TD 97/16 - 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 year commencing 1 April 1997?

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Generated on: 30 November 2026, 06:37:41 AM

Australian Taxation Office

Taxation Determination TD 97/16

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part IVAAA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, this Determination applies to years commencing both before and after its date of issue. However, this Determination does not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

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 year commencing 1 April 1997?

1. The rates to be applied where the cents per kilometre basis is used for the fringe benefits tax year commencing 1 April 1997 are:

Engine Capacity	**Rate per kilometre**
0 - 2500cc	32 cents
Over 2500 cc	39 cents
Motor cycles	10 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 one 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 methods that may be used to value the benefit of the right to use an employer's motor vehicle **other than a car**. For example, MT 2034 applies to a calculation of the value of the benefit arising from the use of a motor cycle or a vehicle designed to carry a load of one tonne or more.

4. MT 2034 indicates that 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.

5. The cents per kilometre rates set out in this Determination are those that applied for the year commencing 1 April 1996, modified to reflect the movement in the Consumer Price Index. (The rates that applied for the year commencing 1 April 1996 were set out in Taxation Determination TD 96/26.)

Commissioner of Taxation
25 June 1997

FOI INDEX DETAIL: Reference No. I 1015416 Not previously released in draft form
Related Determinations: TD 93/59; TD 94/22; TD 95/19; TD 96/26
Related Rulings: MT 2034
Subject Ref: private use of motor vehicles other than cars
Legislative Ref: FBTAA Pt III Div 2; FBTAA 47; FBTAA 136(1)
Case Ref:
ATO Ref: FBT 154; NAT 95/2688-9

ISSN 1038 - 8982