


# ***CR 2018/37 - Fringe benefits tax: employers using the EROAD System for car log book and odometer records***

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## Class Ruling

# Fringe benefits tax: employers using the EROAD System for car log book and odometer 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.

## Summary – 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 provisions

2. The relevant provisions dealt with in this Ruling are:
- Section 10A of the *Fringe Benefits Tax Assessment Act 1986* (FBTAA)
  - Section 10B of the FBTAA, and
  - Subsection 136(1) of the FBTAA.

All references in this Ruling are to the FBTAA unless otherwise stated.

### Class of entities

3. The class of entities to which this Ruling applies are those employers who use the EROAD Australia Pty Ltd telematics system (EROAD System) and the EROAD System Electronic FBT Logbook

PDF Report for car log book record and odometer record keeping requirements.

## Qualifications

4. The Commissioner makes this Ruling based on the precise scheme identified in this Ruling.
5. 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 8 to 28 of this Ruling.
6. 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

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7. This Ruling applies from 22 August 2018 to 31 March 2023. The Ruling continues to apply to all entities within the specified class who entered into the specified scheme during the term of the Ruling. 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

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8. The following description of the scheme is based on information provided by the applicant.

**Note:** certain information has been provided on a commercial-in-confidence basis and will not be disclosed or released under Freedom of Information legislation.

9. EROAD Australia Pty Ltd has developed the EROAD System as a means of electronically recording and reporting vehicle log book entries as required under the FBTAA.
10. The EROAD System consists of:
  - a secure in-vehicle electronic distance recorder (Ehubo2)
  - a secure remote application server (Ehubo Gateway)

- cellular service connection from the Ehubo2 to the applications server
- a secure remote customer self-service portal (Depot)
- internet service connection between the customer and Depot.

11. The central piece of equipment is the Ehubo2 in-vehicle device. The Ehubo2 gathers a range of data relating to the location and operation of the vehicle it is installed in. This is a hard-wired installation, at which time the electronic odometer is set to the same value as the vehicles mechanical odometer reading.

12. At the start of a journey when ignition is switched on, the following information is collected:

- **Location** – GPS satellite information is captured and returned to the In Vehicle Unit (Ehubo2) when the ignition is turned on. This includes longitude and latitude.
- **Time/Date** – Time and date are collected from the GPS satellite and returned to the Ehubo2 device at the time the ignition is turned on.
- **Employee Identification**– The vehicle's driver is prompted to manually input a unique PIN code prior to starting their journey.
- **Type of Journey** – Business or private use details are collected via the driver pressing a button on the Ehubo2 in vehicle device.
- **Audible reminder** – A buzzing sound will be heard for a period of time after the ignition is turned on and will stop when the trip purpose has been set. If these details are not selected the buzzing sound will automatically timeout.

13. The driver is prompted to select a private or business trip purpose after entering a unique PIN number to log into the device.

14. An unlimited number of business trip reasons are available for selection. The business trip reasons are configured for each organisation in the EROAD System.

15. During each vehicle journey, the currently selected trip purpose is displayed on the top right of the vehicle drive screen. This reminds the driver of the current trip purpose and cannot be changed when the vehicle is moving.

16. At the end of each vehicle journey the following information is collected:

- **Location** – GPS satellite information is captured in the Ehubo2 in vehicle device when the ignition is turned off. This includes longitude and latitude.

- **Time/Date** – Time and date are collected from the GPS satellite and captured by the Ehubo2 device at the time the ignition is turned off.

17. If the trip purpose has been omitted, it is set to unclassified when the ignition is turned off. Unclassified trips are then reported in the Depot portal for investigative purposes, and subsequently set to private in the EROAD Electronic FBT Logbook PDF Report.

18. Should any record details be incomplete the administrator will be alerted of these omissions through a scheduled exception report and will be able to take the appropriate action to correct future driver behaviour.

19. Most vehicles in the EROAD System that are required to record an Electronic FBT Logbook are primarily used for business purposes. This means that during the working day they will make many business trips.

