


CR 2023/60 - Teletrip devices - car logbook and odometer records

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Class Ruling

Teletrip devices – car logbook and odometer records

📌 Relying on this Ruling

This publication (excluding appendix) 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.

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What this Ruling is about

1. This Ruling sets out the fringe benefits tax (FBT) consequences for the users of the Teletrip Vehicle Logbook Report created by Hermes Holdings Teletrip Devices (Teletrip Devices) for car logbook and odometer records.
2. All legislative references in this Ruling are to the *Fringe Benefits Tax Assessment Act 1986* (FBTAA).
3. Details of this scheme are set out in paragraphs 12 to 30 of this Ruling.

Note: By issuing this Ruling, the ATO is not endorsing this product. Potential purchasers 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 the Teletrip Vehicle Logbook Report for car logbook records and odometer record-keeping requirements.

When this Ruling applies

5. This Ruling applies from 1 April 2023 to 31 March 2028.

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Ruling

6. The Teletrip Vehicle Logbook Report created by the Teletrip Devices is a document that satisfies the definition of 'log book records' for the purposes of subsection 136(1), provided:

- the report is for an 'applicable log book period'
- the purpose of the journey is sufficiently descriptive to enable the journey to be classified as a business journey, and the purpose of the journey classified as being a business journey is recorded as soon as reasonably practicable after, the end of the journey.

7. The Teletrip Vehicle Logbook Report created by the Teletrip Devices is a document that satisfies the definition of 'odometer records' in subsection 136(1).

8. An employer in a logbook year of tax who uses the Teletrip Devices continuously for:

- the duration of the applicable logbook period as defined in subsection 162H(1), and
- the whole of the 'holding period' as defined in section 162C

satisfies the requirements in section 10A and is entitled to claim a reduction of operating costs.

9. An employer in a logbook year of tax who uses the Teletrip Devices continuously for:

- the duration of the applicable logbook period as defined in subsection 162H(1), and
- does not use the Teletrip Devices continuously for the whole of the 'holding period' as defined in section 162C

satisfies the requirements in section 10A and is entitled to claim a reduction of operating costs provided the employer:

- separately records the odometer readings for the beginning and end of the period of the year for which the car was held
- estimates the number of business kilometres travelled by the car during the period of the year for which the car was held using all relevant matters including the Teletrip Vehicle Logbook Report, odometer records and any variations in the pattern of use of the car, and
- specifies the business use percentage for the period of the year for which the car was held using the estimated number of business kilometres and the odometer readings for the beginning and end of the holding period.

10. An employer in a non-logbook year of tax that uses the Teletrip Devices continuously for the whole of the holding period (as defined in section 162C), satisfies the requirements in section 10B and is entitled to claim a reduction of operating costs.

11. An employer in a non-logbook year of tax who has used the Teletrip Devices in one of the previous 4 FBT years continuously for an applicable logbook period but:

- does not use the Device in that year of tax, or
- does not use it for the whole of the period that the car is held

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satisfies the requirements in section 10B and will be entitled to claim a reduction of operating costs of the car on account of business journeys undertaken in the car during the holding period provided the employer:

- separately records odometer readings for the beginning and end of the period of the year for which the car was held,
- estimates the number of business kilometres travelled by the car during the period of the year for which the car was held using all relevant matters including the report created by the Teletrip Devices, odometer records and any variations in the pattern of use of the car, and
- specifies the business use percentage for the period of the year for which the car is held using the estimated number of business kilometres and the odometer readings for the beginning and end of the holding period.

Scheme

12. 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.

13. Hermes Holdings Pty Ltd (Hermes), trading as Hermes Fleet & Asset Management, provide a range of telematics products and services to its fleet customers. These products and services are generally known as Teletrip products and services.

14. Teletrip Devices are a range of 'in-vehicle' hard-wired and plug-in Global Positioning System (GPS) monitoring devices which record vehicle movement data and collect all applicable information for each journey undertaken by the vehicle, and automatically send this information to the secure server.

15. Devices have an internal back-up battery system in case of loss of power and, if mobile network coverage is unavailable, the Teletrip Devices will automatically store the recorded data and send it to the server and Teletrip Portable when coverage has been regained.

