


CR 2019/78 - Quiktrak GPS tracking system - use for FBT car logbook records and odometer records

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Class Ruling

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📌 Relying on this Ruling

This publication 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 this 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 this Ruling disadvantages you, we may apply the law in a way that is more favourable to you.

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What this Ruling is about

1. This Ruling sets out when the Quiktrak (QTK) GPS Tracking System can be utilised to reduce the operating costs in both a logbook and non-logbook year of tax for the purpose of calculating the taxable value of a car fringe benefit using the cost basis method.

2. Broadly, sections 10A and 10B of the *Fringe Benefits Tax Assessment Act 1986*¹ allow an employer to reduce the operating cost of a car for business journeys that are undertaken in the car during the period in which the car was held (either by the employer or another person). Such a reduction can only occur where certain conditions are met.

3. Full details of the QTK GPS Tracking System are set out in paragraphs 20 to 31 of this Ruling.

Note: By issuing this Ruling, the ATO is not endorsing this product. Potential users must form their own view about the product.

Who this Ruling applies to

4. This Ruling applies to you if you are an employer who uses the QTK GPS Tracking System to keep car logbook records and odometer records for the purposes of calculating the taxable value of a car fringe benefit using the cost basis method.

¹ All legislative references in this Ruling are to the *Fringe Benefits Tax Assessment Act 1986*.

When this Ruling applies

5. This Ruling applies from 1 April 2019 to 31 March 2025.

Ruling**Background to legislative requirements**

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

7. Where the election is made, the taxable value of the car fringe benefit using the operating cost method is calculated according to the formula in subsection 10(2).

8. In accordance with this formula, an employer 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 'logbook year of tax' (as defined in subsection 136(1)) or section 10B (if the year is not a 'logbook year of tax'), as applicable.

9. Section 10A requires that in a logbook year:

- logbook records are maintained for an applicable logbook period
- odometer records are maintained for an applicable logbook period
- odometer records are maintained for the period of the year in which the car was held (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.

10. Section 10B requires that in a non-logbook year:

- odometer records are maintained for the period of the year in which the car was held (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.

11. A year in which the QTK GPS Tracking System is used will be a 'logbook year of tax' if:

- this is the first year that you use the QTK GPS Tracking System for the purposes of keeping logbook and odometer records, and a logbook has not been kept for the particular car in the previous four years², or
- you make an election to treat the year as a logbook year of tax.³

12. The subsequent four years will be a 'non-logbook year of tax' if either dot points in paragraph 11 of this Ruling applies to the first year.

² Refer to paragraph 162G(1)(a).

³ Refer to paragraph 162G(1)(b).

Logbook records

13. The QTK GPS Tracking System 'FBT Logbook Report' is a document which satisfies the definition of 'log book records' in subsection 136(1), as over the time the FBT logbook reports are being kept:⁴

- the QTK GPS Tracking System collects all applicable information for each journey undertaken by a car (that is, the location of the start and end of a journey, date and time of the start and end of a journey, purpose of each journey, kilometres travelled as per the GPS coordinates), and automatically sends it to Quiktrak's centralised server
- the business use or private use details for the journey are input by each respective driver
- each time the car is driven, the start and end odometer readings for the journey are automatically calculated by the QTK GPS Tracking System from the GPS and other telemetry data recorded, and
- all records and details contained in the FBT logbook reports are in English and all entries are made at or as soon as reasonably practicable after the end of the journey.

14. However, the QTK GPS Tracking System 'FBT Logbook Report' will not be a document which satisfies the definition of 'log book records' in subsection 136(1) if:

- the report is not for an applicable logbook period
- the purpose of the journey is not sufficiently descriptive to enable the journey to be classified as a business journey, and
- the purpose of a journey classified as being a business journey is not entered within a week of the journey occurring.

Odometer records

15. The QTK GPS Tracking System 'FBT Logbook Report' satisfies the definition of 'odometer records' in subsection 136(1)⁵ as it provides details of 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.

