


***CR 2015/1 - Income tax and fringe benefits tax:
customers of Fleet Partners Pty Ltd who use the
FleetPartners Vehicle Log Book (Privacy Protected)
report for their log book records***

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Class Ruling

Income tax and fringe benefits tax:
customers of Fleet Partners Pty Ltd who
use the FleetPartners *Vehicle Log Book*
(*Privacy Protected*) report for their log
book records

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❗ This publication provides you with the following level of protection:

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

A public ruling is an expression of the Commissioner's opinion about the way in which a relevant provision applies, or would apply, to entities generally or to a class of entities in relation to a particular scheme or a class of schemes.

If you rely on this ruling, the Commissioner must apply the law to you in the way set out in the ruling (unless the Commissioner is satisfied that the ruling is incorrect and disadvantages you, in which case the law may be applied to you in a way that is more favourable for you – provided the Commissioner is not prevented from doing so by a time limit imposed by the law). You will be protected from having to pay any underpaid tax, penalty or interest in respect of the matters covered by this ruling if it turns out that it does not correctly state how the relevant provision applies to you.

What this Ruling is about

1. This Ruling sets out the Commissioner's opinion on the way in which the relevant provision(s) identified below apply to the defined class of entities, who take part in the scheme to which this Ruling relates.

Relevant provision(s)

2. The relevant provisions dealt with in this Ruling are:

- subsection 136(1) of the *Fringe Benefits Tax Assessment Act 1986* (FBTAA)
- section 28-120 of the *Income Tax Assessment Act 1997* (ITAA 1997), and
- section 28-125 of the ITAA 1997.

Class of entities

3. The class of entities to which this Ruling applies is customers of Fleet Partners Pty Ltd (Fleet Partners) who use the FleetPartners *Vehicle Log Book (Privacy Protected)* report for the purposes of section 10 of the FBTA or Subdivision 28-F of the ITAA 1997.
4. Within this Ruling a member of the class of entities is referred to as a Fleet Partners customer.

Qualifications

5. The Commissioner makes this Ruling based on the precise scheme identified in this Ruling.
6. The class of entities defined in this Ruling may rely on its contents provided the scheme actually carried out is carried out in accordance with the scheme described in paragraphs 9 to 17 of this Ruling.
7. If the scheme actually carried out is materially different from the scheme that is described in this Ruling, then:
 - this Ruling has no binding effect on the Commissioner because the scheme entered into is not the scheme on which the Commissioner has ruled, and
 - this Ruling may be withdrawn or modified.

Date of effect

8. This Ruling applies from 1 April 2014. However, this Ruling will 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 this Ruling (see paragraphs 75 and 76 of Taxation Ruling TR 2006/10).

Scheme

9. The following description of the scheme is based on information provided by the applicant in the application for Class Ruling dated 2 May 2014. Appendix A of the application contained an example of a *Vehicle Logbook (Privacy Protected)* report.
10. The *Vehicle Logbook (Privacy Protected)* report in Appendix A of the application provided the following information for each journey undertaken during the period of the report:
 - car registration
 - group/fleet
 - trip ID (internal trip reference identifier)

- driver
- trip type (Private or Business)
- start date
- start time for each journey classified as a business journey
- start location for each journey classified as a business journey
- time at location
- end date
- end time for each journey classified as a business journey
- end location for each journey classified as a business journey
- opening odometer reading for the journey
- closing odometer reading for the journey
- distance travelled
- trip duration
- purpose of the journey, and
- any additional comments.

11. In addition, the example report provided a summary of the journeys undertaken during the period which contained the following information:

- initial odometer reading for the report period
- final odometer reading for the report period
- total kilometres travelled during the report period
- total kilometres for all trips during the report period that were classified as private trips
- total kilometres for all trips during the report period that were classified as business trips
- total kilometres for any trips during the report period that were not recorded (calculated as the last odometer reading entered for the period less the initial odometer reading for the period less the total calculated distance)
- percentage of trips during the report period that were classified as business trips
- percentage of trips during the report period that were classified as private trips
- percentage of kilometres not recorded.