16. Each time the vehicle engine is turned on and off, this is recorded as an individual journey.

17. Teletrip Devices determine the start and end location of each journey, date and time at the start and end of each journey and kilometres travelled as per the GPS co-ordinates.

18. All GPS and telematic data is sent to a secure, remote, data management Australian-based server which produces journey information reporting. Journey information reporting is generated from the secure Teletrip Portal.

19. All GPS and telematics data is encrypted to an advanced encryption standard from the device to protect the integrity and confidentiality of the data.

20. Vehicles are identified by their respective registration details and vehicle description and the initial odometer data is obtained directly from the in-vehicle odometer during the device installation stage.

21. Upon installation of the Teletrip Devices into vehicles, additional vehicle information is required. This includes the manufacturer, year of manufacture, registration number, engine number and the serial number.

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22. Business journeys are classified by respective authorised drivers using a secure login and password.
23. Drivers can also add additional descriptions for each journey by adding a Trip Type, Trip Project and Trip Comment which further describe the purpose and sub-purpose of the trip. These additional descriptions are populated by customer-approved drop-down menus.
24. Drivers are required to manage their trips as soon as reasonably practicable after the end of the trip or, at a maximum, on a daily basis.
25. The Teletrip Journey Management system allows drivers to nominate each journey as business or personal (default) and has the ability to add additional journey information such as Trip Type, Trip Project and Trip Comment.
26. Drivers can access a smart phone-based mobile application (App) allowing them to classify journey information and record the purpose of each journey. This App does not generate journey information, as this is generated by the in-vehicle device located into the vehicle.
27. The Teletrip Vehicle Logbook Report provides details of the following:
- vehicle registration, vehicle description and reporting period
 - journey date
 - journey start and end time
 - journey start and end location (including street number, street name, suburb or town)
 - duration of the journey (in hours, minutes and seconds)
 - journey distance (in kilometres)
 - business or private usage (the driver classifies each business journey using their secure login into the Portal)
 - business distance (in kilometres)
 - odometer reading at the start and end of the journey
 - driver name
 - business journey purpose descriptors such a project, trip type and comment
 - total journey duration (in hours, minutes and seconds)
 - total distance (in kilometres) travelled during the reporting period
 - total percentage of business trips compared to the total distance travelled – this is calculated using the total number of business kilometres travelled by the vehicle during the reporting period divided by the total number of kilometres travelled by the vehicle during the reporting period, multiplied by 100.
28. Teletrip reporting can be used for a continuous period in a non-logbook year of tax, or for a period of not less than 12 weeks; a period which can begin and end during a period that the employer owns or leases the vehicle, or the whole of the 'holding period'.
29. All journey information is collected and reported in English, and Teletrip Vehicle Logbook reports can be exported to the following formats – Excel, comma-separated values (CSV), hypertext markup language (HTML) and portable document format (PDF).

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30. Only authorised Hermes staff have access to the Teletrip Portal, systems and reporting processes. Hermes staff are employed under strict probity-checking conditions and authorised staff are provided with a secure multi-factor authenticated login process.

Commissioner of Taxation

15 November 2023

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Appendix – Explanation

❶ *This Explanation 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.*

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What is the operating cost method under section 10?

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

32. Where the election is made, the taxable value of car fringe benefits that relate to a car is calculated using the operating cost method formula in subsection 10(2).

33. Therefore, employers 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 logbook year of tax) or section 10B (if the year is not a logbook year of tax), as applicable.

Do the Teletrip Devices satisfy the requirements under section 10A?

34. Section 10A states:

Where one or more car fringe benefits in relation to an employer in relation to a year of tax relate to a car while it was held by a particular person (in this section called the **provider**) during a particular period (in this section called the **holding period**) in a year of tax that is a log book year of tax of the employer in relation to the car, the employer is entitled to a reduction in the operating cost of the car on account of business journeys undertaken in the car during the holding period if, and only if:

- (a) log book records and odometer records are maintained by or on behalf of the provider for an applicable log book period in relation to the car; and

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- (b) odometer records are maintained by or on behalf of the provider for the holding period; and
- (c) if the provider is not the employer – those log book records and odometer records are given to the employer before the declaration date; and
- (d) the employer specifies the employer's estimate of the number of business kilometres travelled by the car during the holding period; and
- (e) the employer specifies a percentage as the business use percentage applicable to the car in relation to the provider for the holding period.

