reporting period (per vehicle basis)
- the total private distance for the entire reporting period (per vehicle basis), and
- the total business distance for the entire reporting period (per vehicle basis).

31. You will use *Helpten Pro* to produce, in English, a Trip Report for any selected period for each vehicle that has the telematics device fitted and/or each employee who uses the vehicle that has the telematics device fitted.

32. The Trip Report also provides details of the calculated business use percentage for the selected period based on the information contained in *Helpten Pro*.



## References

*Previous draft:*

Not previously issued as a draft.

*Legislative references:*

- FBTA 1986
- FBTA 1986 10
- FBTA 1986 10A
- FBTA 1986 10B
- FBTA 1986 10(2)
- FBTA 1986 123(2)
- FBTA 1986 136(1)
- FBTA 1986 162
- FBTA 1986 162F
- FBTA 1986 162G(1)(a)
- FBTA 1986 162G(1)(b)
- FBTA 1986 162H(1)
- TA 1953

ATO references

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