PR 2026/2 - FTC Automator platform - use by clients of KPMG and Mobile Tracking and Data Pty Ltd to calculate fuel tax credits

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Status: **legally binding**

Product Ruling

FTC Automator platform – use by clients of KPMG and Mobile Tracking and Data Pty Ltd to calculate fuel tax credits

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.

Terms of use of this Ruling

This Ruling has been given on the basis that the entity who applied for the Ruling, and their associates, will abide by strict terms of use. Any failure to comply with the terms of use may lead to the withdrawal of this Ruling.

This Ruling provides certainty for potential participants by confirming that the tax benefits set out in the Ruling part of this document are available, provided that the scheme is carried out in accordance with the information we have been given and have described in the Scheme part of this document. If the scheme is not carried out as described, participants lose the protection of this Ruling.

Changes in the law

Product Rulings were introduced for the purpose of providing certainty about tax consequences for entities in schemes such as this. In keeping with that intention, the Commissioner suggests promoters and advisers ensure that participants are fully informed of any legislative changes after the Ruling has issued. Similarly, entities that are considering participating in the Project are advised to confirm with their taxation adviser that changes in the law have not affected this Ruling since it was issued.

No guarantee of commercial success

The Commissioner does not sanction or guarantee this product. Further, the Commissioner gives no assurance that the product is commercially viable, that charges are reasonable, appropriate or represent industry norms, or that projected returns will be achieved or are reasonably based.

Potential participants must form their own view about the commercial and financial viability of the product. The Commissioner recommends a financial (or other) adviser be consulted for such information.

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Appendix – Explanation **103**

What this Ruling is about

1. This Ruling sets out the fuel tax credit consequences for fuel tax credit clients of KPMG and Mobile Tracking and Data Pty Ltd (MTData) that specifically use the FTC Automator platform (FTC Automator).

2. All legislative references in this Ruling are to the *Fuel Tax Act 2006*, unless otherwise indicated. This Ruling does not address the assessability of fuel tax credits for income tax purposes or other taxation obligations.

3. The FTC Automator is a telematics technology-based fuel tax credits product, designed to support apportionment, perform calculations and generate reports. The FTC Automator gathers a range of information and data that can be sourced from the Global Navigation Satellite System (GNSS), including Global Positioning System (GPS) and telematics technology.

4. The FTC Automator can process data from various sources. However, for the purposes of this Ruling, its scope is limited to high-quality high-resolution data obtained from telematics and GPS equipment sourced from MTData – primarily in heavy vehicles, and to a lesser extent, light vehicles – in conjunction with services provided by KPMG. The FTC Automator captures direct measurement of fuel use and has no assumptions or derivation. Specifically, the quantity reported in the FTC Report is obtained by subtracting a later fuel reading from an earlier one, and does not rely on fuel consumption rates, time, or any other estimation method.

5. The methodology to calculate fuel tax credits entitlement does not rely on idle time or idle rate of a vehicle and these are not incorporated into any of the fuel tax credit calculations.

6. Broadly, and subject to paragraphs 17 to 102 of this Ruling, this Ruling addresses whether:

- FTC Automator provides a step in the apportionment of fuel
- the apportionment methodology used is fair and reasonable
- FTC Automator generates fair and reasonable results to work out the amount of fuel tax credits to be included in the calculation of the net fuel amount
- FTC Automator has governance and assurance processes (including exception indicators) in place to identify and correct any outliers and errors, and
- the FTC Report and the FTC Workpaper can be used for fuel tax credit record-keeping purposes.

Who this Ruling applies to

7. This Ruling applies to you if you are registered for goods and services tax and:

- are fuel tax credit clients (clients) that elect to receive ongoing fuel tax credit advice from KPMG in relation to the fuel tax credit results generated by FTC Automator, based on telematics and GPS data generated from MTData
- have acquired taxable fuel on or after 1 July 2024 to 30 June 2030, and

- are using the FTC Automator for apportioning that taxable fuel acquired and used in vehicles and auxiliary equipment in carrying on your enterprise for fuel tax credit purposes.

8. This Ruling does not apply to you:

- for taxable fuel acquired for use in equipment and machinery without telematics and high-quality high-resolution telematics and GPS data directly sourced by MTData
- for taxable fuel acquired and used in light vehicles where there is no entitlement to fuel tax credits
- for vehicles with telematics and GPS data sourced by MTData that is not of high-quality and high resolution
- where the sample size is insufficient for heavy vehicles
- if there are software and system updates or changes that will affect the tax outcome of the scheme outlined in paragraphs 17 to 102 of this Ruling
- if you're using a percentage method and you have a telematics device with engine diagnostics. In that case, you must use the actual source data unless strong checks and controls are in place to make sure:
  - any GPS errors or distortions – such as incorrect distance, idling, or other anomalies – are fixed within the required timeframes, and
  - the results remain accurate and truly reflect what happened.

9. Prior to lodging a fuel tax return using the results from the FTC Automator, the client will need to ensure the:

- correctness of their claim on their fuel tax return
- results can be supported by factual evidence (such as engine diagnostic reports and other source documentation) of the events that occurred in carrying on their enterprise, and
- results have not been distorted or manipulated.

10. The ATO must be promptly informed of any software or system updates or changes that may impact the tax outcomes of the scheme outlined in paragraphs 17 to 102 of this Ruling.

Qualifications

11. If a vehicle is equipped with a GPS and telematics system, the data from that system must be used to determine entitlement, and not a percentage calculated from other sources. Some apportionment methods apply based on sample size or cost centre.

12. This Ruling does not address issues arising from system, malware or firmware updates. It also does not apply where such issues remain unresolved, even if mitigation steps were taken and timely notification was provided.

Date of effect

13. This Ruling applies to taxable fuel acquired on or after 1 July 2024 to 30 June 2030 by the class of entities defined in paragraphs 7 and 8 of this Ruling that enter the scheme

for the fuel tax credit results from the FTC Automator with source telematics and GPS data from MTData.

14. However, this Ruling only applies to the extent that there is no change in the scheme as described in paragraphs 17 to 102 of this Ruling, or in the entity's involvement in the scheme. If the scheme carried out is materially different from the scheme described at paragraphs 17 to 102 of this Ruling, this Ruling cannot be relied upon and may be withdrawn or modified.

15. Entities who are considering participating in the scheme are advised to confirm with their taxation adviser that changes in the law have not affected this Ruling since it was issued.

Ruling

16. Subject to paragraph 7 of this Ruling and the qualifications in paragraphs 11 and 12 of this Ruling:

- Where ongoing fuel tax credit advice from KPMG in relation to GPS data collected from MTData devices is provided, the FTC Automator provides fair and reasonable results for working out the amount of fuel tax credits for the taxable fuel under Division 43 for the class of entities in paragraph 7 of this Ruling.
- The methodology applied within the FTC Automator can be used in determining the extent of taxable fuel acquired for use both on and off public roads for the vehicles and auxiliary equipment. The apportionment methodology is fair and reasonable.
- The apportionment methodology assists in determining the fuel tax credits for the taxable fuel to be included in the calculation of the net fuel amount for a tax period under Division 60.
- The FTC Report containing information on telematics, fuel apportionment, anomalies, verification against source data (where applicable), fuel tax credit calculations and the net fuel amount for the business activity statement (BAS) that is generated by the FTC Automator for selected tax periods are records (but not the only record) that can be used to support a fuel tax credit claim.
- The FTC Workpaper is also used and provided to all clients. This report contains multiple sections including but not limited to the claim, apportionment rates derived from FTC Report, fuel summary, fuel breakdown, telematics and verification report or burn rates. The FTC Workpaper for selected tax periods are records (but not the only record) that can be used to support a fuel tax credit claim.
- These reports are in English, retained for 5 years, and are documents that satisfy a record for the purposes of subsection 382-5(8) of Schedule 1 to the *Taxation Administration Act 1953* (TAA). Other records relating to fuel acquisition, use of fuel (supporting evidence demonstrating the information from the FTC Automator) and calculations of credits will be required. In addition, other source data records, invoices and environmental criteria documentation will also need to be retained where applicable.