12. The *Vehicle Logbook (Privacy Protected)* report is produced by the FleetPartners reporting system. The FleetPartners reporting system comprises:

- a plug in, or hard wired device (GPS device) which incorporates a GPS tracker, a 2G/GSM or 3G enabled data sim to communicate with a central web enabled server (central server) and a data recording capability, and
- a central server which contains the reported data and provides web access via a web portal to add the trip purpose, odometer readings, driver details and produce a number of reports including the *Vehicle Logbook (Privacy Protected)* report.

13. The GPS device is assigned to a particular car through a registration process. As part of the registration process, the starting odometer reading of the car is input into the GPS device.

14. The GPS device uses a GPS signal to determine the location of the car at a particular time using the latitude and longitude. When a reading occurs, the GPS device will record the time and date of the reading and transmit the recorded data to the central server using the 2G/GSM or 3G enabled data communication capability.

15. The data uploaded to the central server is mapped to determine the start and finish locations for each journey, the duration of each journey and the distance travelled on each journey by the car. This information is used to calculate the opening and closing odometer readings for each trip.

16. The calculated odometer readings are reconciled with the actual odometer readings that are manually entered using the web portal. Any variation between the calculated odometer reading and the actual odometer reading is shown in the *Vehicle Logbook (Privacy Protected)* report as 'KMs not recorded' and is treated as non-business use of the car.

17. The driver is able to input the purpose of a trip at the start of a trip using a SmartPhone application or an integrated in-vehicle display screen. Alternatively, the purpose may be input after the conclusion of the trip using the web portal.

Ruling

18. The *Vehicle Logbook (Privacy Protected)* report described in paragraphs 10 and 11 of this Ruling will satisfy the definition of 'log book records' in subsection 136(1) of the FBTAA provided:

- the report is for an applicable log book period

- the purpose of any journey classified as being a business journey is entered within a week of the journey occurring and is sufficiently descriptive to enable the journey to be classified as a business journey, and
- the car's odometer reading at the end of the period is manually entered using the web portal.

19. The *Vehicle Logbook (Privacy Protected)* report described in paragraphs 10 and 11 of this Ruling will satisfy the requirements of section 28-125 of the ITAA 1997 provided:

- the report is for the period specified in section 28-120 of the ITAA 1997
- the purpose of any journey classified as being a business journey is entered within a week of the journey occurring and is sufficiently descriptive to enable the journey to be classified as a business journey, and
- the car's odometer reading at the end of the period is manually entered using the web portal.

Commissioner of Taxation

14 January 2015

Appendix 1 – Explanation

1 *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.*

Does the FleetPartners Vehicle Log Book (Privacy Protected) report satisfy the definition of 'log book records' in subsection 136(1) of the FBTAA?

20. Section 10 of the FBTAA allows an employer to elect to calculate the taxable value of a car fringe benefit using the cost basis method (operating cost method).

21. Where this election is made, subsection 10(2) of the FBTAA provides that the taxable value of the car fringe benefit will be the amount calculated in accordance with the formula:

$$(C \times (100\% - BP)) - R$$

where:

C is the operating cost of the car during the holding period;

BP is either:

- (i) nil if, under sections 10A or 10B, the employer is not entitled to a reduction in the operating cost of the car on account of business journeys undertaken in the car during the holding period; or
- (ii) the business use percentage applicable to the car for the holding period; and

R is the amount (if any) of the recipient's payment.

22. Therefore, an employer intending to claim a reduction in the operating costs of a car, on account of the business journeys undertaken during the holding period, must meet the requirements of section 10A of the FBTAA (if the year is a log book year of tax), or section 10B of the FBTAA (if the year is not a log book year of tax).

23. Subsection 162G(1) of the FBTAA sets out the circumstances in which a year will be a log book year of tax. The circumstances include a year in which an election is made to treat the year as a log book year of tax.

24. A Fleet Partners customer who uses the FleetPartners reporting system to record details of the journeys undertaken in a car during a particular year will be taken to make an election for the year to be a log book year of tax.

25. Section 10A of the FBTAA requires that in a logbook year:

- log book records are maintained for an applicable log book period
- odometer records are maintained for an applicable log book period

- odometer records are maintained for the period of the year in which the car was held (the holding period)
- the employer estimates the number of business kilometres travelled during the holding period, and
- the employer specifies the business use percentage for the holding period.