20. For consecutive journeys on a given day, the Ehubo2 box will prompt the driver with the selection chosen for the previous trip. The driver is required to confirm the selection before completing the trip. The pre-selection of trip purpose will occur with the following exceptions:

- When a driver changes, the Ehubo2 device will not pre-select the previous trip purpose.
- At the start of a new day, the Ehubo2 device will not pre-select the previous trip purpose.

21. The EROAD organisations use the EROAD Depot system to produce, in English, an EROAD System Electronic FBT Logbook PDF Report.

22. The EROAD System Electronic FBT Logbook PDF Report provides the following information for each journey undertaken in the selected period:

- date and time the trip began
- the date and time the trip ended
- odometer start reading (km)
- odometer end reading (km)
- the location from which the journey commenced (hidden if trip is private)
- the location from which the journey completed (hidden if trip is private)
- the total distance travelled (km)
- the trip purpose (private or business)
- the trip reason (hidden if the trip purpose is private)
- driver name.

23. The EROAD System Electronic FBT Logbook PDF Report also provides details of:

- the vehicle display name
- the vehicle registration number
- the vehicle model
- the selected period from and to dates
- the calculated private use percentage for the selected period
- the calculated business use percentage for the selected period
- the total count of trips that were unclassified (and have been defaulted to private)
- the total private distance (km) travelled during the selected period
- the total business distance (km) travelled during the selected period
- the total distance (km) travelled during the selected period.

24. All information on any journeys undertaken by a vehicle are sent via the mobile network from the Ehubo2 and stored on a central data store and applications server, where it is accessed via Depot.

25. Should the mobile network not be available, all data is stored on the Ehubo2 device until such time as the network becomes available again. Each Ehubo2 device has an inbuilt battery unit that will continue to record and provide a signal in the event of vehicle battery failure.

26. All information sent via the mobile network is encrypted to ensure secure transmission, and backed up to ensure safety of the information in the event of a disaster.

27. All Depot portal users are given an individual User Name and a Password for access to the web portal for the central component.

28. Modifications to the Ehubo2 may be made from time to time to enhance the functionality of the in-vehicle device. These are small changes that would only enhance device performance above the current level or remain the same.

## **Ruling**

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29. EROAD System Electronic FBT Logbook PDF Report created by the EROAD System is a document that satisfies the definition of 'log book records' for the purposes of section 136(1) provided:

- the report is for an applicable log book period

- the purpose of the journey is sufficiently descriptive to enable the journey to be classified as a business journey, and
- the purpose of the journey classified as being a business journey is entered within a week of the journey occurring.

30. The report created by the EROAD System is a document that satisfies the definition of 'odometer records' in subsection 136(1).

31. An employer in a log book year of tax who uses the EROAD System continuously for:

- the duration of the 'applicable log book period' as defined in subsection 162H(1), and
- the whole of the 'holding period' as defined in section 162C,

satisfies the requirements in section 10A and is entitled to claim a reduction of operating costs.

32. An employer in a log book year of tax who uses the EROAD System continuously for:

- the duration of the 'applicable log book period' as defined in subsection 162H(1), and
- does not use the EROAD System continuously for the whole of the 'holding period' as defined in section 162C,

satisfies the requirements in section 10A and is entitled to claim a reduction of operating costs provided the employer:

- separately records the odometer readings for the beginning and end of the period of the year for which the car was held,
- estimates the number of business kilometres travelled by the car during the period of the year for which the car was held using all relevant matters including the report created by the EROAD System, odometer records and any variations in the pattern of use of the car, and
- specifies the business use percentage for the period of the year for which the car was held using the estimated number of business kilometres and the odometer readings for the beginning and end of the holding period.

33. An employer in a non-log book year of tax that uses the EROAD System continuously for the whole of the holding period (as defined in section 162C), satisfies the requirements in section 10B and is entitled to claim a reduction of operating costs.