- Provided the scheme ruled on is entered into and carried out as described in this Ruling, the anti-avoidance provisions in Part 4-4 will not apply to an entity referred to in paragraph 7 of this Ruling.

Scheme

17. The scheme is identified and described in the following documents:

- Advice received on 29 October 2024 and formal application for a Ruling received on 22 November 2024.
- Further information including examples, GPS data sample, documentary evidence including testing and sampling for governance and assurance controls to support the processes and results received on 5 February 2025, 16 April 2025 and 21 May 2025.

Note: certain information has been provided on a commercial-in-confidence basis and will not be disclosed or released under freedom of information legislation.

18. For the purposes of describing the scheme to which this Ruling applies, there are no other agreements, whether formal or informal, and whether or not legally enforceable, which an entity referred to in paragraph 7 of this Ruling, or any associate of such entity will be a party to, which are a part of the scheme.

Overview of the Scheme

19. The FTC Automator is a telematics technology-based fuel tax credits apportionment, calculation and reporting platform that is used internally by KPMG to ascertain fuel use for the purposes of calculating fuel tax credits for their clients. It also incorporates validation and anomaly detection processes that are substantially automated. This is complemented with a manual review to ensure the accuracy of the fuel tax credit claim calculation.

20. FTC Automator ingests telematics data from MTData telematics and GPS devices that are installed primarily in heavy vehicles[1] but also, less frequently, light vehicles. The data is cleansed and validated to facilitate the apportionment of fuel use for the purpose of fuel tax credit calculations.

21. FTC Automator's way of apportioning fuel is based on the cumulative measurement of fuel actually used and whether the fuel was used on or off a public road. The apportionment methodology does not rely on vehicle activity such as idle time (and the related fuel consumption rate) and these are not incorporated into any of the fuel tax credit calculations. Where available, these metrics are captured and displayed and may be used to help validate the results.

22. By exception, where telematics fuel data is not available, fuel consumption rate or distance travelled on public roads (or both) is used to apportion fuel. KPMG takes supplementary steps to calculate and validate fuel tax credit entitlement.

23. The FTC Automator process consists of the following steps:

- data upload from the telematics, vehicle or asset register and fuel records data

[1] Heavy vehicles are vehicles that have a gross vehicles mass (GVM) *greater than* 4.5 tonnes (diesel vehicles acquired before 1 July 2006 can be *equal to* 4.5 tonnes GVM).

- data validation and quality assessment (paragraphs 38 and 39 of this Ruling)
- road classification
- distance calculation
- fuel use calculation
- fuel tax credit calculation, including anomaly resolution and recalculations for the final fuel tax credit calculation
- client consultation or explanation and final advice for submission.

24. KPMG and MTData implement a 2-step data assurance and validation process:

- Firstly by MTData, which includes the following
  - quality vehicle system data, including distance from the vehicle manufacturers' own Controller Area Network (CAN) bus that meets the SAE International Standard SAE J1939
  - MT Data Tracking Unit, which captures the vehicle data and sends it to the Hawk-Eye application via Telstra's 4G network
  - a minimum number of satellites that are required, along with the standard statistical measure of horizontal accuracy (Horizontal Dilution of Precision), to consider GPS values to be correct
  - where CAN bus distance is not available, no movement is recognised when the ignition is off, even if movement is implied by the GPS coordinates. In instances where the ignition is on but there have been no valid GPS values for more than 5 seconds, an accumulated distance is derived by a straight-line distance calculation between the last known good GPS fix location and the next valid GPS location (GPS distance accumulator).
- Secondly by KPMG, which includes an automated reconciliation and, where necessary, resolution of the following
  - vehicle details in telematics and GPS data against the client's asset register
  - fuel use to fuel acquisition reconciliation[2], supplemented by manual sample checks
  - odometer readings, locational data and time – to third-party records (for example, fuel transaction records or client job sheets)
  - assessment of road classification in relation to on and off public roads
  - in-situ visualisation of vehicle trips and hot spot detection to identify frequently visited locations to ensure reasonable and appropriate fuel tax credit entitlement is claimed
  - evidence-based methodology (fuel records, odometer readings, job sheets, diagnostic reports and sampling of routes) to check for accuracy

[2] Subject to the availability of data. Manual sample checks are always performed.

- additional exception-detection ability to identify anomalies which need to be resolved before calculating fuel tax credits
- FTC Reports that include a cover page, FTC summary for BAS, FTC calculation summary, FTC calculation details, a telematics data report (titled 'Fuel app't rpt-telematics'), vehicle daily activity report, anomaly report, verification reports[3] and Vehicle In-scope Analysis
- a separate FTC Workpaper using relevant outputs from the FTC Reports, as also provided to clients
- transparent and full explanation to clients about the claim preparation methodology and the resulting calculations.

Hardware

25. The following components form the hardware system:

- vehicle CAN bus – which is built into the vehicle at time of manufacture
- vehicle CAN Interface – which is installed as part of the telematics installation and is the physical link between the vehicle and the tracking unit
- CAN Interpreter – which decodes SAE International Standard SAE J1939 compliant CAN bus data into a serial link that can be presented to MTData Tracking Unit
- MTData Tracking Unit – to capture the vehicle data and send it to the Hawk-Eye application via the Telstra 4G network.

26. The MTData Tracking Unit is connected to the vehicle's on-board diagnostic port or installed via a 3-wire connection.

27. The installation of the device is either by the MTData authorised installer or by the client. Where installed by the client, they are responsible for the correct association of the device to the vehicle.

28. Once the device is installed behind the dashboard and out of reach, the installation is verified through software to confirm that the MTData Tracking Unit is installed and communicating with the network. The verification process includes the device serial number is correct, the installer is required to complete the vehicle name, and vehicle identification number or registration number. Other fields such as vehicle make, model, year and odometer can be completed by a fleet manager.

29. The MTData Tracking Unit collects fleet-related data such as telemetry data, odometer readings, locational data and trip details. This information is fed into MTData's proprietary analytics platform. The platform ingests, processes, stores and delivers data from telematics and Internet of Things devices. This data comprises a mix of both sensor and vehicle-based sources (that is, GNSS and CAN bus data).

30. Data is initially processed via MTData's data management system prior to making it available to KPMG via the Hawk-Eye Application Programming Interface (API) or via a secured file transfer.

31. All requested vehicle data is captured within the Hawk-Eye application.

[3] Verification reports include Fuel-distance-location verification report and Transaction verification report.

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Configuration, records, data upload and validation

Data upload

32. High-quality high-resolution telematics data is made available to KPMG either through a secure comma-separated values (CSV) file transfer, or by KPMG accessing the Hawk-Eye Interface to retrieve the data directly. KPMG will upload this data, as well as associated client supplied information such as fuel records, vehicle and asset registers, and any other relevant data to FTC Automator.

33. The data upload frequency depends on the terms and conditions of the KPMG engagement.

Configuration

34. The fields for the template to upload MTData data to FTC Automator are:

- vehicle or asset registration number
- logged at (UTC date and time)
- latitude
- longitude
- odometer or vehicle distance (metre – HighResDistance)
- odometer GPS (metre)
- vehicle speed (kilometres per hour)
- GPS road speed
- total fuel or fuel usage (millilitres to 3 decimal points – High Resolution)
- fuel level or refuel flag
- telematics ID or device
- asset number
- vehicle make
- year
- model
- vehicle type
- auxiliary equipment
- gross vehicle mass (GVM) (tonnes)
- fuel flow rate or fuel use rate (millilitres per hour or hour)
- engine speed (revolutions per minute)
- engine status
- auxiliary or power take off (PTO) on or off
- PTO fuel (millilitres).

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Records

35. Not all data fields required by FTC Automator are available for every vehicle. When this occurs, an assessment is conducted during the validation process. If a vehicle's data is missing mandatory fields, it will be excluded. However, if the data meets the minimum requirements, it will proceed to the next stage of processing.

