

TD 93/D224 - Fringe benefits tax: what type of evidence will the Commissioner accept for the purposes of section 9 of the Fringe Benefits Tax Assessment Act 1986 in cases where the employer did not keep the opening and closing odometer readings for the statutory formula method of calculating car fringe benefits ?

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This document has been finalised by TD 94/26.

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Draft Taxation Determination

Fringe benefits tax: what type of evidence will the Commissioner accept for the purposes of section 9 of the *Fringe Benefits Tax Assessment Act 1986* in cases where the employer did not keep the opening and closing odometer readings for the statutory formula method of calculating car fringe benefits ?

1. The statutory formula for calculating car fringe benefits requires a determination of the total kilometres travelled by a car during the tax year. While there is no statutory requirement to keep odometer records, the employer may be required to provide evidence of total kilometres travelled during the year. The best way to do this is by keeping odometer records.

2. If the employer has failed to record odometer readings for the car then the Commissioner will accept any evidence which records two separate odometer readings as at particular dates.

3. In the absence of specific odometer records then other evidence of odometer readings, as listed below, will be acceptable : -

- Vehicle purchase or sale invoices showing an odometer reading
- Repair invoices showing an odometer reading
- Service records showing an odometer reading
- If a new car was purchased and was not a demonstration vehicle the Commissioner would accept 0km as being the opening odometer reading if no odometer reading was recorded on the vehicle purchase invoice.

Example

Company A purchases a new (non demonstration) motor vehicle on 1/1/92 for \$25,000. No odometer reading was recorded on the purchase invoice. On 1/7/93 the car requires repairs. The odometer reading on the repair docket is 30 000 kilometres. Assuming that 0 kilometres was the opening odometer reading, the motor vehicle has travelled 30 000 kilometres in 18 months. Therefore the annualised kilometres is 20 000 kilometres and the statutory percentage will be 18%.

The taxable value of the car fringe benefit will be \$4,500 (ie 18% of \$25,000).

Commissioner of Taxation

2/9/93

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Related Determinations:

Related Rulings: MT2021

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