26. This Ruling only considers the first of these requirements.

Log book records

27. Subsection 136(1) of the FBTA defines 'log book records' as follows:

log book records, in relation to a car held by a person (in this definition called the *holder*), in relation to a period, means a daily log book or similar document in which, in respect of each business journey:

- (a) that is undertaken in the car during the period; and
- (b) that the holder, or a person acting on behalf of the holder, chooses to record in the document for the purpose of demonstrating the pattern of use of the car during the period;

an entry setting out particulars of:

- (c) the date on which the journey began and the date on which it ended; and
- (d) the respective odometer readings of the car at the beginning and end of the journey; and
- (e) the number of kilometres travelled by the car in the course of the journey; and
- (f) the purpose or purposes of the journey;

is made in the English language at, or as soon as reasonably practicable after, the end of the journey.

28. In considering these conditions, the GPS tracking device records data for each trip undertaken in the car. Therefore, it will record information in respect of each business journey.

29. Paragraph (c) of the definition of 'log book records' requires each entry to detail the dates on which the business journeys began and ended. This requirement is met as the *Vehicle Logbook (Privacy Protected)* report provides details of the time and date on which each journey began and ended.

30. Paragraph (d) of the definition of 'log book records' requires that the respective odometer readings of the car at the beginning and at the end of the journey be entered into the relevant records.

31. The term 'odometer' is not defined in either the FBTA or the ITAA 1997 but the *Macquarie Dictionary*, online edition, defines that term as being 'an instrument for measuring distance passed over, as by a motor vehicle'.

32. However, the definition of 'odometer records' in subsection 136(1) makes reference to 'odometer readings of the car'. In this regard, it is concluded that, whilst odometer readings must pertain to the car, it does not necessarily mean that they must also be attributable either wholly or in part to the rotation of the car's wheels, thereby mechanically moving the standard odometer fitted in the car by the manufacturer.

33. Provided the device used to determine the car's odometer readings is of sufficient integrity it can be accepted that a system other than the car's own odometer may meet the FBTAA legislative requirements.

34. Each time the car is driven, the start and end odometer readings for the journey are calculated by the central web enabled server using the GPS distance travelled data collected by the GPS tracking device. These calculated readings are reconciled with the actual readings that are input using the web portal.

35. Therefore, provided the actual odometer reading at the end of the period is input using the web portal, the odometer readings detailed in the *Vehicle Logbook (Privacy Protected)* report will satisfy the requirements of paragraph (d) of the definition of 'log book records'.

36. Paragraph (e) of the definition of 'log book records' requires the number of kilometres travelled by the car in the course of each business journey to be shown. This requirement is met as the *Vehicle Logbook (Privacy Protected)* report shows the total number of kilometres travelled during each trip.

37. Paragraph (f) of the definition of 'log book records' requires the purpose or purposes of the business journey to be recorded. To enable this requirement to be met, the user is able to input the purpose of a journey at the start of the journey using a SmartPhone application or the integrated in-vehicle display screen. Alternatively, the web portal can be used to input the purpose of the journey after the completion of the journey. Therefore, this requirement will be met if the reason input for the journey is sufficiently descriptive to enable the journey to be classified as a business journey.

38. In addition, the definition of 'log book records' requires each of the entries to be made in the English language at, or as soon as reasonably practical after, the end of the journey. The first of these requirements is met as the entries are recorded in English.

39. Generally, the second of the requirements will be met as the driver at the start of the journey will record the purpose of each journey using the in-vehicle screen or SmartPhone application. However, there may be occasions on which it is not practical to enter this information at the start of the journey. In such a situation, the details can be entered at a later time using the web portal. Provided this occurs on at least a weekly basis, it will be accepted that the entries were made as soon as practical after the end of the journey.

40. Therefore, the *Vehicle Logbook (Privacy Protected)* report will satisfy the requirements of the definition of 'log book records' in subsection 136(1) of the FBTAA provided:

- the purpose of any journey classified as being a business journey is entered within a week of the journey occurring and is sufficiently descriptive to enable the journey to be classified as a business journey, and
- the car's odometer reading at the end of the period is manually entered using the web portal

Applicable log book period

41. As set out in paragraph 25 of this Ruling, the log book records must be maintained for an applicable log book period. Subsection 162H(1) of the FBTAA provides that the applicable log book period will be a continuous 12 week period, unless the car is held for less than 12 weeks. If the car is held for less than 12 weeks, the applicable log book period is the period for which the car was held.