34. An employer in a non-log book year of tax who has used the EROAD System in one of the previous four FBT years continuously for an 'applicable log book period' but:

- does not use the System in that year of tax, or
- does not use it for the whole of the period that the car is held,

satisfies the requirements in section 10B and will be entitled to claim a reduction of operating costs of the car on account of business journeys undertaken in the car during the holding period provided the employer:

- separately records odometer readings for the beginning and end of the period of the year for which the car was held,
- estimates the number of business kilometres travelled by the car during the period of the year for which the car was held using all relevant matters including the report created by the EROAD System, odometer records and any variations in the pattern of use of the car, and
- specifies the business use percentage for the period of the year for which the car is held using the estimated number of business kilometres and the odometer readings for the beginning and end of the holding period.

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**Commissioner of Taxation**

22 August 2018

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## 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 under section 10?

35. Section 10 allows employers to elect to calculate the taxable value of car fringe benefits using the cost basis method (operating cost method).

36. Where the election is made, the taxable value of car fringe benefits that relate to a car using the operating cost method is calculated according to the following formula in subsection 10(2):

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

where:

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

**BP** is:

- (a) if, under section 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
- (b) (Omitted by No 145 of 1995)
- (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.

37. Therefore, employers intending to claim a reduction in the operating cost of a car, on account of business journeys undertaken during the holding period, must meet the requirements of either section 10A (if the year is a log book year of tax) or section 10B (if the year is not a log book year of tax), as applicable.

### Does the EROAD System satisfy the requirements under section 10A?

38. Section 10A states:

**SECTION 10A NO REDUCTION OF OPERATING COST IN A LOG BOOK YEAR OF TAX UNLESS LOG BOOK RECORDS AND ODOMETER RECORDS ARE MAINTAINED**

**10A** Where one or more car fringe benefits in relation to an employer in relation to a year of tax relate to a car while it was held by a particular person (in this section called the **provider**) during a particular period (in this section called the **holding period**) in a year of tax that is a log book year of tax of the employer in relation to the car, the employer is entitled to a reduction in the operating cost of the car on account of business journeys undertaken in the car during the holding period if, and only if:

- (a) log book records and odometer records are maintained by or on behalf of the provider for an applicable log book period in relation to the car; and
- (b) odometer records are maintained by or on behalf of the provider for the holding period; and
- (c) if the provider is not the employer – those log book records and odometer records are given to the employer before the declaration date; and
- (d) the employer specifies the employer's estimate of the number of business kilometres travelled by the car during the holding period; and
- (e) the employer specifies a percentage as the business use percentage applicable to the car in relation to the provider for the holding period.

39. Section 162G sets out various circumstances under which a particular year can be treated as a 'log book year of tax'. It is accepted that all employers using the EROAD System will elect under paragraph 162G(1)(b) to treat a current year of tax as a 'log book year of tax'.

**Does the Electronic FBT Logbook PDF Report created by the EROAD System satisfy the requirements of the definition of 'log book records' under subsection 136(1)?**

40. Subsection 136(1) defines 'log book records' as:

**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;
- (g) (Omitted by No 145 of 1995)
- (h) (Omitted by No 145 of 1995)
- (j) (Omitted by No 145 of 1995)

