


# ***CR 2019/35 - Employers using the MTData FBT Solution Telematics System and the Electronic FBT Logbook Report for car log book and odometer record-keeping requirements***

 This cover sheet is provided for information only. It does not form part of *CR 2019/35 - Employers using the MTData FBT Solution Telematics System and the Electronic FBT Logbook Report for car log book and odometer record-keeping requirements*



## Class Ruling

# Employers using the MTData FBT Solution Telematics System and the Electronic FBT Logbook Report for car log book and odometer record-keeping requirements

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### Relying on this Ruling

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

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

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

## Summary – 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 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
- 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 is those employers who use the MTData FBT Solution Telematics System (MTData Solution) and the Electronic FBT Logbook Report for car log book 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 14 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 1 January 2019 to 31 March 2024. The Ruling continues to apply after 31 March 2024 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. Mobile Tracking and Data Pty Ltd has developed a telematics system Hawk-Eye, along with derivative products including EagleTrack based on the same software and with the same capability to capture and record vehicle journey data as a means of recording car log book entries in an electronic logbook. Hawk-Eye and the products derived from Hawk-Eye are collectively referred to as the MTData Solution.
10. The MTData Solution consists of an in-vehicle non-integrated telematics device (the in-vehicle device), a driver application and a web-based software platform.

**In-vehicle device**

11. The in-vehicle device:

- is either hard-wired into the vehicle or plugged into the vehicle OBDII port
- records information including, but not limited to
  - time and location using GPS, typically at 2 minute intervals or less
  - ignition status, time and location of vehicle at change of ignition status
  - kilometres travelled by tracking distance moved using GPS and/or through odometer readings captured from the vehicle through OBDII, J1939 or J1708 interfaces
  - automatically records journeys based on ignition-on to ignition-off events
- communicates with the software platform using a mobile data network. In the event of no network coverage the information is stored on the device and uploaded once network connectivity is re-established.

**Driver application**

12. The driver application:

- runs on a tablet or phone either tethered to the in-vehicle device using Wi-Fi or associated to the device through a pairing process
- associates a driver with a vehicle by the process of collection where a driver selects the vehicle from a list of possible vehicles registered in the software platform
- provides driver identity verification through a secure login process
- disassociates a driver from a vehicle by the process of a driver choosing to drop a vehicle
- captures the current odometer reading as read from the dashboard of the vehicle and entered by the driver at the time of association and at any other time of the driver's choosing
- allows the capture of additional vehicle details including registration
- prompts the driver to declare the type of journey as either personal or business and declare the purpose of the journey from a configurable list of options at the start and end of the journey, allowing for the driver to

update the odometer reading to match that displayed on the vehicle's dashboard

- reminds the driver of any undeclared journeys that also require completion
- allows the driver at any time to review previous journeys associated with themselves
- allows the driver to review undeclared journeys and update the journey type and journey purpose
- allows the driver to end the current journey when the vehicle is stationary and start a subsequent journey when the vehicle is stationary without the need for ignition to be turned off
- allows the driver to retrospectively split journeys at times when the vehicle was stationary for the purposes of changing the journey type and purpose.

13. Information from the driver application is uploaded to the server directly using the tablet or phone data connection, or in the case of the Wi-Fi tethered tablet, using the in-vehicle device as a network gateway.

## Software platform and web portal

14. The software platform and associated web portal:

- provides a secure access to the platform via user logon
- provides access to features and data based on user assigned roles and privileges
- provides access to a list of all journeys recorded in the platform accessible to the particular user based on access privilege with
  - date range filters
  - driver or driver group filters
  - status filters to allow listing of
- all journeys without a driver associated
- all journeys with a driver associated but without a declared type or purpose
- allows generation of a **Driver Summary Report** providing the following information for a chosen time period over a group of drivers:
  - the date and time period selected
  - for each driver
    - the number of personal journeys

- the total personal distance travelled
  - the number of business journeys
  - the total business distance travelled
  - the number of undeclared journeys
  - the total distance of undeclared journeys
  - the total number of journeys
  - the total distance travelled
- allows generation of a **Vehicle Summary Report** providing the following information for a chosen time period over a group of vehicles:
  - the date and time period selected
  - for each vehicle:
    - the number of personal journeys
    - the total personal distance travelled
    - the number of business journeys
    - the total business distance travelled
    - the number of undeclared journeys
    - the total distance of undeclared journeys
    - the number of journeys without a driver associated with the vehicle
    - the total non-associated distance travelled
    - the total number of journeys
    - the total distance travelled
- allows generation of a **Detailed Driver Report (Electronic FBT Logbook Report)** providing the following information for a chosen time period for a chosen driver:
  - the date and time period selected
  - the driver details including name and employee ID
  - for each journey
    - the vehicle details, name and registration
    - the journey type
    - the start date and time of the journey
    - the end date and time of the journey
    - the start odometer