36. Details such as make, year, model, vehicle type, auxiliary equipment or GVM may not always be present in the telematics dataset. This information is typically found in the asset register. Clients are required to provide fuel usage data and vehicle and asset registers – including GVM and any auxiliary equipment (for example, sleeper cabins, tipping equipment for loading and unloading) – for the relevant claim periods.

37. Uploaded fuel transaction data includes the transaction date, fuel type, volume (litres), location and odometer reading. Vehicle and asset register data includes, but is not limited to, asset registration number, make, model, type, configuration and auxiliary equipment. Additional documentation used to support the client file or to verify time and location accuracy against telematics data may also be included, such as job sheets or fuel statements.

Validation

38. Once uploaded, the data is subject to a range of cleansing, validation and quality checks to ensure that the data quality is acceptable for further processing and an accurate fuel tax credits calculation. KPMG will be alerted to vehicles with erroneous data that will need to be reviewed or removed from the sample size. The 'cleaner' data will then be uploaded again for further processing.

39. The validation rules and other quality checks undertaken during this stage include (but are not limited to):

- checking for duplicate details such as asset identification, vehicle registration, dates, date and time stamp, latitude and longitude and vehicle speed
- checking that engine or diagnostics reports, fuel records, sample job sheets have been uploaded
- confirming odometer information
- removing fields with empty values or device default values that do not impact fuel use measurement or the distance calculation.

Transmission information and data collection

40. MTData's vehicle CAN Interface collects vehicle data as soon as the ignition is turned on. It has a built-in sensor which collects second-by-second GPS locational data, speed, and engine diagnostic inputs. The CAN Interpreter decodes the data into a format which can be used by the MTData Tracking Unit which then sends the data to the Hawk Eye cloud-based application via Telstra's network.

41. Data collection is sourced from the following 2 categories:

- vehicle generated data which includes
  - odometer
  - speed

  - fuel
  - PTO, if available
  - events
- sensor generated data which includes
  - GNSS (including GPS)
  - speed
  - distance (GNSS based odometer or GPS distance accumulator) – distance is calculated by taking current GPS speed every second and calculating distance travelled every second.

42. Where vehicles within a fleet do not have complete fuel and distance data, the distance data is sourced from the GNSS data.

43. The device is tamper-proof to ensure that data cannot be manipulated, and protection measures are in place.

Road map data and geofences

44. OpenStreetMap is used in FTC Automator for the road data and then overlaid with road classification[4], geotunnel and geofence application.

45. As the status of some roads may change over time, there are controls and governance processes in place to review details to ensure they are correct. These are undertaken prior to preparing a fuel tax credit claim to ensure the fuel tax credit entitlements are determined correctly.

46. The geotunnel parameter is set at 30 metres from the middle line on either side of a lane in a public road and is applied to all public road map layer data in the OpenStreetMap shapefiles road data for all of Australia. All GPS points within the geotunnel parameter are classified as being on public roads and all the others as off public, subject to the operation of geofences.

47. In FTC Automator a geofence is used to 'fence' off an area that is not considered a public road. There are KPMG geofences and KPMG client-level geofences. Certain geofences have a limited timeframe. Geofence boundaries are locked. Any changes to the geofence are logged in an audit trail. If an error in the geofence boundary is identified subsequent to a fuel tax credit claim already lodged, a recalculation will occur, and an adjustment or correction made accordingly.

48. KPMG sets relevant geofences based on a combination of geotunnel boundaries, satellite images and land parcel information based on guidance in Fuel Tax Ruling FTR 2008/1 *Fuel tax: vehicle's travel on a public road that is incidental to the vehicle's main use and the road user charge*. If necessary, KPMG will work with the client to set geofences applicable to their business.

49. As all claims are calculated by KPMG in the FTC Automator, KPMG users will review the locational data prior to consulting with the client. This includes reviews for any map anomalies. Where map anomalies are identified, they are rectified and approved by the Tax Lead Advisor. The amount of fuel tax credit is then recalculated.

[4] Roads are classified according to Fuel Tax Ruling FTR 2008/1 *Fuel tax: vehicle's travel on a public road that is incidental to the vehicle's main use and the road user charge*. Public roads are roads that are accessible to the public and integrated into the overall public road network regardless, of whether they are publicly or privately owned, operated, or maintained.

50. FTC Automator has a visualisation function (hotspot analysis) where the hotspots will appear for the entire fleet by default. Specific selections such as vehicle, location, hot spots or other parameters can be viewed for a trip or routes of the fleet. This function enables KPMG to identify locations that may be incorrectly classified or require classification.

Distance calculation for display

51. FTC Automator calculates travel distance by using odometer readings from each GPS ping. For every ping, it subtracts the previous reading from the current one to determine the distance travelled. These distances are then summed for the entire period and classified into on-road and off-road travel.

52. A total daily odometer distance is derived (FTC Report tab 'Vehicle Acty Daily Telematic') and is used to determine whether off public road distance and fuel use is reasonable. This is a way to identify potential anomalies and can easily be mapped to a driver's job sheet or fuel records where odometer readings are available. The distance calculation takes the approach that the transitioning distance, from the last 'ping' reading in an off the public road location to the public road and vice versa, is always classified as the distance travelled on the public road. This parameter (distance) may be used in some circumstances to apportion fuel use.

Idle fuel use and idle time

53. Where available, idle fuel use and idle time (FTC Report tabs 'Vehicle Acty Daily Telematic' and 'Fuel Appt Rpt-Telematics') are used to derive the idle fuel consumption rate which is intended for display only and not used in any fuel tax credit calculations.

54. The fuel used-idling information may also be used to detect potential data quality issues.

55. If idle fuel and idle time data shows anomalies, data will be reviewed and if warranted, supporting documentation will also be reviewed to verify data integrity. Any errors will be corrected to ensure data integrity across the product.

Fuel consumption rate (public road)

56. Where the use of a fuel consumption rate is necessary to apportion fuel used on the public road, it is defined to include all fuel used on the public road such as driving, idling, and other fuel used captured while the vehicle was not in driving or idling mode.

57. The fuel consumption rate (public road) formula is:

(driving fuel used on public road (l) + idling fuel used on public road (l) + non-driving or idling fuel used on public roads (L)) ÷ total distance on public roads (km)

Fuel use apportionment and calculation

58. Where vehicle data is available (engine management systems or CAN bus data) it will be used for the fuel use apportionment and calculation. Where CAN bus data for a vehicle is applied to other vehicles then it will only be used in limited circumstances and sufficient governance will be put in place to ensure that the data equally applies to other vehicles.

59. The CAN bus data is relied upon to report fuel use once it has been verified to be acceptable against fuel records. The amount of fuel used in a period is the sum of fuel determined by subtracting an earlier total fuel or fuel usage (millilitres) from a later total fuel or fuel usage (millilitres) for each ping in a period.

60. Where appropriate for heavy vehicles with the listed auxiliary equipment, the ATO-accepted percentages outlined in Practical Compliance Guideline PCG 2016/11 *Fuel tax credits – apportioning taxable fuel used in a heavy vehicle with auxiliary equipment* will be used. When these percentages are applied, they will not be used in conjunction with another methodology.[5]

61. For vehicles with CAN bus fuel data, the apportionment of fuel use is based on quantity of fuel used and disregards the vehicle activity (driving, idling and time). The apportionment is:

- off the public road – attracting the full fuel tax credit rate[6]
- on the public road – reduced fuel tax credit rate (rate reduced by the road user charge)[7]
- transitioning fuel use – that is, the fuel used between 2 pings when a vehicle is crossing between an on-public road location to an off-public road location or vice versa. Fuel identified as having been used between the 2 pings is classified as fuel used on public roads in terms of identifying the extent of entitlement (if any) that exists.

62. For *vehicles where only telematics distance data are available and the fuel consumption rate is available from within the fleet vehicles* the steps are[8]:

- FTC Automator first calculates the cumulative measurement of distance travelled on public roads.
- A deductive methodology is applied by multiplying the total distance travelled on the public road with the relevant public road fuel consumption rate[9], before deducting this fuel from the total fuel acquisition.
- The remaining fuel, less any ineligible fuel, is considered to have been used off of public roads.
- The total fuel used on public roads is divided by the total fuel acquired (in the same period) to derive an overall percentage for fuel used on public roads for the relevant fleet.