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

41. Paragraph (c) of the definition of 'log book records' requires the date on which the journey began and ended to be entered in the relevant records. The EROAD System records the start and end dates and times of each journey and this information is detailed in the EROAD System Electronic FBT Logbook PDF Report. Therefore, this requirement is satisfied.
42. Paragraph (d) of the definition of 'log book records', requires the respective odometer readings of the car at the beginning and at the end of the journey be entered into the relevant records.
43. The term 'odometer' is not defined in either the FBTAA or the *Income Tax Assessment Act 1997* but the *Macquarie Dictionary*, online edition, defines that term as being, 'an instrument for measuring distance passed over, as by a motor vehicle'.
44. The term 'odometer records', as defined in subsection 136(1) of the FBTAA makes reference to 'odometer reading of the car'. 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.
45. Provided the GPS device used to determine the car's odometer readings is of sufficient integrity, it is accepted that a system other than the car's own odometer may meet the FBTAA legislative requirements.
46. Each time the car is driven, the start and end odometer readings for the journey are calculated from the GPS and other telemetry data recorded. It is accepted that the opening and closing odometer readings calculated by the EROAD System is of sufficient integrity to be odometer readings of the car.
47. It is accepted that the opening and closing odometer readings for each car journey detailed in the EROAD System Electronic FBT Logbook PDF Report satisfies the requirements of paragraph (d) of the definition of 'log book records'.
48. The number of kilometres travelled by the car in the course of each journey is also detailed in the EROAD System Electronic FBT Logbook PDF Report thus satisfying the requirement in paragraph (e) of the definition of 'log book records'.
49. Paragraph (f) of the definition of 'log book records' requires the purpose or purposes of the business journeys to be recorded. Further, the definition of log book records requires that entries be made at or as soon as reasonably practicable after, the end of the journey.
50. The business or private use journey classification details are input by the driver logging on using a unique PIN number which then prompts them to select the purpose of the trip. The selected trip purpose is displayed on the top right of the vehicle drive screen for the duration of the journey and cannot be changed when the vehicle is moving. If the trip purpose has been omitted, it is set to unclassified

when the ignition is turned off. Unclassified trips are then reported in the Depot portal for investigative purposes, and subsequently set to private in the EROAD System Electronic FBT Logbook PDF Report.

51. Should any record details be incomplete the administrator will be alerted of these omissions through a scheduled exception report and will be able to take the appropriate action to correct future driver behaviour.

52. It is expected that the reason recorded for each business journey is sufficiently descriptive so as to enable the journey to be classified as a business journey and that the relevant classification and description will be made at the end of each journey or as soon as reasonably practicable thereafter. Provided this occurs within a week of the journey occurring, it will be accepted that the entry was made as soon as practicable after the end of the journey.

53. It is accepted that the EROAD System Electronic FBT Logbook PDF Report satisfies the requirements in paragraph (f) of the definition of 'log book records'.

54. It is considered that the EROAD System and EROAD System Electronic FBT Logbook PDF Report is 'a daily log book or similar document' that satisfies the requirement of being made in the English language at or as soon as reasonably practicable after the end of the journey.

55. The EROAD System Electronic FBT Logbook PDF Report generated by the EROAD System satisfies the definition of 'log book records' in subsection 136(1) provided the report is completed for an 'applicable log book period'.

#### **Are the records maintained for an 'applicable log book period'?**

56. The definition of 'log book records' in subsection 136(1) also requires that each business journey recorded in the log book records be in relation to a 'period'. Paragraph 10A(a) refers to 'log book records' being maintained for an 'applicable log book period'.

57. The term 'applicable log book period' is defined in subsection 162H(1) of the FBTA as follows:

**[Car Fringe Benefit]** For the purposes of the application of section 10 in relation to a car fringe benefit in relation to an employer in relation to a car while it was held by a particular person during a particular period (in this subsection called the '**holding period**') starting or ending in a year of tax, a reference to the applicable log book period is a reference to:

- (a) if the holding period is a period of less than 12 weeks – the holding period; or
- (b) in any other case – a continuous period of not less than 12 weeks that begins and ends during the holding period.

58. The EROAD System Electronic FBT Logbook PDF Reports that are generated by the EROAD System by the administrator must

be for a minimum 12 week period. The log book beginning and end date is displayed on the log book. It is accepted that in the absence of evidence to the contrary in a particular case, all employers using the EROAD System in relation to any car fringe benefits that they provide will maintain the necessary records for the duration of the 'applicable log book period' (as that latter term is defined in subsection 162H(1)).