- the end odometer
  - the start location
  - the distance travelled
  - the journey type (private/business)
  - the purpose of the journey
  - For undeclared journeys, journey type will default to private and purpose will be shown as undeclared
- a summary with
  - total distance travelled for the period
  - total distance travelled declared as private use
  - total distance travelled declared as business use
  - total number of journeys
  - total number of private journeys
  - total number of business journeys
  - percentage of trips that were private journeys
  - percentage of trips that were business journeys
  - percentage of distance that was private
  - percentage of distance that was business
- allows generation of a **Detailed Vehicle Report** providing the following information for a chosen time period for a chosen vehicle:
  - the date and time period selected
  - the vehicle details including name and registration
  - for each journey
    - the driver details, name and ID, will be unknown if no driver associated with vehicle for a journey
    - the journey type,
    - the start date and time of the journey
    - the end date and time of the journey
    - the start odometer
    - the end odometer

- the start location
- the distance travelled
- the journey type (private/business)
- the purpose of the journey
- For undeclared journeys, journey type will default to private and purpose will be shown as undeclared.
- a summary with
  - total distance travelled for the period
  - total distance travelled declared as private use
  - total distance travelled declared as business use
  - total number of journeys
  - total number of private journeys
  - total number of business journeys
  - percentage of trips that were private journeys
  - percentage of trips that were business journeys
  - percentage of distance that was private
  - percentage of distance that was business.

## **Ruling**

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15. The Electronic FBT Logbook Report created by the MTData Solution is a document that satisfies the definition of 'log book records' as defined in subsection 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
- the purpose of the journey classified as being a business journey is entered within a week of the journey occurring.

16. The Electronic FBT Logbook Report is a document that satisfies the definition of 'odometer records' in subsection 136(1).



17. An employer in a log book year of tax who uses the MTData Solution 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.

18. An employer in a log book year of tax who:

- uses the MTData Solution continuously for the duration of the 'applicable log book period' as defined in subsection 162H(1), and
- does not use the MTData Solution 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 Electronic FBT Logbook Report, odometer records and any variations in the pattern of use of the car
- 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.

19. An employer in a non-log book year of tax who uses the MTData Solution 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.

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

- does not use the MTData Solution 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 Electronic FBT Logbook Report, odometer records and any variations in the pattern of use of the car
- 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**29 May 2019

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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?

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

22. Where the election is made, the taxable value of the car fringe benefit 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
- (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.

23. 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 Electronic FBT Logbook Report satisfy the requirements of section 10A?

24. 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.

25. Section 162G sets out the circumstances where a particular year can be treated as a 'log book year of tax'. It is accepted that all employers using the MTData Solution 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 Report created by the MTData Solution satisfy the requirements of the definition of 'log book records' under subsection 136(1)?**

26. 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;

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

27. **Paragraph 136(1)(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 MTData Solution records the

start and end dates and times of each journey and this information is detailed in the Electronic FBT Logbook Report. Therefore, this requirement is satisfied.

28. **Paragraph 136(1)(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.

29. The term 'odometer' is not defined in either the FBTA or the *Income Tax Assessment Act 1997* (ITAA 1997) but the *Macquarie Dictionary*, defines that term as being, 'an instrument for measuring distance passed over, as by a motor vehicle'.

30. The term 'odometer records', as defined in subsection 136(1), makes reference to 'odometer reading of the car'. Whilst odometer readings must relate 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.

31. Provided the 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 FBTA legislative requirements.

32. Each time the car is driven, the start and end odometer readings for the journey are calculated from the GPS and captured from the vehicle interfaces. The driver application captures the current odometer reading as read from the dashboard of the vehicle and entered by the driver at the time of association. This provides a cross check of the odometer readings in the Electronic FBT Log Book Report against odometer reading information captured from a separate source, being the driver application. It is accepted that the opening and closing odometer readings calculated in this way is of sufficient integrity to be odometer readings of the car.

33. It is accepted that the opening and closing odometer readings for each car journey detailed in the Electronic FBT Logbook Report satisfies the requirements of paragraph 136(1)(d) of the definition of 'log book records'.

34. The number of kilometres travelled by the car in the course of each journey is also detailed in the Electronic FBT Logbook Report thus satisfying the requirement in **paragraph 136(1)(e)** of the definition of 'log book records'.