[5] The percentages of taxable fuel that are accepted that the fuel tax credit is not reduced by the road user charge cover both fuel used in powering the auxiliary equipment of the vehicle as well as fuel used while the vehicle is not on a public road.
[6] The quantity of fuel used by heavy vehicles, light vehicles with telematics data and machinery.
[7] The quantity of fuel used is allocated to heavy vehicles. For light vehicles with or without telematics data, this fuel is ignored.
[8] Engine Management System report (EMS report), engine diagnostic reports, or live fuel consumption testing, and in limited circumstances, manufacturer's specifications supported by live fuel consumption testing, consideration will be given to its representativeness and appropriateness.
[9] EMS report, engine diagnostic reports, or live fuel consumption testing, and in limited circumstances, manufacturer's specifications supported by live fuel consumption testing, consideration will be given to its representativeness and appropriateness. Furthermore, some clients have a fleet of mixed telematics data of which some contain fuel data.

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63. The fuel calculation is:

(a) For *sample vehicles with no auxiliary equipment*

(i) total fuel acquired for sample vehicles with no auxiliary equipment = invoiced fuel[10] for sample vehicles with no auxiliary equipment

(ii) total fuel used on public road[11] for sample vehicles = public road distance for sample vehicles × public road fuel consumption rate

(iii) percentage of public road fuel for sample vehicles = total fuel used on public road by sample vehicles ÷ invoiced fuel for sample vehicles with no auxiliary equipment.

(b) For *sample vehicles with auxiliary equipment*

(i) total acquired for sample vehicles with auxiliary equipment = invoiced fuel[12] for sample vehicles with auxiliary equipment

(ii) total fuel used on public road[13] for sample vehicles = public road distance for sample vehicles × public road fuel consumption rate

(iii) percentage of public road fuel for sample vehicles = total fuel used on public roads by sample vehicles ÷ invoiced fuel for sample vehicles with no auxiliary equipment

(iv) the total fuel used on public roads is divided by the total fuel acquired (in the same period) to derive an overall percentage for fuel used on public roads for the relevant fleet.

64. The fuel tax credit calculation is:

- total fuel used on public road = percentage from paragraph 63(a) of this Ruling × total invoiced fuel for vehicles with no auxiliary equipment + percentage from paragraph 63(b) of this Ruling × total invoiced fuel for vehicles with auxiliary equipment
- total fuel used off public road = total invoice fuel − ineligible fuel − total fuel used on public road
- total fuel tax credits = (on road fuel tax credit rate × total fuel used on public road) + (all other business use (off road) rate × total fuel used off public road[14])
- for vehicles with auxiliary equipment (as per the asset register), the ATO-accepted percentage may be applied if relevant. If the ATO-accepted percentage is applied, that vehicle will be excluded from the sample calculation.

[10] Fuel in light vehicles is excluded from the fuel invoice records analysed.
[11] This may include PTO fuel. However, the client can determine whether to use the ATO-accepted or FTC Automator-calculated percentages, subject to availability of evidence. If the ATO-accepted percentage is used, the vehicle is excluded from further apportionment calculations.
[12] Fuel in light vehicles are excluded from the fuel invoice records analysed.
[13] This may include PTO fuel. However, the client can determine whether to use the ATO-accepted or FTC Automator-calculated percentages, subject to availability of evidence. If the ATO-accepted percentage is used, the vehicle is excluded from further apportionment calculations.
[14] Where relevant, total fuel used off public road may include, for example, fuel used by generators or other machinery which are not attached to the heavy vehicles, and light vehicles with telematics data.

65. For *vehicles where only telematics distance data are available and no fuel consumption data*:

- FTC Automator first calculates the cumulative measurement of distance travelled on public roads.
- KPMG then apportions the comparable fuel used based on the proportion of total public road distance to total distance travelled and applies this proportion to the total fuel acquisition. The method assumes the same fuel consumption rate irrespective of where the vehicle travelled, that is, a ratio of 1:1.
- The fuel tax credit calculation is
  - (i) total fuel used on public road = total invoiced fuel × percentage of distance travelled on public road ÷ total distance travelled on public road
  - (ii) total fuel used off public road = total invoice fuel − ineligible fuel − total fuel used on public road
  - (iii) total fuel credits = (on road fuel tax credit rate × total fuel used on public road) + (all other business use (off road) rate × total fuel used off public road[15])
  - (iv) for vehicles with auxiliary equipment (as per the asset register), the ATO-accepted percentage may be applied if relevant. If the ATO-accepted percentage is applied, that vehicle will be excluded from the sample calculation.

Apportionment methodology

66. The apportionment methodology is guided by a client's specific facts and circumstances.

67. The apportionment methodology that is based on representativeness of the sampling of vehicles with telematics or GPS data coverage and, which can be for 100% or, a subset of the fleet and which can also be calculated based on cost centres or business activities.

68. In terms of light vehicles, the calculation rule is:

- no fuel tax credits for light vehicles with no telematics data
- fuel tax credits are calculated for light vehicles for fuel used off public roads.

Clients with telematics data for every vehicle in their fleet

69. For clients with telematics data (fuel and distance[16]) for every vehicle (telematics coverage of 100%) in a tax period the apportionment method used is:

- determine the quantity of fuel use as extracted from the CAN bus data in millilitres in a period

[15] Where relevant, total fuel used off public road may include, for example, fuel used by generators or other machinery that are not attached to light or heavy vehicles with telematics data.
[16] Distance is in kilometres and fuel is in litres.

- determine where the fuel use took place, based on the location of the GNSS coordinates
- classify whether the fuel use was on or off public roads (guided by FTR 2008/1 and the application of geotunnels and geofences)
- the off public road fuel, that is, FTC Automator percentage, is determined by dividing the 'total off public road fuel use quantified' by 'total fuel use quantified' – these quantities of fuel are extracted for each of the vehicle with telematics data
- if a vehicle has auxiliary equipment or a PTO, this off-road fuel use percentage is compared to the ATO-accepted percentages[17] – the FTC Automator percentage can only be applied with appropriate substantiation.

70. The fuel tax credit calculation is:

- total fuel acquired for all vehicles = invoiced fuel[18]
- total fuel used off public road = invoiced fuel × FTC Automator percentage
- total fuel used on public road[19] = invoice fuel − total fuel used off public road
- total fuel tax credits = (on-road fuel tax credit rate × total fuel used on public road) + (all other business use (off-road) rate × total fuel used off public road[20]).

Clients with telematics data and distance data for some vehicles, but not their entire fleet

71. For a client with telematics data for less than the entire fleet of vehicles (telematics coverage of less than 100%), the apportionment of fuel use depends on which method is appropriate for the client's specific business operations. The 3 methods that can be used are:

- *sample size-based* – the Australian Bureau of Statistics Sample Size Calculator is used to determine if the telematics coverage is acceptable for fleets with similar trucks
- *cost centre-based* – where cost centres perform unique activities, and
- *activity-based* – for example, long-haul, short-haul or mining.

Sample-sized based apportionment

72. The fuel tax credit calculation for a sample-sized based apportionment is:

total fuel tax credits = (on public road fuel tax credit rate × total fuel used on public road) + (all other business use (off-road) rate × total fuel used off public road)

[17] PCG 2016/11.
[18] Fuel in light vehicles with no telematics data are excluded from the fuel invoice records analysed.
[19] This may include PTO fuel. However, the client can determine whether to use the ATO-accepted or FTC-Automator-calculated percentages, subject to availability of evidence. If the ATO-accepted percentage is used, the vehicle is excluded from further apportionment calculations.
[20] Where relevant, total fuel used off public road may include, for example, fuel used by generators or other machinery which are not attached to the heavy vehicles, and light vehicles with telematics data.