35. Section 162G sets out various circumstances under which a particular year can be treated as a 'log book year of tax'. It is accepted that all employers using the Teletrip Devices will elect under paragraph 162G(1)(b) to treat a current year of tax as a logbook year of tax.

Does the Teletrip Vehicle Logbook Report satisfy the requirements of the definition of 'log book records' under subsection 136(1)?

36. Subsection 136(1) defines 'log book records' as:

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 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.

37. Paragraph (c) of the definition of 'log book records' requires the date on which the journey began and ended to be entered in the relevant records. The Teletrip Devices record the start and end dates and times of each journey and this information is detailed in the Teletrip Vehicle Logbook Report. Therefore, this requirement is satisfied.

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

39. The term 'odometer' is not defined in either the FBTAA or the *Income Tax Assessment Act 1997* but the Macquarie Dictionary, online edition, defines that term as being, 'an instrument for measuring distance passed over, as by a motor vehicle'.¹

¹ Macmillan Publishers Australia, *The Macquarie Dictionary* online, www.macquariedictionary.com.au, accessed 8 November 2023.

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40. The term 'odometer records', as defined in subsection 136(1) makes reference to 'odometer reading of the car'. 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, thereby mechanically moving the standard odometer fitted in the car by the manufacturer.

41. Provided the GPS device used to determine the car's odometer readings is of sufficient integrity, it is accepted that a system other than the car's own odometer may meet the legislative requirements of the FBTAA.

42. Each time the car is driven, the start and end odometer readings for the journey are calculated from the GPS and other telemetry data recorded. It is accepted that the opening and closing odometer readings calculated by the Teletrip Devices is of sufficient integrity to be odometer readings of the car.

43. It is accepted that the opening and closing odometer readings for each car journey detailed in the Teletrip Vehicle Logbook Report satisfies the requirements of paragraph (d) of the definition of 'log book records'.

44. The number of kilometres travelled by the car in the course of each journey is also detailed in the Teletrip Vehicle Logbook Report thus satisfying the requirement in paragraph (e) of the definition of 'log book records'.

45. Paragraph (f) of the definition of 'log book records' requires the purpose or purposes of the business journeys to be recorded. Further, the definition of 'log book records' requires that entries be made at or as soon as reasonably practicable after, the end of the journey.

46. Business journeys are classified by respective authorised drivers using a secure login and password to select the purpose of the trip. Drivers can also add additional descriptions for each journey by adding a Trip Type, Trip Project and Trip Comment which further describe the purpose and sub-purpose of the trip. Drivers can access a smart phone-based mobile application allowing them to classify journey information and record the purpose of each trip.

47. It is expected that the reason recorded for each business journey is sufficiently descriptive so as to enable the journey to be classified as a business journey and that the relevant classification and description will be made at the end of each journey or as soon as reasonably practicable thereafter. Provided this occurs within a week of the journey occurring, it will be accepted that the entry was made as soon as practicable after the end of the journey.

48. It is accepted that the Teletrip Vehicle Logbook Report satisfies the requirements in paragraph 136(1)(f).

49. It is considered that the Teletrip Devices and Teletrip Vehicle Logbook Report is 'a daily log book or similar document' that satisfies the requirement of being made in the English language at or as soon as reasonably practicable after the end of the journey.

50. The Teletrip Vehicle Logbook Report generated by the Teletrip Devices satisfies the definition of 'log book records' in subsection 136(1) provided the report is completed for an applicable logbook period.

Are the records maintained for an applicable logbook period?

51. The definition of 'log book records' in subsection 136(1) also requires that each business journey recorded in the 'log book records' be in relation to a 'period'.

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Paragraph 10A(a) refers to 'log book records' being maintained for an applicable logbook period.

52. The term 'applicable log book period' is defined in subsection 162H(1) follows:

For the purposes of the application of section 10 in relation to a car fringe benefit in relation to an employer in relation to a car while it was held by a particular person during a particular period (in this subsection called the "**holding period**") starting or ending in a year of tax, a reference to the applicable log book period is a reference to:

- (a) if the holding period is a period of less than 12 weeks - the holding period;
or
- (b) in any other case - a continuous period of not less than 12 weeks that begins and ends during the holding period.

