



***CR 2015/53 - Income tax and fringe benefits tax:
customers of Fleet Complete Australia Pty Ltd who
use the Soteria Trip Detail Report and the Soteria
Trip Summary Report for their log book records***

 This cover sheet is provided for information only. It does not form part of *CR 2015/53 - Income tax and fringe benefits tax: customers of Fleet Complete Australia Pty Ltd who use the Soteria Trip Detail Report and the Soteria Trip Summary Report for their log book records*

 This document has changed over time. This is a consolidated version of the ruling which was published on *18 September 2019*



Class Ruling

Income tax and fringe benefits tax: customers of Fleet Complete Australia Pty Ltd who use the Soteria Trip Detail Report and the Soteria Trip Summary Report for their log book records

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

This publication (excluding appendixes) 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.

[Note: This is a consolidated version of this document. Refer to the Legal Database (<https://www.ato.gov.au/law>) to check its currency and to view the details of all changes.]

What this Ruling is about

1. This Ruling sets out the Commissioner's opinion on the way in which the relevant provisions 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:

- section 10 of the *Fringe Benefits Tax Assessment Act 1986* (FBTAA)
- section 10A of the FBTAA
- subsection 136(1) of the FBTAA
- section 28-120 of the *Income Tax Assessment Act 1997* (ITAA 1997)

- section 28-125 of the ITAA 1997.

Class of entities

3. The class of entities to which this Ruling applies is customers of Fleet Complete Australia Pty Ltd (Fleet Complete Australia) who use the Soteria Trip Detail Report and the Soteria Trip Summary Report for the purposes of section 10 of the FBTAA 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 Complete Australia 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 2015. 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 *Public Rulings*).

Scheme

9. The following description of the scheme is based on information provided by the applicant in the application for Class Ruling dated 4 May 2015. The application contained an example of a Soteria Trip Detail Report and a Soteria Trip Summary Report.

10. The Soteria Trip Detail Report provides the following information for each journey undertaken during the period of the report:

- description of vehicle
- the start and end dates of the reporting period
- trip ID (internal trip reference identifier)
- driver
- trip type (private or business)
- start date and time for each journey
- start location for each journey classified as a business journey
- end date and time for each journey
- end location for each journey classified as a business journey
- start odometer reading for each journey
- end odometer reading for each journey
- distance travelled in kilometres for each journey
- trip duration
- trip purpose, and
- any additional comments.

11. The Soteria Trip Summary Report provides a summary of the journeys undertaken by a vehicle during the period of the report and contains the following information:

- vehicle registration number
- vehicle name
- the start and end dates of the period
- initial odometer reading for the period
- last odometer reading for the period
- total number of kilometres travelled during the period
- total number of kilometres for all trips during the period that were classified as private trips
- total number of kilometres for all trips during the period that were classified as business trips
- percentage of trips during the period that were classified as private trips, and
- the number of kilometres for all trips during the period that were classified as business trips as a percentage

of the total number of kilometres travelled during the period.

12. The Soteria Trip Detail Report and the Soteria Trip Summary Report are produced by the Soteria Electronic Log Book. The Soteria Electronic Log Book comprises:

- an In-Vehicle Monitoring System (IVMS) unit that plugs into the vehicle diagnostic connector or OBD port which incorporates a Telematics system to collect and merge data that is transmitted to a database/central server
- a database/central server which collects and records the reported data that can be downloaded to the Soteria Electronic Log Book application on a mobile device (mobile phone or tablet), and
- an Administrative Portal which is for the Fleet Complete Australia customer to monitor and administer the Soteria Electronic Log Book application and which is used to generate reports including the Soteria Trip Detail Report and the Soteria Trip Summary Report.

13. Upon turning on the ignition of the vehicle, the IVMS unit records and downloads the GPS location, the time, the date, the driver ID (if applicable) and the odometer reading to the Soteria Electronic Log Book application on a mobile device.

14. At the end of the journey the IVMS unit records and downloads the GPS location, the time, the date and the odometer reading to the Soteria Electronic Log Book application on a mobile device.