Status: **legally binding**

73. To determine 'total fuel used off public road' and 'total fuel used on public road' for sample size-based apportionment, the following will apply:

- A weighted FTC Automator percentage for the fleet is determined by dividing 'total off public road fuel use in vehicles quantified by telematics' by 'total fuel use in vehicles quantified by telematics'.[21]
- The weighted FTC Automator percentage is then applied to the fuel acquired for each of the vehicles with no telematics coverage.
- For vehicles with telematics coverage, the vehicle's FTC Automator percentage will be used to apply to the fuel acquired for the vehicle.
- For vehicles with auxiliary equipment (as per the asset register), whether with or without telematics coverage, the higher of the ATO accepted percentage, its own FTC Automator Percentage, or the weighted FTC Automator percentage is used where relevant.
- If the ATO-accepted percentage is applied, it will be excluded from any weighted average calculation.

Cost centre-based and activity-based apportionment

74. The fuel tax credit calculation for cost centre-based and activity-based apportionment is:

total fuel tax credits = (on public road fuel tax credit rate × total fuel used on public road) + (all other business use (off-road) rate × total fuel used off public road)

75. For the cost centre-based and activity-based apportionment, a broad extrapolation from a sample of vehicles may not be appropriate as it could skew the off-road fuel use percentages. When a client's business operation requires the cost centre and activity-based approach, applying the following will determine the 'total fuel used off public road' and 'total fuel used on public road':

- Vehicles are categorised into their cost centre or activity group.
- Applying a similar concept as in the sample size-based approach in paragraphs 72 and 73 of this Ruling, a weighted FTC Automator percentage for the vehicles in the relevant cost centre or activity group is obtained by dividing total off public road fuel use in vehicles quantified by telematics by total fuel use in vehicles quantified by telematics.[22]
- This weighted FTC Automator percentage is then applied to the fuel acquired for each of the vehicles with no telematics coverage in the relevant cost centre or activity group.
- For vehicles within the cost centre or activity group with telematics coverage, the vehicle's FTC Automator percentage will be used to apply to the fuel acquired for the vehicle.
- For vehicles with auxiliary equipment (as per the asset register), whether with or without telematics coverage, the higher of the ATO-accepted percentage[23], its own FTC Automator Percentage, or the weighted FTC

[21] Excludes vehicles that use the ATO-accepted percentage.
[22] Excludes vehicles that use the ATO-accepted percentage.
[23] The ATO-accepted percentage will not be considered if the auxiliary equipment relates to battery powered sleeper cabins. The ATO-accepted percentage is only available for fuel acquire for use in air conditioner

Automator percentage is used where relevant. If the ATO accepted percentage is applied, it will be excluded from any weighted average calculation.

Clients where only telematics distance data are available and the fuel consumption rate is available for the fleet's vehicles

76. For clients where only telematics distance data are available and the fuel consumption rate is available for the fleet's vehicles, the following applies:

- FTC Automator first calculates the cumulative measurement of distance travelled on public roads.
- A deductive methodology is applied by multiplying the total distance travelled on the public road with the relevant public road fuel consumption rate[24], before deducting this fuel from the total fuel acquisition.
- The remaining fuel, less any ineligible fuel, is considered to have been used off of public roads.
- The total fuel used on public roads is divided by the total fuel acquired (in the same period) to derive an overall percentage for fuel used on public roads for the relevant fleet.
- The fuel tax credit calculation is shown in paragraph 62 of this Ruling of fuel apportionment for sample vehicles with no auxiliary equipment or sample vehicles with auxiliary equipment.

Governance, assurance and internal controls

77. To support this Ruling, examples of high-quality high-resolution GPS data, governance, assurance and internal controls, reports and the fuel tax credit results were provided.

78. The FTC Automator has built-in, automated governance and assurance processes. It also requires user intervention to review and rectify any exceptions prior to proceeding to the next step.

79. Controls and governance are in place to ensure:

- data capture is accurate and tamper-proof
- the device is vehicle specific
- telecommunications or transmission coverage are not limited or interrupted
- representativeness of the sample
- storage and backup
- data accuracy
- road map data

units that moderate the temperature of the vehicle's sleeping compartment when the driver is on a sleeping break during the course of a long-haul trip.

[24] EMS report, engine diagnostic reports, or live fuel consumption testing, and in limited circumstances, manufacturer's specifications supported by live fuel consumption testing, consideration will be given to its representativeness and appropriateness. Furthermore, some clients have a fleet of mixed telematics data of which some contain fuel data.

- road classification
- system update
- output accuracy
- data security
- fuel tax credit rates – ensuring that the rates used are the rate in force and compared to the rates on data.gov.au
- correct use of FTC Automator.

80. Other governance undertaken includes:

- validation processes to ensure that distances (either GPS or odometer) broadly align with the actual distance travelled by the vehicle
- visualising routes to identify and rectify anomalies by amending the source data classification to ensure there is no misclassification of roads
- fuel used in a sample period broadly aligns with fuel acquired per the fuel records
- anomaly resolution to address and rectify anomalies and gather further evidence as required
- distance verification for the distance travelled on and off public roads. A daily average distance is derived to ensure reasonableness of distance travelled by a vehicle and determine the off public road percentage of distance and fuel use. This process is used to identify potential anomalies. It can extend to mapping to a driver's job sheet or fuel records.

81. As part of ongoing governance to address and resolve any potential anomalies, KPMG reviews all output showing in the Anomaly Report (including the apportionment percentages for each of the vehicles) and either resolves the potential anomaly or accepts it where there is an acceptable explanation based on the evidence available. KPMG verifies any records that support the claim. For example, if the off public road fuel use is considered to be higher than expected, KPMG will verify the routes and fuel use of the vehicle via the fuel records, job sheets, geofence areas, or delivery records to support or, modify the percentages. If an anomaly is not identified, KPMG will still continue review and check some samples against business records to ensure accuracy.

82. Other processes are in place to ensure accuracy and to avoid reliance on data limits or caps. These limits or caps are not used for apportionment as it is based on direct measurement of fuel use specific to each road classification.

83. Other checks are data validation rules including checking and treating data anomalies. The rules include but are not limited to checking for duplications such as vehicle and data information; checking all records and registers; source documents have been uploaded; checking distances and engine times for reasonableness.

Fuel tax credit calculation and reporting

84. Where telematics fuel data are available the apportionment is a cumulative measurement of fuel and whether that fuel was used on or off a public road.

85. Where only telematics distance data is available supplementary steps are taken to apportion fuel used.

Status: **legally binding**

86. Validation rules are always applied to the data received and KPMG reviews all data, including addressing exceptions and resolving any potential anomalies showing in the 'Anomaly report'. KPMG gathers further evidence if warranted. Once the anomalies and exceptions are resolved, FTC Automator processes the data and calculates the amount of fuel tax credit entitlement in a report generated along with a summary in the user interface. The calculation is:

- heavy vehicles for travelling on public roads – reduced fuel tax credit rate (taking account of the road user charge)
- all other business fuel uses including fuel used off public roads – full fuel tax credit rate.

87. The fuel tax credit rates reference table is based on the fuel tax credit rates published on the ATO website and historical rates on data.gov.au.

88. The fuel tax credits calculation is supported by relevant evidence which may contain further documentation from the client. This aims to clarify and address the reason for any anomalies which are to be accepted or resolved (where applicable).

89. A final fuel tax credits calculation is created in the FTC Report and printed out electronically in portable document format (PDF) or Microsoft Excel format for review and discussed with the client. The PDF or Microsoft Excel file is locked to prevent it from being edited. If any changes are required, KPMG make the changes in the FTC Automator and share the final calculation with the client in an updated PDF or Microsoft Excel report.

90. Only after a discussion explaining all relevant details with the client can a fuel tax credit claim be lodged. This is to ensure that the client understands and agrees with the calculation prior to any fuel tax credit claim being included on a BAS that is lodged with us. The lodgment of the fuel tax credit claim can be made by KPMG on behalf of the client, or by the client as governed by the terms and conditions of the client engagement.

91. The FTC Report that is compiled by FTC Automator and provided to clients. contains multiple sections, comprising of:

- cover page
- FTC summary for BAS
- FTC calculation summary
- FTC calculation detailed
- a telematics data report (fuel apportionment report – telematics)
- vehicle daily activity telematics report
- anomaly report
- verification reports (fuel distance location and transaction)
- vehicle in-scope analysis.

