TD 2020/3 - 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 year commencing on 1 April 2020?

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 year commencing on 1 April 2020?

Relying on this Determination

This publication (excluding the appendix) is a public ruling for the purposes of the *Taxation Administration Act 1953*.

If this Determination applies to you, and you correctly rely on it, we will apply the law to you in the way set out in this Determination. That is, you will not pay any more tax or penalties or interest in respect of the matters covered by this Determination.

Further, if we think that this Determination disadvantages you, we may apply the law in a way that is more favourable to you.

Table of Contents **Paragraph**

Ruling

1. The rates to be applied where the cents per kilometre basis is used for the fringe benefits tax (FBT) year commencing on 1 April 2020 are:

Engine capacity	Rate per kilometre
0 – 2500cc	56 cents
Over 2500cc	67 cents
Motorcycles	17 cents

Date of effect

2. This Determination applies to the FBT year commencing 1 April 2020.

Commissioner of Taxation
25 March 2020

Appendix – Explanation

This Appendix 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.

3. 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, pursuant to subsection 136(1) of the FBTAA, which refers to subsection 995-1(1) of the *Income Tax Assessment Act 1997* (ITAA 1997), a 'car' means:

> a 'motor vehicle' (except a motorcycle or similar vehicle) designed to carry a load of less than 1 tonne and fewer than 9 passengers,

with a 'motor vehicle' being defined as 'any motor-powered road vehicle (including a 4 wheel drive vehicle)'.

4. Miscellaneous Taxation Ruling MT 2034 *Fringe benefits tax: private use of motor vehicles other than cars* 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.

5. The cents per kilometre rates set out in this Determination are those that applied for the year commencing on 1 April 2019, reviewed to reflect the movement in the Consumer Price Index. The rates that applied for the year commencing on 1 April 2019 are set out in Taxation Determination TD 2019/3 *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 year commencing on 1 April 2019?*

References

Previous draft:

Not previously issued as a draft

Related Rulings/Determinations:

TD 2019/3; MT 2034

Previous Rulings/Determinations:

TD 2015/6; TD 2016/3; TD 2017/4;
TD 2018/4; TD 2019/3

Legislative references:

- FBTAA 1986 136(1)
- ITAA 1997 995-1(1)

ATO references

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