15. Once the data has been downloaded to the mobile device the user has the ability to review the trip history and enter the journey type (private or business) and journey purpose. The data displayed on the mobile device includes the date and time of the start and end of the journey and a map identifying the route of the journey. Where it is not practical to record the purpose at the end of the journey, the user will receive an email notification if the data entry is not completed within 48 hours of the journey requesting that they log into the application and complete the details of the outstanding journey.

16. The GPS locations and odometer readings are recorded utilising the 3G/4G Network. Where the 3G/4G Network is unavailable the data is stored in the IVMS unit until such time as the network becomes available again. The IVMS unit can store approximately 6 weeks of data.

17. In the occurrence that the IVMS unit experiences problems the user is able to manually enter the data on the Soteria Electronic Log Book application on the mobile device.

Ruling

18. The Soteria Trip Detail Report described in paragraph 10 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, and
- the purpose of any journey classified as being a business journey is entered as soon as practical after the journey occurring and is sufficiently descriptive to enable the journey to be classified as a business journey.

19. The Soteria Trip Detail Report and the Soteria Trip Summary Report described in paragraphs 10 and 11 of this Ruling will satisfy the requirements of section 28-125 of the ITAA 1997 provided:

- the Soteria Trip Detail Report is for the period specified in section 28-120 of the ITAA 1997, and
- the purpose of any journey classified as being a business journey is entered as soon as practical after the journey occurring and is sufficiently descriptive to enable the journey to be classified as a business journey.

Commissioner of Taxation

22 July 2015

Appendix 1 – Explanation

❶ *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.*

What is the operating cost method for the purposes 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:

(a) 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 – nil; or

...

(c) in any other case – 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 Complete Australia customer who uses the Soteria Electronic Log Book 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.

Does the Soteria Trip Detail Report meet the requirements of section 10A?

25. Section 10A of the FBTAA requires that in a log book 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. For the purpose of this Ruling it is only necessary to consider the first of these requirements.

Does the Soteria Trip Detail Report satisfy the definition of log book records in subsection 136(1) of the FBTA?

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 IVMS records data for each trip undertaken in the car. Therefore, it will record information in respect of each business journey. The other requirements of the definition of 'log book records' are considered below.

The date on which the journey began and the date on which it ended

29. Paragraph (c) of the definition of 'log book records' requires each entry to detail the dates on which each business journey began and ended. This requirement is met as the Soteria Trip Detail Report provides details of the time and date on which each journey started and ended.

The respective odometer readings of the car at the beginning and end of the journey

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

31. The term 'odometer' is not defined in either the FBTAA 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) of the FBTAA makes reference to the 'odometer reading 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.

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 Soteria Trip Detail Report provides details of the respective start and end odometer reading of the car for each journey. Therefore, the Soteria Trip Detail Report will satisfy the requirements of paragraph (d) of the definition of 'log book records'.

The number of kilometres travelled by the car in the course of the journey

35. 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 Soteria Trip Detail Report shows the total distance travelled in kilometres for each journey.

The purpose or purposes of the journey

36. Paragraph (f) of the definition of 'log book records' requires the purpose or purposes of each 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 end of the journey using the Soteria

Electronic Log Book application on a mobile device. Therefore, this requirement will be met if the reason that is input for the journey is sufficiently descriptive to enable the journey to be classified as a business journey.

Made in the English language at, or as soon as reasonably practicable after, the end of the journey

37. 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.

38. Generally, the second of these requirements will be met as at the end of each journey the user will record the purpose of the journey using the Soteria Electronic Log Book application on a mobile device. However, there may be occasions on which it is not practical to enter this information at the end of the journey. The user will receive an email notification if the data entry is not completed within 48 hours of the journey requesting that they log into the application and complete the details of the outstanding journey. Provided this occurs, it will be accepted that the entries were made as soon as practical after the end of the journey.

Conclusion

39. Therefore, the Soteria Trip Detail Report will satisfy the requirements of the definition of 'log book records' in subsection 136(1) of the FBTA 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.

Applicable log book period

40. 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 FBTA 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.

Do the Soteria Trip Detail Report and the Soteria Trip Summary Report satisfy the requirements of section 28-125 of the ITAA 1997?

41. Division 28 of the ITAA 1997 provides two methods¹ 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.

42. 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.