35. **Paragraph 136(1)(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 each of the entries to be made in the English language at or as soon as reasonably practicable after the end of the journey.

36. The business or private use journey classification details are input by the driver in the driver application which prompts the driver to declare the type of journey as either business or personal and declare

the purpose of the journey from a configurable list of options at the start and end of the journey.

37. In addition to the current journey, the driver is reminded of any undeclared journeys that also require completion. Any undeclared journeys will default to private. It is expected that the classification and purpose of each journey be input by a driver at the commencement and/or end of each journey, or as soon as reasonably practicable thereafter.

38. The information input by the driver in the driver application is uploaded to the server directly using the mobile device's network connection or in the case of the Wi-Fi tethered tablet using the in-vehicle telematics device's network connection.

39. 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.

40. It is accepted that the Electronic FBT Logbook Report satisfies the requirements in paragraph 136(1)(f).

41. It is considered that the MTData Solution and Electronic FBT Logbook 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.

42. The Electronic FBT Logbook Report generated by the MTData Solution 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'?**

43. 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'.

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

#### **162H APPLICABLE LOG BOOK PERIOD**

**(1) [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.

45. The Electronic FBT Logbook Report generated by the MTData Solution must be for a minimum 12 week period. The Electronic FBT Logbook Report displays the date and time period of the report.

46. It is accepted that in the absence of evidence to the contrary in a particular case, all employers using the MTData Solution in relation to any car fringe benefits 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)).

## **Does the Electronic FBT Logbook Report created by the MTData Solution satisfy the requirements of the definition of ‘odometer records’ under subsection 136(1)?**

47. 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;

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

48. 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.

49. The Electronic FBT Logbook Report 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 undertaken during each report period.

50. As stated at paragraph 46 of this Ruling, it is accepted that in the absence of evidence to the contrary in a particular case, all employers using the MTData Solution in relation to any car fringe benefits they provide will maintain the necessary records for the ‘applicable log book period’.

51. The Electronic FBT Logbook Report displays the odometer recordings made and the type of journey undertaken for the log book period. It is accepted that Electronic FBT Logbook Report meets the

necessary requirement of having entries made in English at or as soon as reasonably practicable after the end of the journey.

52. It is considered that the Electronic FBT Logbook Report 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 Electronic FBT Logbook Report provide odometer records for the holding period?**

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

54. The Electronic FBT Logbook 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 Electronic FBT Logbook Report will provide the odometer records for the holding period.

55. However, if the MTData Solution is not continuously used for the whole of the period of the year for which the car is held, the Electronic FBT Logbook Report 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 MTData Solution is only used for the first 12 weeks of the year, the report will only provide the odometer reading as at the start of the holding period. The Electronic FBT Logbook Report 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 MTData Solution enable the employer to estimate the number of business kilometres travelled during the holding period in a log book year of tax for the purposes of section 10A?**

56. 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).

57. 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.

58. The Electronic FBT Logbook Report summary for a vehicle includes the total distance in kilometres travelled for the period and total distance travelled that has been declared as business use during the report period selected. The summary also provides the percentage of trips during the selected period that were declared business journeys and the percentage of distance in kilometres that was declared as business. Therefore, the system itself calculates the number of business kilometres travelled during a period.

59. However, where the MTData Solution 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 Electronic FBT Logbook Report, odometer records and any variations in the pattern of use of the car.

**Does the MTData Solution enable the employer to specify the business use percentage for the holding period in a log book year of tax for the purposes of section 10A?**

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

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

61. Where the MTData Solution 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 Electronic FBT Logbook Report provides the business use percentage for the holding period.

62. However, where the MTData Solution 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.

**Does the MTData Solution satisfy the requirements of section 10A?**

63. Where the MTData Solution is used continuously for the whole of the holding period of the year for which the car is held, the Electronic FBT Logbook Report generated by the MTData Solution for that period will meet all the necessary requirements of section 10A.

64. Where the MTData Solution is not used continuously for the whole of the holding period of the year for which the car is held, the Electronic FBT Logbook Report will not by itself satisfy the requirements of section 10A.

65. Therefore, 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 Electronic FBT Logbook 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 was held using the estimated number of business kilometres and the odometer readings for the beginning and end of the holding period.

**Does the MTData Solution satisfy the requirements of section 10B?**

66. Section 10B states:

**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.

67. Where the MTData Solution is used continuously for the whole of the holding period, the Electronic FBT Logbook Report 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.

68. An employer in a non-log book year of tax who does not use the MTData Solution 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 Electronic FBT Logbook 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**

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

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