Does the *Vehicle Logbook (Privacy Protected)* report satisfy the requirements of section 28-125 of the ITAA 1997?

42. Division 28 of the ITAA 1997 provides four methods that can be used by an individual or alternatively by a partnership (that includes at least one individual) to calculate the amount of the income tax deduction that can be claimed for car expenses.

43. One of the methods is the 'log book' method which is contained in Subdivision 28-F of the ITAA 1997. To be able to use this method, the substantiation requirements set out in section 28-100 of the ITAA 1997 must be met.

44. Section 28-100 of the ITAA 1997 requires:

- the car expenses to be substantiated in accordance with Subdivision 900-C of the ITAA 1997
- a log book to be kept in accordance with Subdivision 28-G of the ITAA 1997
- odometer records to be kept in accordance with the requirements in Subdivision 28-H of the ITAA 1997 for the period of the year for which the car was held
- an estimate to be made of the number of business kilometres and the business use percentage, and
- the log book and odometer records to be retained.

45. This Ruling only considers the second of these requirements.

Log book requirements in Subdivision 28-G of the ITAA 1997

46. Section 28-115 of the ITAA 1997 sets out the circumstances in which a log book will need to be kept. The circumstances include the making of a decision to keep a log book in a year in which it is not otherwise required to be kept.

47. In using the FleetPartners reporting system to record the details of journeys undertaken in a particular year a Fleet Partners customer will be taken to have chosen to keep a log book for the year.

48. Section 28-120 requires the log book to cover a continuous period of 12 weeks, unless the car is held for less than 12 weeks. If the car is held for less than 12 weeks, the log book must be kept for the period for which the car was held.

49. Section 28-125 of the ITAA 1997 sets out the way in which a log book is to be kept. Section 28-125 states:

28-125 How to keep a log book

- (1) It is in your interests to record in the log book any journey made in the *car during the log book period in the course of producing your assessable income. If a journey is not recorded, the log book will indicate a lower *business use percentage than is actually the case.
- (2) A journey is recorded by making in the log book an entry specifying:
 - (a) the day the journey began and the day it ended;
 - (b) the *car's odometer readings at the start and end of the journey;
 - (c) how many kilometres the car travelled on the journey;
 - (d) why the journey was made.The record must be made at the end of the journey or as soon as possible afterwards.
- (3) If 2 or more journeys in a row are made in the *car on the same day in the course of producing your assessable income, they can be recorded as a single journey.
- (4) The following must be entered in the log book:
 - (a) when the log book period begins and ends;
 - (b) the *car's odometer readings at the start and the end of the period;
 - (c) the total number of kilometres that the car travelled during the period;
 - (d) the number of kilometres that the car travelled, in the course of producing your assessable income, on journeys recorded in the log book;

- (e) the number of kilometres referred to in paragraph (d), expressed as a percentage of the total number referred to in paragraph (c).

Each of the entries must be made at or as soon as possible after the start or end of the period, as appropriate.

- (5) Each entry in the log book must be in English.

50. In considering these conditions, the GPS tracking device records data for each journey undertaken in the car. Therefore, it complies with subsection 28-125(1) of the ITAA 1997.

51. Paragraph 28-125(2)(a) of the ITAA 1997 requires the day the journey began and the day it ended to be entered for each journey. This requirement is met as the *Vehicle Logbook (Privacy Protected)* report provides details of the time and date on which each business journey began and ended.

52. Paragraph 28-125(2)(b) of the ITAA 1997 requires the car's odometer readings at the start and end of each journey to be recorded. As discussed at paragraphs 31 to 35 of this Ruling in relation to paragraph (d) of the definition of 'log book records' in subsection 136(1) of the FBTAA, provided the actual odometer reading at the end of the period is input using the web portal, the odometer readings detailed in the *Vehicle Logbook (Privacy Protected)* report will be accepted as being the odometer readings for the start and end of each journey.

