


***TD 93/D184 - Income tax: if, in the gaining or producing of assessable income, a taxpayer uses a car as defined in subsection 82KV(4)(a) in any way other than in an exempt manner at any time during a year of income, are those car expenses exempted from the substantiation provisions?***

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This document has been finalised by TD 94/15.

Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.

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## Draft Taxation Determination

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**Income tax: if, in the gaining or producing of assessable income, a taxpayer uses a car as defined in subsection 82KV(4)(a) in any way other than in an exempt manner at any time during a year of income, are those car expenses exempted from the substantiation provisions?**

1. No, for car expenses to be exempted from the substantiation provisions a car that is a taxi, a panel van or a utility truck, or any other road vehicle designed to carry a load of less than 1 tonne (other than a vehicle designed for the principal purpose of carrying passengers) must be used in an exempt manner for the whole of the year of income.

2. If a car referred to in subsection 82KV(4)(a) is used for a purpose other than

- a. producing assessable income;
- b. travel between home and work; or
- c. travel incidental to the use of the car for the production of assessable income,

the car is deemed not to be used in an exempt manner for the whole of the year of income and is therefore subject to the substantiation provisions.

3. An example of incidental travel referred to in paragraph 2(c) includes picking up the paper on the normal route to work but would not include detours to drop children off at school.

### *Example 1*

*A taxpayer is a carpenter who owns a utility truck. He uses the utility to transport his tools from home to work and from job site to job site. During the year of income he also uses the utility to go on several fishing trips. As he has used his utility in a manner other than an exempt manner (as set out in paragraph 2 above) the substantiation provisions will apply to the claim for motor vehicle expenses..*

**Commissioner of Taxation**

22/7/92

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Related Determinations:

Related Rulings:

Subject Ref: exempt manner; motor vehicle; substantiation

Legislative Ref: ITAA subsection 82KV

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