## **Do the Reports created by the EROAD System satisfy the requirements of the definition of 'odometer records' under subsection 136(1)?**

59. The term 'odometer records' is defined in subsection 136(1) as:

**odometer records**, in relation to a car, in relation to a period, means a document in which particulars of:

- (a) the odometer reading of the car at the commencement of the period; and
- (b) the odometer reading of the car at the end of the period; and
- (c) if paragraph 162K(2)(b) or 162L(2)(b) applies with effect from a particular date — the odometer readings of both the replacement car and of the original car referred to in that paragraph, as at that date;
- (d) (Omitted by No 145 of 1995)
- (e) (Omitted by No 145 of 1995)

are entered in the English language, at, or as soon as reasonably practicable after, the respective times to which those odometer readings relate.

60. The definition of 'odometer records' in subsection 136(1) requires that odometer readings be recorded both at the 'commencement' and at the 'end' of the periods.

61. The EROAD System provides a report which details the odometer reading for the car at the start of the first recorded journey and also the odometer reading for the car at the end of the last recorded journey that were undertaken during each report period.

62. As stated at paragraph 58 of this Ruling, It is accepted that in the absence of evidence to the contrary in a particular case, all employers using the EROAD System will maintain the necessary records for the 'applicable log book period'.

63. A report can be generated at the end of the log book period showing the odometer recordings made and the type of journey undertaken. It is accepted that the EROAD System Electronic FBT Logbook PDF Report meets the necessary requirement of having entries made in English at or as soon as reasonably practicable after the end of the journey.

64. It is considered that the report generated by the EROAD System satisfies all the relevant requirements of the definition of

'odometer records' as defined in subsection 136(1) for an applicable log book period.

**Does the EROAD System Electronic FBT Logbook PDF Report provide odometer records for the holding period?**

65. Paragraph 10A(b) requires odometer records to be maintained for the holding period as defined in section 162C.

66. The EROAD System Electronic FBT Logbook PDF Report will provide odometer records for the period of the year in which the system is used. Therefore, where the system is used continuously for the whole of the period of the year for which the car is held, the report will provide the odometer records for the holding period.

67. However, if the system is not continuously used for the whole of the period of the year for which the car is held, the reports will not provide both the start and end odometer readings for the holding period. For example, if the car is held for the full year but the EROAD System is only used for the first 12 weeks of the year, the reports will only provide the odometer reading as at the start of the holding period. The reports will not provide the odometer reading for the end of the year (the end of the holding period). Therefore, in such a situation, the odometer reading at the end of the period will need to be separately recorded for the reports to provide odometer records for the holding period.

**Does the EROAD System enable the employer to estimate the number of business kilometres travelled during the holding period in a log book year of tax?**

68. Paragraph 10A(d) requires the employer to estimate the number of business kilometres travelled by the car during the holding period. This estimate is used to calculate the business use percentage required by paragraph 10A(e).

69. The basis used to estimate the number of business kilometres is set out in section 162F which states:

For the purposes of this Act, the number of kilometres that represents a reasonable estimate of the number of business kilometres applicable to a car held by a person during a period in a year of tax shall be determined having regard to all relevant matters including, but without limiting the generality of the foregoing:

- (a) any log book records, odometer records or other records maintained by or on behalf of the person; and
- (b) any variations in the pattern of use of the car.

70. The EROAD System uses the calculations of the kilometres travelled on the journeys classified as being a business journey during the period for which the system is used to calculate the total number of business kilometres travelled during the period. Therefore, where the system is used continuously for the whole of the period of

the year for which the car is held, the report will enable the employer to estimate the number of business kilometres travelled during the holding period.

71. However, where the EROAD System is not continuously used for the whole of the period of the year for which the car is held, the number of business kilometres recorded in the report will only be the business kilometres travelled during the period in which the system is used. In such a situation, the employer in estimating the number of business kilometres travelled during the holding period, will need to take all relevant matters into account including the EROAD System Electronic FBT Logbook PDF Report, odometer records and any variations in the pattern of use of the car.