43. 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.

44. For the purpose of this Ruling it is only necessary to consider the second of these requirements.

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

45. 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.

46. In using the Soteria Electronic Log Book to record the details of journeys undertaken in a particular year a Fleet Complete Australia customer will be taken to have chosen to keep a log book for the year.

47. Section 28-120 of the ITAA 1997 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.

¹ Division 28 of the ITAA 1997 was amended by *Tax and Superannuation Laws Amendment (2015 Measures No. 5) Act 2015* (No 162 of 2015) to remove two of the four methods available to determine work related car expense deductions. The 'cents per kilometre' and 'log book' methods were retained, and the '12% of original value' and 'one-third of actual expenses' methods were repealed.

48. 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.

49. In considering these conditions, the IVMS records data for each trip undertaken in the car. Therefore, it complies with subsection 28-125(1) of the ITAA 1997. The requirements of subsection 28-125(2) of the ITAA 1997 are considered below.

The day the journey began and the day it ended

50. 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 Soteria Trip Detail Report provides

details of the time and date on which each business journey started and ended.

The car's odometer readings at the start and end of the journey

51. 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 30 to 34 of this Ruling in relation to paragraph (d) of the definition of 'log book records' in subsection 136(1) of the FBTAA, the odometer readings detailed in the Soteria Trip Detail Report will be accepted as being the odometer readings for the start and end of each journey.

How many kilometres the car travelled on the journey

52. 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 Soteria Trip Detail Report shows the total distance travelled in kilometres for each journey.

Why the journey was made

53. Paragraph 28-125(2)(d) of the ITAA 1997 requires the reason for the journey to be shown. As discussed at paragraph 36 of this Ruling the user is able to input the purpose of a journey at the end of the journey using the Soteria Electronic Log Book application on a mobile device. Therefore, this requirement will be met if the reason that is input for the journey is sufficiently descriptive to enable the journey to be classified as a business journey.

The record must be made at the end of the journey or as soon as possible afterwards

54. 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 38 of this Ruling, provided the purpose of each journey is recorded within 48 hours, it will be accepted that the entries were made as soon as practical after the end of the journey.

Details to be entered into the log book

55. 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.

56. The Soteria Trip Summary Report will satisfy each of these requirements as it provides:

- the start and end dates of the log book period
- the car's initial odometer reading for the period and the last odometer reading for the period
- the total number of kilometres travelled by the car during the period
- the total number of kilometres for all trips during the period that were classified as business trips, and
- the number of kilometres for all trips during the period that were classified as business trips as a percentage of the total number of kilometres travelled during the period.

57. 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.

58. Generally, the requirement at subsection 28-125(4) of the ITAA 1997 will be met as at the end of each journey the user will record the purpose of the journey using the Soteria Electronic Log Book application on a mobile device. However, there may be occasions on which it is not practical to enter this information at the end of the journey. The user will receive an email notification if the data entry is not completed within 48 hours of the journey requesting that they log into the application and complete the details of the outstanding journey. Provided this occurs, it will be accepted that the entries were made as soon as practical after the end of the journey.

Each entry in the log book must be in English

59. The requirement at subsection 28-125(5) of the ITAA 1997 is met as the entries are recorded in English.

Conclusion

60. Therefore, the Soteria Trip Detail Report and the Soteria Trip Summary Report will satisfy the requirements of section 28-125 of the ITAA 1997 provided:

- the reports are for the period specified in section 28-120 of the ITAA 1997, and
- 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.

Appendix 2 – Detailed contents list

61. 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

Legislative references:

- FBTAA 1986
- FBTAA 1986 10(2)
- FBTAA 1986 10A
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- FBTAA 1986 136(1)
- FBTAA 1986 162G(1)
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- ITAA 1997
- 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
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- ITAA 1997 28-125(1)
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- ITAA 1997 28-125(2)(a)
- ITAA 1997 28-125(2)(b)
- ITAA 1997 28-125(2)(c)
- ITAA 1997 28-125(2)(d)
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- ITAA 1997 Subdiv 900-C
- TAA 1953

Other references:

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ATO references

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Car operating cost method
Income tax ~~ Deductions ~~ Work related expenses ~~
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