92. The FTC Report enables KPMG to check the details, as it can be aligned with driver job sheets or fuel records (or both) for any given day. All these reports are provided to the client for discussion prior to submitting a claim.

93. The telematics information shows the hot spots analysis where routes of the vehicles can be visualised with filters to analyse specific vehicles and dates.

94. The anomaly report outlines potential anomalies in the data for the vehicle and auxiliary equipment. It identifies the date and the location of the anomaly and contains

relevant fields to input whether the error has been resolved and the basis for the decision reached. It includes information such as:

- anomaly test exception case
- vehicle or Asset ID
- date
- vehicle type or configuration
- auxiliary equipment
- GVM (tonnes)
- vehicle weight class
- apportionment period start date
- apportionment period end date
- business unit
- use activity type (for example, forestry, farm or long haul)
- fuel type
- total invoice fuel (litres)
- FTC Automator fuel (litres)
- FTC Automator apportionment percentage (including auxiliary or PTO)
- accept (yes, no or rectified)
- reason.

95. The Fuel Apportionment Report generated by FTC Automator shows the apportionment percentages, litres allocated for the various uses on and off public roads for the vehicle and auxiliary equipment as following:

- vehicle or asset ID
- vehicle type or configuration
- auxiliary equipment
- GVM (tonnes)
- vehicle weight class
- ATO safe harbour percentage
- apportionment period start date
- apportionment period end date
- business unit
- use activity type (forestry, farm, long haul)
- main use
- location type
- invoice fuel within telematics period (litres)
- odometer distance for the sample period (kilometres)

- total engine on time (hours)
- public road distance (kilometres)
- driving time on public road (hour)
- idling time on public road (minutes)
- driving fuel use on public road (litres)
- idling fuel used on public road (litres)
- off public road distance (kilometres)
- driving time off public road (hour)
- idling time off public road (minutes)
- driving fuel used off public road (litres)
- idling fuel used off public road (litres)
- fuel used in geofence (litres)
- auxiliary or PTO fuel (litres)
- total fuel used (litres)
- public road fuel used (percentage)
- FTC Automator apportionment percentage (including auxiliary or PTO)
- auxiliary or PTO fuel percentage
- fuel rate driving on public road (litres per 100 kilometres)
- fuel rate driving off public road (litres per 100 kilometres)
- fuel rate idling on public road (litres per hour)
- fuel rate idling off public road (litres per hour)
- fuel rate off public (litres per hour)
- fuel rate (litres per kilometre) overall.

96. The FTC calculation tab not only shows the percentages allocated on and off public roads but provides the amount, in dollars, of fuel tax credits allocated to the full rate or, the amount allocated to heavy vehicles for travelling on public roads.

97. An FTC Workpaper is also provided for the apportionment methodology used for all clients.

98. The FTC Workpaper contains multiple sections, comprising of:

- claim
- FTC rates
- historical claims
- fuel and apportionment
- fuel usage workpaper
- apportionment rates.

Status: **legally binding**

Record keeping

99. All data and records, including MTData telematics data, relating to the fuel tax credit calculations is stored for at least 5 years in the KPMG system. All the reports and supporting data can be accessed by the clients for at least 5 years. All of this information is in English.

100. In MTData's Hawk-eye application, the data can be viewed, retrieved, or exported via CSV for analysis in data analytical tools for up to 3 years. This data is retained by MTData for a minimum of 4 years. However, the data available to KPMG is stored in KPMG systems for at least 5 years.

101. Data is archived and replicated to separate regions in Australia to prevent any data loss during a disaster or any down period at a data centre.

102. Clients receive a fuel tax credits report or FTC Workpaper and are advised to retain in their own system for at least 5 years.

Commissioner of Taxation
22 April 2026

Status: **not legally binding**

Appendix – Explanation

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.

Table of Contents **Paragraph**

Use of the FTC Automator for fuel tax credit purposes

Whether apportionment is a requirement to work out the entitlement to a fuel tax credit

103. An entity is entitled to a fuel tax credit for taxable fuel (referred to as fuel) that it acquires or manufactures in, or imports into, the indirect tax zone to the extent that the entity does do so for use in carrying on the entity's enterprise. However, to be entitled to a fuel tax credit in respect of the fuel, the entity must be registered or required to be registered for goods and services tax at the time the entity acquires, manufactures or imports the fuel (subsections 41-5(1) and (2)).

104. Section 41-20 confirms that there is no entitlement to a fuel tax credit for fuel to the extent that an entity acquires, manufactures or imports the fuel for use in a light vehicle travelling on a public road.

105. Division 43 sets out how to calculate the amount of a fuel tax credit. Fuel tax credits for fuel acquired for use in heavy vehicles are reduced by the road user charge to the extent that the fuel is for travelling on a public road under subsection 43-10(3).

106. The use of the phrase 'to the extent' in sections 41-5, 41-20 and subsection 43-10(3) contemplates apportionment between fuel acquired for an eligible use and fuel acquired for an ineligible use or uses which may give rise to different rates of fuel tax credit entitlement.

107. To determine the entitlement and the amount of fuel tax credit, an entity that acquires fuel for use in vehicles will need to apportion the fuel between:

- vehicles with a GVM exceeding 4.5 tonnes
  - the extent to which the fuel is for use in a vehicle for travelling on a public road (where the fuel tax credit rate is the excise duty rate less the road user charge)

  - the extent to which the fuel is for other uses (where the fuel tax credit rate is the excise duty rate)

- vehicles with a GVM of 4.5 tonnes or less
  - the extent to which the fuel is for use in a vehicle travelling on a public road
  - the extent to which the fuel is acquired other than for use in a vehicle travelling on a public road, and
- other circumstances in which there is no entitlement including use in heavy diesel vehicles that do not meet the environmental requirements or where another entity has entitlement to a fuel tax credit in respect of the fuel.

Principles for apportioning fuel used in a vehicle

108. The *Fuel Tax Act 2006* contemplates apportionment but does not prescribe any set method for apportioning fuel between different uses. Fuel Tax Determination FTD 2010/1 *Fuel tax: apportionment may apply when determining total fuel tax credits in calculating the net fuel amount under section 60-5 of the Fuel Tax Act 2006* explains that fuel tax credit entities can use any apportionment method that is fair and reasonable to their circumstances.

109. Paragraph 33 of FTD 2010/1 states:

> It is not necessary for an apportionment method to track the intended use of every last drop of fuel. A method may be fair and reasonable without doing so provided that the application of the method reasonably reflects the extent to which taxable fuel is acquired for an eligible activity.

110. Apportionment of fuel for the purpose of working out an entitlement and calculating the amount of the entitlement are distinct phases. An entity can generally perform separate calculations where there are one or more types of fuel for use in the same or multiple activities. A single calculation may be performed for example, where there is the same type of equipment that uses different types of liquid fuel and at the same fuel consumption rate for both types of fuel.

111. The amount of the entitlement calculated should be the same whether a single step process or a discrete step calculation is performed. The apportionment should not result in more fuel being taken into account than has been acquired, manufactured or imported or used and that the apportionment of fuel is reasonable (for example, fuel used in a heavy vehicle for travelling on public roads is reasonable compared to fuel used off public roads for loading, unloading, or idling purposes).

112. To apportion the fuel an entity has acquired to the different activities for which the fuel was used, a reliable measure can be used as part of an apportionment methodology for calculating the amount of fuel that is acquired for use in an eligible activity.

113. Examples of reliable known measures that can be supported by source documentation include:

- odometer readings of kilometres actually travelled
- route distances
- hours of operation of equipment
- engine monitoring systems

- fuel consumption trials on the vehicles or equipment used in the entity's business under similar operating conditions, and
- telematics technology that produces accurate results – where it supports actual events, data is captured accurately, roads and areas have been correctly classified and geofenced, and the results are not distorted and can be supported by source documentation.

