TD 2002/6 - Fringe benefits tax: what are the rates to be applied on a cents per kilometre basis for calculating the taxable value of a fringe benefit arising from the private use of a motor vehicle other than a car for the fringe benefits tax (FBT) year commencing on 1 April 2002?

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Taxation Determination

Fringe benefits tax: what are the rates to be applied on a cents per kilometre basis for calculating the taxable value of a fringe benefit arising from the private use of a motor vehicle other than a car for the fringe benefits tax (FBT) year commencing on 1 April 2002?

Preamble

The number, subject heading, date of effect and paragraph 1 of this Taxation Determination are a 'public ruling' for the purposes of Part IVAAA of the ***Taxation Administration Act 1953*** *and are legally binding on the Commissioner. The remainder of the Determination is administratively binding on the Commissioner. Taxation Rulings TR 92/1 and TR 97/16 together explain how a Determination is legally or administratively binding.*

Date of Effect

This determination applies for the FBT year commencing 1 April 2002. However, this Determination does not apply to taxpayers to the extent that it conflicts with the terms of settlement of a dispute agreed to before the date of the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

1. The rates to be applied where the cents per kilometre basis is used for the fringe benefits tax year commencing on 1 April 2002 are:

Engine capacity	**Rate per kilometre**
0 - 2500cc	36 cents
Over 2500cc	43 cents
Motor cycles	11 cents.

2. An employee's right to use a car for private purposes constitutes a car fringe benefit under the *Fringe Benefits Tax Assessment Act 1986* (FBTAA). Where an employee is entitled to use a motor vehicle **other than a car**, this gives rise to a residual benefit under that Act. For these purposes, in subsection 136(1) of the FBTAA, 'car' means:

> 'a motor vehicle (including a vehicle known as a four wheel drive vehicle), being:
>
> (a) a motor car, station wagon, panel van, utility truck or similar vehicle, designed to carry a load of less than 1 tonne; or

(b) any other road vehicle designed to carry a load of less than 1 tonne or fewer than 9 passengers;

but does not include a motor cycle or similar vehicle'.

3. Taxation Ruling MT 2034 outlines a number of acceptable methods that may be used to value the benefit of the right to use an employer's motor vehicle **other than a car**. One method of valuing the benefit is to multiply the number of private kilometres travelled by employees in a vehicle during a year by a cents per kilometre rate. The effect of paragraphs 15 and 16 of MT 2034 is that this method can only be used where there is extensive business use of the vehicle.

4. The cents per kilometre rates set out in this Determination are those that applied for the year commencing on 1 April 2001, reviewed to reflect the movement in the Consumer Price Index. (The rates that applied for the year commencing on 1 April 2001 are set out in Taxation Determination TD 2001/8.)

Commissioner of Taxation
15 May 2002

Previous draft:
Not previously released in draft form.

Related Rulings/Determinations:
TR 92/1; TR 92/20; TR 97/16; MT 2034; TD 93/59; TD 94/22; TD 95/19; TD 96/26; TD 97/16; TD 98/10; TD 1999/5; TD 2000/20; TD 2001/8;

Subject references:
- FBT
- FBT motor vehicle
- FBT motor vehicle definition
- FBT taxable value
- fringe benefits tax
- private use of motor vehicles other than cars
- residual fringe benefits

Legislative references:
- TAA 1953 Pt IVAAA
- FBTAA 1986 136(1)

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