**Does the EROAD System enable the employer to specify the business use percentage for the holding period in a log book year of tax?**

72. Subsection 136(1) defines 'business use percentage' to mean the percentage worked out using the formula:

$$\frac{\text{Number of business kilometres travelled by the car during the holding period}}{\text{Total number of kilometres travelled by the car during the holding period}} \times 100\%$$

73. Where the EROAD System is used continuously for the whole of the period of the year for which the car is held, it will calculate both the number of business kilometres and the total number of kilometres travelled by the car during the holding period. Using these calculations, the report provides the business use percentage for the holding period.

74. However, where the EROAD System is not continuously used for the whole of the period of the year for which the car is held, the system will not record the number of business kilometres travelled during the holding period, nor the total number of kilometres travelled during the holding period. Therefore, in such a situation it will be necessary for the employer to separately determine the business use percentage using the estimated number of business kilometres and the odometer readings for the beginning and end of the holding period.

**Conclusion on whether the EROAD System satisfies the requirements of section 10A**

75. Where the EROAD System is used continuously for the whole of the period of the year for which the car is held, the reports generated by the EROAD System for that period will meet all the necessary requirements of section 10A.

76. Where the EROAD System is not used continuously for the whole of the period of the year for which the car is held, the report will not by itself satisfy the requirements of section 10A that are in respect of the holding period. To satisfy these requirements, an employer will need to:

- separately record the odometer readings for the beginning and end of the period of the year for which the car was held,
- estimate the number of business kilometres travelled by the car during the period of the year for which the car was held using all relevant matters including the report generated by the EROAD System, odometer records and any variations in the pattern of use of the car, and
- specify the business use percentage for the period of the year for which the car was held using the estimated number of business kilometres and the odometer readings for the beginning and end of the holding period.

**Does the EROAD System satisfy the requirements of section 10B?**

77. Section 10B states:

**SECTION 10B NO REDUCTION OF OPERATING COST IN A NON-LOG BOOK YEAR OF TAX UNLESS LOG BOOK RECORDS AND ODOMETER RECORDS ARE MAINTAINED IN LOG BOOK YEAR OF TAX**

**10B** Where one or more car fringe benefits in relation to an employer in relation to a year of tax relate to a car while it was held by a particular person (in this section called the *provider*) during a particular period (in this section called the *holding period*) in a year of tax that is not a log book year of tax of the employer in relation to the car, the employer is entitled to a reduction in the operating cost of the car on account of business journeys undertaken during the holding period in the car if, and only if:

- (a) odometer records are maintained by or on behalf of the provider in relation to the car for the holding period and, if the provider is not the employer, are given to the employer before the declaration date; and
- (b) the employer specifies the employer's estimate of the number of business kilometres travelled by the car in the holding period; and
- (c) the employer specifies the business use percentage applicable to the car in relation to the provider for the holding period.

78. Where the EROAD System is used continuously for the whole of the holding period, the reports will meet all the necessary requirements of section 10B in a non-log book year of tax as:

- it will provide odometer records for the beginning and end of that holding period,
- it will determine the number of kilometres travelled on the journeys classified as business journeys during the period for which the system is continuously used, and
- it calculates the business use percentage for the selected period using the estimated number of business kilometres and the odometer readings for the beginning and end of the holding period.

79. An employer in a non-log book year of tax who does not use the EROAD System in that year of tax or does not use it for the whole of the period that the car is held but has used the system in one of the previous four FBT years continuously for an 'applicable log book period', will not by itself satisfy the requirements of section 10B. The employer will also need to:

- separately maintain odometer readings for the beginning and end of the period of the year for which the car was held,
- estimate the number of business kilometres travelled by the car during the period of the year for which the car was held using all relevant matters including the EROAD System Electronic FBT Logbook PDF Report, odometer records and any variations in the pattern of use of the car, and
- specify the business use percentage for the period of the year for which the car is held using the estimated number of business kilometres and the odometer readings for the beginning and end of the holding period.

## **Appendix 2 – Detailed contents list**

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

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