53. The Teletrip Vehicle Logbook Report that is generated by the Teletrip Devices by the administrator must be for a minimum 12-week period, a period which can begin and end during a period that the employer owns or leases the vehicle, or the whole of the 'holding period.' It is accepted that in the absence of evidence to the contrary in a particular case, all employers using the Teletrip Devices in relation to any car fringe benefits that they provide will maintain the necessary records for the duration of the 'applicable log book period' (as that latter term is defined in subsection 162H(1).

Does the Teletrip Vehicle Logbook Report satisfy the requirements of the definition of 'odometer records' under subsection 136(1)?

54. The term 'odometer records' is defined in subsection 136(1) as:

odometer records, in relation to a car, in relation to a period, means a document in which particulars of:

- (a) the odometer reading of the car at the commencement of the period; and
- (b) the odometer reading of the car at the end of the period; and
- (c) if paragraph 162K(2)(b) or 162L(2)(b) applies with effect from a particular date - the odometer readings of both the replacement car and of the original car referred to in that paragraph, as at that date;

are entered in the English language, at, or as soon as reasonably practicable after, the respective times to which those odometer readings relate.

55. The definition of 'odometer records' in subsection 136(1) requires that odometer readings be recorded both at the 'commencement' and at the 'end' of the periods.

56. The Teletrip Devices provide a report which details the odometer reading for the car at the start of the first recorded journey and also the odometer reading for the car at the end of the last recorded journey that were undertaken during each report period.

57. As stated at paragraph 53 of this Ruling, it is accepted that in the absence of evidence to the contrary in a particular case, all employers using the Teletrip Devices will maintain the necessary records for the applicable logbook period.

58. A report can be generated at the end of the logbook period showing the odometer recordings made and the type of journey undertaken. It is accepted that a Teletrip Vehicle Logbook Report meets the necessary requirement of having entries made in English at or as soon as reasonably practicable after the end of the journey.

59. It is considered that the Teletrip Vehicle Logbook Report satisfies all the relevant requirements of the definition of 'odometer records' as defined in subsection 136(1) for an 'applicable log book period'.

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Does the Teletrip Vehicle Logbook Report provide 'odometer records' for the 'holding period'?

60. Paragraph 10A(b) requires odometer records to be maintained for the holding period as defined in section 162C.

61. The Teletrip Vehicle Logbook Report will provide odometer records for the period of the year in which the system is used. The report provides the odometer reading at the start and end of the journey. Teletrip reporting can be used for a continuous period in a non-logbook year of tax, or for a period of not less than 12 weeks; a period which can begin and end during a period that the employer owns or leases the vehicle.

Do the Teletrip Devices enable the employer to estimate the number of business kilometres travelled during the holding period in a logbook year of tax?

62. Paragraph 10A(d) requires the employer to estimate the number of business kilometres travelled by the car during the holding period. This estimate is used to calculate the business use percentage required by paragraph 10A(e).

63. The basis used to estimate the number of business kilometres is set out in section 162F which states:

For the purposes of this Act, the number of kilometres that represents a reasonable estimate of the number of business kilometres applicable to a car held by a person during a period in a year of tax shall be determined having regard to all relevant matters including, but without limiting the generality of the foregoing:

- (a) any log book records, odometer records or other records maintained by or on behalf of the person; and
- (b) any variations in the pattern of use of the car.

64. The Teletrip Devices use the calculations of the kilometres travelled on the journeys classified as being a business journey during the period for which the system is used to calculate the total number of business kilometres travelled during the period. Therefore, where the system is used continuously for the whole of the period of the year for which the car is held, the report will enable the employer to estimate the number of business kilometres travelled during the holding period.

65. However, where the Teletrip Devices are not continuously used for the whole of the period of the year for which the car is held, the number of business kilometres recorded in the report will only be the business kilometres travelled during the period in which the system is used. In such a situation, the employer, in estimating the number of business kilometres travelled during the holding period, will need to take all relevant matters into account, including the Teletrip Vehicle Logbook Report, odometer records and any variations in the pattern of use of the car.

Do the Teletrip Devices enable the employer to specify the business use percentage for the holding period in a logbook year of tax?