53. Paragraph 28-125(2)(c) of the ITAA 1997 requires the number of kilometres travelled by the car in the course of each business journey to be shown. This requirement is met as the *Vehicle Logbook (Privacy Protected)* report shows the total number of kilometres travelled during each trip.

54. Paragraph 28-125(2)(d) of the ITAA 1997 requires the reason for the journey to be shown. As discussed at paragraph 37 of this Ruling, the user is able to input the purpose of a journey at the start of the journey using a SmartPhone application or integrated in-vehicle display screen. Alternatively, the web portal can be used to input the purpose of the journey after the completion of the journey. Therefore, this requirement will be met if the reason input for the journey is sufficiently descriptive to enable the journey to be classified as a business journey.

55. In addition, subsection 28-125(2) of the ITAA 1997 requires the entries to be made at, or as soon as possible after the end of the journey. As discussed at paragraph 39 of this Ruling, provided the driver enters the purpose of the journey at the start of the journey, or at least on a weekly basis, it is accepted that the entries were made as soon as practicable after the end of the journey.

56. Subsection 28-125(4) of the ITAA 1997 requires the following details to be entered into the log book:

- the date on which the log book period begins and ends
- the car's odometer readings at the start and end of the period
- the total number of kilometres that the car travelled in the period
- the number of kilometres that the car travelled in the course of producing assessable income on journeys recorded in the log book, and
- the number of kilometres that the car travelled in the course of producing assessable income as a percentage of the total number of kilometres travelled during the period.

57. The *Vehicle Logbook (Privacy Protected)* report will satisfy each of these requirements if the odometer readings are manually entered at the end of the log book period, as it provides:

- the start and end dates of the log book period
- the car's odometer readings at the beginning and end of the period
- the total number of kilometres travelled by the car during the period
- the total number of kilometres that the car travelled in the course of producing assessable income during the period, and
- the number of kilometres travelled in the course of producing assessable income as a percentage of the total number of kilometres travelled during the period.

58. In addition, subsection 28-125(4) of the ITAA 1997 requires each of the entries to be made at, or as soon as possible after the start or end of the period as appropriate and subsection 28-125(5) of the ITAA 1997 requires each entry to be in English. As discussed at paragraphs 38 and 39 of this Ruling, the *Vehicle Logbook (Privacy Protected)* report satisfies both of these requirements.

59. Therefore, the *Vehicle Logbook (Privacy Protected)* report will satisfy the requirements of section 28-125 of the ITAA 1997 provided:

- the report is for the period specified in section 28-120 of the ITAA 1997
- the purpose of any journey classified as being a business journey is entered within a week of the journey occurring and is sufficiently descriptive to enable the journey to be classified as a business journey, and
- the car's odometer reading at the end of the period is manually entered using the web portal.

Appendix 2 – Detailed contents list

60. The following is a detailed contents list for this Ruling:

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References

Previous draft:

Not previously issued as a draft

Related Rulings/Determinations:

TR 2006/10

Subject references:

- car fringe benefits
- log book records
- odometer records

Legislative references:

- FBTAA 1986 10
- FBTAA 1986 10(2)
- FBTAA 1986 10A
- FBTAA 1986 10B
- FBTAA 1986 136(1)
- FBTAA 1986 162G(1)
- FBTAA 1986 162H(1)
- ITAA 1997 Div 28

- ITAA 1997 Subdiv 28-F
- ITAA 1997 Subdiv 28-G
- ITAA 1997 Subdiv 28-H
- ITAA 1997 28-100
- ITAA 1997 28-115
- ITAA 1997 28-120
- ITAA 1997 28-125
- ITAA 1997 28-125(1)
- ITAA 1997 28-125(2)
- ITAA 1997 28-125(2)(a)
- ITAA 1997 28-125(2)(b)
- ITAA 1997 28-125(2)(c)
- ITAA 1997 28-125(2)(d)
- ITAA 1997 28-125(4)
- ITAA 1997 28-125(5)
- ITAA 1997 Subdiv 900-C
- TAA 1953

Other references:

- The Macquarie Dictionary on-line

ATO references

NO: 1-5HFT6SM

ISSN: 1445-2014

ATOlaw topic: Fringe benefits tax ~~ Types of benefits ~~ Car benefits
Income tax ~~ Deductions ~~ Work related expenses ~~
Motor vehicle expenses

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