114. Although these are commonly used measures, because of the diverse range of eligible activities, paragraph 113 of this Ruling is not an exhaustive list and there may be other measures that are appropriate to an entity's circumstances. There also needs to be assurances in place to ensure that any measure used does not distort results.

115. The FTC Automator is a telematics technology product that can be used as a measure in the apportionment process as it has functionalities for data to be transmitted and events to be categorised on use. It will be a reliable measure provided that:

- GPS data is accurate
- any software, system and firmware updates affecting the tax outcome are addressed
- governance, assurances and controls in place are maintained
- any errors are corrected in a timely manner, and
- the checks are undertaken to ensure that the results generated continue to be accurate and are not distorted.

Whether the FTC Automator provides a step in the apportionment of fuel

116. There are 2 types of installation of the device that is used to collect data before it is transmitted to FTC Automator. The installation is either by the MTData authorised installer or by the client. Data is transmitted, formatted, and analysed. The client provides fuel records and vehicle or asset registers relating to the tax period applicable to the relevant data.

117. The reporting of fuel readings is from the vehicle itself via CAN bus, it is not derived or implied. These readings are consistent with that displayed to the driver in the dashboard. Also, fuel invoices for the tax period are supplied to KPMG to support fuel use and for the relevant apportionment of fuel.

118. The validation rules are applied, and the data received by MTData is analysed by KPMG.

119. For vehicles, the apportionment methodology of fuel use is based on whether the client has an entire fleet with telematics coverage, partial fleet coverage of vehicles with telematics or whether the method is appropriate to the business operation (cost centre-based or activity-based). That is:

- Where telematics fuel data is available[25], the apportionment of fuel is based on the cumulative measurement of fuel used and whether the fuel was used on and off public roads.

[25] This only captures fuel used that went through the engine.

- Where only telematics distance data is available and the fuel consumption rate is also available[26], FTC Automator first calculates the cumulative measurement of distance travelled on public roads. KPMG then applies a deductive methodology by multiplying the total distance travelled on the public road with the relevant fuel consumption rate and deducts this fuel from the total fuel acquisition. The remaining fuel is considered to have been used off public roads whether for driving, idling, or some other purpose.
- Where only telematics distance data is available, FTC Automator first calculates the cumulative measurement of distance travelled on public roads. KPMG then apportions the comparable fuel used based on the proportion of total public road distance to total distance travelled and applies this proportion to the total fuel acquisition.
- The apportionment percentage from the steps previously outlined in this paragraph is applied to other periods where, the percentage is considered representative of those other periods.

120. For light vehicles without telematics data there is no fuel tax credit apportionment or calculation performed. There is a calculation rule to ensure that there is no fuel tax credit if there is no telematics data for these vehicles. Fuel tax credits is calculated for fuel used off public roads for light vehicles only where there is telematics data.

121. For a client with telematics data less than the entire fleet of vehicles (telematics coverage of less than 100%) the apportionment of fuel use depends on which method is appropriate for the client's specific business operations. Where a sample size-based method is used, a sample size is used based on the Australian Bureau of Statistics Sample Size Calculator to determine if the telematics coverage is acceptable. Similar to the steps outlined in paragraph 118 of this Ruling, a weighted FTC Automator percentage is determined and the steps involved in the apportionment methodology are outlined in paragraphs 69 to 75 of this Ruling.

122. Where the methodology is based on cost centre or activity approach, the vehicles are categorised into the cost centre or activity group. Applying a similar approach as outlined in paragraphs 69 to 75 of this Ruling, a weighted FTC Automator percentage is applied by dividing total off public road fuel use in vehicles quantified by telematics by total fuel use in vehicles quantified by telematics to vehicles of a similar type and used in a similar manner within those groups. This percentage is then applied to the fuel acquired for each of the vehicles with no telematics coverage within the cost centre or activity group.

123. For heavy vehicles with auxiliary equipment (as per the asset register), the ATO-accepted percentage will be applied where appropriate.

124. FTC Automator using MTData as a GPS data source has a step in the process for apportioning fuel for different uses (on and off public roads and in auxiliary equipment) as part of the methodology that will attract different fuel tax credit rates.

125. As such, the FTC Automator functionality provides a step in the apportionment of fuel based on the categorisation of use.

[26] Client's EMS report, engine diagnostic reports, or live fuel consumption testing, and in limited circumstances, manufacturer's specifications supported by live fuel consumption testing, consideration will be given to its representativeness and appropriateness. Furthermore, some clients have a fleet of mixed telematics data of which some contain fuel data.

Status: **not legally binding**

Whether the apportionment methodology is fair and reasonable

126. Paragraph 2.86 of the Revised Explanatory Memorandum to the Fuel Tax Bill 2006 and the Fuel Tax (Consequential and Transitional Provisions) Bill 2006 explains that an entity needs to apportion fuel use between eligible and ineligible uses in calculating their fuel tax credit entitlement:

> If a taxpayer acquires, manufactures or imports fuel for both eligible and ineligible activities, they will need to apportion the use of that fuel between eligible and ineligible uses to determine the amount of the fuel that is eligible for a fuel tax credit.

127. We consider that where an entity is required to apportion the use of fuel between eligible and ineligible uses or multiple eligible uses, the use of the words 'to the extent that' allows an entity to choose a method of apportionment that is fair and reasonable in the circumstances.

128. The principles to be applied in identifying situations where apportionment is appropriate in an income tax context, and the method to be employed where apportionment is required, were considered in an income tax context by the High Court in *Ronpibon Tin NL and Tongkah Compound NL v Federal Commissioner of Taxation* [1949] HCA 15 (*Ronpibon*). The High Court considered what parts of expenses incurred by a taxpayer were referable to gaining or producing assessable income. The High Court considered both the allocation of distinct expenditure to specific activities, and apportionment.

129. Following the principles set out by the High Court in *Ronpibon*, an entity can use any method to apportion fuel to take into account the requirements of the entitlement and calculation provisions, but that method needs to be fair and reasonable in the circumstances.

130. There may be more than one fair and reasonable basis of apportionment. It follows that the calculation of fuel tax credit entitlements cannot necessarily be carried out with absolute mathematical precision. Rather, an entity is entitled to a fuel tax credit where the other requirements for entitlement are met and, to the extent that an apportionment is required, the amount arrived at is calculated by application of an apportionment method that is fair and reasonable in the circumstances. It is not necessary for an apportionment method to track the intended use of every last drop of fuel.

131. The apportionment methodology applied for FTC Automator is based on whether the entire fleet has telematics coverage or only partial fleet coverage. Also, the apportionment of fuel use depends on whether the method is appropriate to the business operation and whether a sample size-based methodology, cost centre-based or activity-based is considered appropriate.

132. Paragraphs 66 to 75 of this Ruling set out the steps for each apportionment method. The functionality in FTC Automator provides a step in apportioning fuel based on the categorisation of use, that is, fuel used on and off public roads.

133. For vehicles with MTData as the GPS source, the vehicle's location and distance travelled is recorded based on the satellite data. This information is used to determine the total distance travelled and verify location data.

134. No fuel tax credit is calculated or claimed for light vehicles without telematics data. For light vehicles with telematics data, only the off public road usage and fuel is claimed.

135. The classification of the public roads for FTC Automator is based on the views outlined in FTR 2008/1. That is, a public road is a road that is available for use by members of the public.

136. Geofences are reviewed to ensure they are correct. KPMG and the client review the results relating to the road classification prior to a fuel tax credit claim being submitted to us. If any roads have been misclassified a rerun of the fuel tax credit calculation occurs. For geofences set up for the client these are reviewed, and an end date set to ensure the correctness of road classification. Only approved geofences are used for the fuel tax credit calculation.