66. Subsection 136(1) defines 'business use percentage' to mean the percentage worked out using the formula:

Number of business kilometres travelled by the car during the holding period ÷ Total number of kilometres travelled by the car during the holding period × 100%

67. Where the Teletrip Devices are used continuously for the whole of the period of the year for which the car is held, they will calculate both the number of business kilometres

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and the total number of kilometres travelled by the car during the holding period. Using these calculations, the Teletrip Vehicle Logbook Report provides the business use percentage for the holding period.

68. However, where the Teletrip Devices are not continuously used for the whole of the period of the year for which the car is held, the system will not record the number of business kilometres travelled during the holding period, nor the total number of kilometres travelled during the holding period. Therefore, in such a situation, it will be necessary for the employer to separately determine the business use percentage using the estimated number of business kilometres and the odometer readings for the beginning and end of the holding period.

Conclusion – do the Teletrip Devices satisfy the requirements of section 10A?

69. Where the Teletrip Devices are used continuously for the whole of the period of the year for which the car is held, the Teletrip Vehicle Logbook Report generated by the Teletrip Devices for that period will meet all the necessary requirements of section 10A.

70. Where the Teletrip Devices are not used continuously for the whole of the period of the year for which the car is held, the Teletrip Vehicle Logbook Report will not by itself satisfy the requirements of section 10A. Section 10A is only satisfied if, and only if:

- (a) log book records and odometer records are maintained by or on behalf of the provider for an applicable log book period in relation to the car; and
- (b) odometer records are maintained by or on behalf of the provider for the holding period; and
- (c) if the provider is not the employer – those logbook records and odometer records are given to the employer before the declaration date; and
- (d) the employer specifies the employer's estimate of the number of business kilometres travelled by the car during the holding period; and
- (e) the employer specifies a percentage as the business use percentage applicable to the car in relation to the provider for the holding period.

Do the Teletrip Devices satisfy the requirements of section 10B?

71. Section 10B states:

Where one or more car fringe benefits in relation to an employer in relation to a year of tax relate to a car while it was held by a particular person (in this section called the “**provider**”) during a particular period (in this section called the “**holding period**”) in a year of tax that is not a log book year of tax of the employer in relation to the car, the employer is entitled to a reduction in the operating cost of the car on account of business journeys undertaken during the holding period in the car if, and only if:

- (a) odometer records are maintained by or on behalf of the provider in relation to the car for the holding period and, if the provider is not the employer, are given to the employer before the declaration date; and
- (b) the employer specifies the employer's estimate of the number of business kilometres travelled by the car in the holding period; and
- (c) the employer specifies the business use percentage applicable to the car in relation to the provider for the holding period.

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72. Where the Teletrip Devices are used continuously for the whole of the holding period, the Teletrip Vehicle Logbook Report will meet all the necessary requirements of section 10B in a non-logbook year of tax as:

- it will provide odometer records for the beginning and end of that holding period
- it will determine the number of kilometres travelled on the journeys classified as business journeys during the period for which the system is continuously used, and
- it calculates the business use percentage for the selected period using the estimated number of business kilometres and the odometer readings for the beginning and end of the holding period.

73. An employer in a non-logbook year of tax who does not use the Teletrip Devices in that year of tax or does not use them for the whole of the period that the car is held but has used the Teletrip Devices in one of the previous 4 FBT years continuously for an applicable logbook period, will not satisfy the requirements of section 10B. The employer will also need to:

- separately maintain odometer readings for the beginning and end of the period of the year for which the car was held
- estimate the number of business kilometres travelled by the car during the period of the year for which the car was held, using all relevant matters including the Teletrip Vehicle Logbook 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 is held using the estimated number of business kilometres and the odometer readings for the beginning and end of the holding period.

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References

Legislative references:

- FBTAA 10
- FBTAA 10(2)
- FBTAA 10A
- FBTAA 10A(a)
- FBTAA 10A(b)
- FBTAA 10A(d)
- FBTAA 10A(e)
- FBTAA 10B
- FBTAA 136(1)
- FBTAA 136(1)(f)

- FBTAA 162C
- FBTAA 162F
- FBTAA 162G
- FBTAA 162G(1)(b)
- FBTAA 162H(1)

Other references:

- Macmillan Publishers Australia, *The Macquarie Dictionary* online,
www.macquariedictionary.com.au

ATO references

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