137. The methodology for the vehicle and equipment that is tracked by the satellites along with CAN bus information to be used by FTC Automator is considered a fair and reasonable apportionment of fuel. It is only fair and reasonable where:

- source documentation supports that locational information and engine management usage
- classification of roads is correct and up to date
- FTC Automator calculates the fuel used and distance travelled correctly based on the road classification
- FTC Automator determines the quantity of fuel used based on the direct measurement of fuel and calculates fuel consumption rates
- although idle time and use is captured, it is not used in the calculation to distort fuel usage or time
- source documentation supports the fuel acquisitions
- a preliminary fuel tax credits calculation is performed
- there is robust governance and controls in place to identify and correct errors including
  - validating the outputs
  - reconciling the fuel used and distances to source documents
  - reviewed to ensure it has not resulted in apportioning more taxable fuel than the client has acquired
  - obtaining further evidence if required
  - if any anomalies are identified they are resolved including any software, systems or firmware updates affecting the fuel tax credit calculation
- a final fuel tax credit calculation is performed, and reports are generated
- consultation with the client occurs to explain the fuel tax credit calculation and ensure that there is a correct entitlement to claim fuel tax credits, and
- the reports are locked to prevent them from being edited.

138. Provided all the points in paragraphs 114, 131 to 136 of this Ruling are considered and reviewed regularly, including checks to ensure data and outcomes remain accurate, the apportionment methodology used by the FTC Automator is fair and reasonable.

Whether the FTC Automator generates fair and reasonable results for working out the amount of fuel tax credits in Division 43 of the *Fuel Tax Act 2006*

139. The amount of fuel tax credits is determined with reference to Divisions 41 and 43. The 'fair and reasonable' principle applies in determining the extent of entitlement and the amount of fuel tax credits within these Divisions.

140. FTC Automator applies an apportionment methodology that is fair and reasonable. It has relevant checks and processes to ensure:

- ascertainment of eligibility to claim fuel tax credits having regard to Division 41 and Subdivision 41-B[27]
- that roads are correctly classified for applying the road user charge to the relevant fuel within subsections 41-10(3) and (4), and
- the amount of fuel tax that was payable on the fuel is worked out at the rate in force on the day using the table in subsection 43-5(2A).

141. As a result, the FTC Automator provides fair and reasonable results for working out the amount of fuel tax credit for the class of entities identified in paragraphs 7 to 8 of this Ruling.

Whether the amount of fuel tax credits worked out by the FTC Automator can be used in working out the net fuel amount for a tax period

142. The net fuel amount has the meaning given by section 60-5.

143. In working out the net fuel amount under section 60-5, the following formula applies:

$$\text{Total fuel tax} - \text{Total fuel tax credits} + \text{Total increasing fuel tax adjustments} - \text{Total decreasing fuel tax adjustments}$$

144. The apportionment methodology applied within the FTC Automator to the taxable fuel is fair and reasonable in working out the extent of taxable fuel used both on and off public roads. The results generated in respect of that taxable fuel (for vehicles or equipment) are also fair and reasonable, subject to relevant checks and balances, including governance and assurance processes. The results can be used in working out the amount of fuel tax credits for that taxable fuel within Division 43.

145. As the results generated from the FTC Automator can calculate the amount of fuel tax credits for that taxable fuel, it assists in determining fuel tax credits to be included in the calculation of the net fuel amount for a tax period under Division 60.

Whether the FTC Report and the FTC Workpaper can be used for record-keeping purposes (but not the only record)

146. Subsection 382-5(1) of Schedule 1 to the TAA provides that you must keep records that record and explain all transactions and other acts you engage in that are relevant to acquisitions (for example, an entitlement to a fuel tax credit).

147. The records must be retained for at least 5 years after the completion of the transactions or acts to which they relate.

148. Subsection 382-5(8) of Schedule 1 to the TAA provides that the records must be in English, or easily translated into English, and enable an entitlement under an indirect tax law, that is, a fuel tax law to be ascertained.

[27] Entitlement to claim fuel tax credits within Division 41 having regard to disentitlement provisions including sections 41-20 and 41-25.

Status: **not legally binding**

149. All data and records, including MTData telematics data, relating to the fuel tax credit calculations is stored and accessible for at least 5 years.

150. The FTC Report is compiled by FTC Automator and provided to clients. It contains details of the telematics apportionment, data, anomalies and calculations in multiple sections (refer paragraph 91 of this Ruling).

151. The tabs within the FTC Report show details of telematics information, Anomaly Report, fuel tax credit calculation and summary, FTC summary for BAS and fuel apportionment.

152. Depending upon the relevant tab, it may contain vehicle-related information, location information, tax invoice details including litres, distance, apportionment percentage, fuel usage and allocation, anomalies and relevant action and the fuel tax credit calculation.

153. Although the information is contained within relevant Microsoft Excel spreadsheets by KPMG, it enables the client to review the relevant information in conjunction with services provided by KPMG to identify any issues and their correction and, ensure that the data confirms actual events. The report can be used by KPMG and the client to verify the data apportionment calculations and amount of fuel tax credits. The information contained in the reports can be verified with source documentation. The information can then be used for preparing the fuel tax credit claim.

154. An FTC Workpaper is also provided in addition to the FTC Report for ease of review.

155. The FTC Workpaper also contains multiple sections including the claim, FTC rates, historical claims, fuel and apportionment, fuel usage workpaper, and apportionment rates (refer paragraph 96 of this Ruling).

156. The information (data and calculations) along with the reports are in English.

157. The client receiving the FTC Report or FTC Workpaper are advised to retain in their system for 5 years.

158. The FTC Report and FTC Workpaper are documents that are records for the purposes of subsection 382-5(8) of Schedule 1 to the TAA.

159. However, the reports in paragraph 157 of this Ruling will not be the only records that are used in determining apportionment for fuel tax credit purposes or supporting fuel tax credit claims by a client. Other records may include, but are not limited to, source data input information reports, fuel acquisition records (such as tax invoices), confirmation of location and time (such as driver job sheets) and environmental criteria compliance documentation.

Summary

160. FTC Automator processes the GPS data sourced from MTData and applies a set methodology in determining the extent of fuel acquired for use in the nominated vehicles and auxiliary equipment. It can then be used in working out the amount of fuel tax credits for those nominated vehicles and auxiliary equipment under Division 43.

Note: working out the amount of fuel tax credits will require the correct amount of fuel tax that was payable on the fuel at the rate in force on the relevant day using the table in subsection 43-5(2A).

161. The nominated reports (FTC Report and FTC Workpaper) generated from the FTC Automator can be used as a record (but not the only record) for the purposes of subsection 382-5(8) of Schedule 1 to the TAA.

162. There are governance and assurance processes that have demonstrated the accuracy and the fair and reasonable results of the FTC Automator. However, checks must continue to be undertaken regularly to ensure that any software or systems issues are rectified and the outcomes reflect actual events, any outliers or errors are corrected and the results are accurate.

Part 4-4 – anti-avoidance

163. Provided that the scheme ruled on is entered into and carried out as disclosed in this Ruling, and that the data, inputs and results generated are not manipulated or tailored to obtain fuel tax benefits by taking advantage of the fuel tax law in circumstances other than those intended by the fuel tax law, Part 4-4, Division 75 will not apply.

Status: **not legally binding**

References

Related rulings and determinations:

FTR 2008/1; FTD 2010/1

Legislative references:

- TAA 1953 Sch 1 382-5(1)
- TAA 1953 Sch 1 382-5(8)
- FTA 2006 Div 41
- FTA 2006 41-5
- FTA 2006 41-5(1)
- FTA 2006 41-5(2)
- FTA 2006 41-10(3)
- FTA 2006 41-10(4)
- FTA 2006 Subdiv 41-B
- FTA 2006 41-20
- FTA 2006 41-25
- FTA 2006 Div 43
- FTA 2006 43-5(2A)
- FTA 2006 43-10(3)
- FTA 2006 Div 60
- FTA 2006 60-5
- FTA 2006 Pt 4-4
- FTA 2006 Div 75

Cases relied on:

- Ronpibon Tin NL and Tongkah Compound NL v Federal Commissioner of Taxation [1949] HCA 15; 78 CLR 47; [1949] ALR 785; 8 ATD 431; 23 ALJ 139

Other references:

- PCG 2016/11
- Revised Explanatory Memorandum to the Fuel Tax Bill 2006 and the Fuel Tax (Consequential and Transitional Provision) Bill 2006
- data.gov.au
- abs.gov.au

ATO references

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