Satisfying the requirements of section 10A in a logbook year of tax

16. An employer satisfies the requirement in section 10A and is entitled to claim a reduction of operating costs in a logbook year of tax if the QTK GPS Tracking System is used continuously for:

- the duration of the 'applicable log book period'⁶, which will be a continuous period of not less than 12 weeks that begins and ends during the period that the employer owns or leases the car, unless the car is held by the employer for less than 12 weeks, and

⁴ Refer to the definition of 'log book records' in subsection 136(1).

⁵ Refer to the definition of 'odometer records' in subsection 136(1).

⁶ As that term is defined in subsection 162H(1).

- the whole of the 'holding period'⁷, which is generally the period the employer owns or leases the car during the FBT year.

17. If the QTK GPS Tracking System:

- is used continuously for the duration of the 'applicable log book period', which will be a continuous period of not less than 12 weeks that begins and ends during the period that the employer owns or leases the car, unless the car is held by the employer for less than 12 weeks, and
- is not used continuously for the whole of the 'holding period', which is generally the period the employer owns or leases the car during the FBT year,

then the employer satisfies the requirement in section 10A and is entitled to claim a reduction of operating costs in a logbook year of tax 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 QTK GPS Tracking System reports, 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.

Satisfying the requirements of section 10B in a non-logbook year of tax

18. An employer satisfies the requirement in section 10B and is entitled to claim a reduction of operating costs in a non-logbook year of tax if the QTK GPS Tracking System is used continuously for the whole of the holding period.

19. An employer in a non-logbook year of tax who has used the QTK GPS Tracking System in one of the previous four FBT years continuously for an 'applicable logbook 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 QTK GPS Tracking System reports, odometer records and any variations in the pattern of use of the car, and

⁷ As that term is defined in section 162C.

- 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.

Scheme

20. The following description of the scheme is based on information provided by the applicant. If the scheme is not carried out as described, this Ruling cannot be relied upon.

21. Quiktrak's QTK GPS Tracking System consists of an in-vehicle telematics device which has a built in GPS receiver that is used for capturing GPS locations. The in-vehicle telematics device is hardwired to the electronics system of the car or plugged into the On-board Diagnostics II (OBD-II) Port in order to draw odometer and diagnostic information directly from the vehicle.

22. GPS locations are captured, then used to calculate odometer readings (distance travelled) of the particular car, based upon (as a minimum) an initial odometer reading drawn from the vehicle when the device is installed and subsequent data recorded.

23. For each journey completed, the QTK GPS Tracking System records as a minimum:

- start date and time
- end date and time
- initial odometer figure
- end odometer figure
- distance travelled
- duration of travel, and
- purpose of the journey.

24. The QTK GPS Tracking System enables the driver to input the purpose of the journey via an online platform. Both employers and employees can nominate the journeys that are private or personal prior to generating the logbook report via the online platform.

25. In the event that an employee does not input the nature of the particular journey undertaken (that is, for business or private purposes), the QTK GPS Tracking System will automatically allocate the journey as being for private purposes.

Trip Report

26. The employer can then use the information contained within the database to generate a 'Trip Report' on a weekly basis at minimum or on demand as required, which details each individual journey undertaken by each vehicle.

27. The 'Trip Report' provides the following information for each journey undertaken in the selected period:

- the start and end date of the logbook period
- the car description
- the start time and date of which each journey occurs
- the time and date on which the journey was completed
- the driving duration for the journey

- the stop duration between journeys
- the total distance for the journey
- the private distance for the journey
- the business distance for the journey
- the driver identification
- the status (purpose) of the journey
- the address (that is, full location address details for the journey)
- the total driving duration for the entire reporting period (per vehicle basis)
- the total distance for the entire reporting period (per vehicle basis)
- the total private distance for the entire reporting period (per vehicle basis), and
- the total business distance for the entire reporting period (per vehicle basis).

28. An employer will use the QTK GPS Tracking System to produce, in English, a 'Trip Report' for any selected period for each car that has the system fitted and/or each employee who uses the car that has the system fitted.

FBT Logbook Report

29. Further to the above, the employer can then use the information contained to generate a 'FBT Logbook Report' which provides details of the calculated business use percentages for the selected period.

30. The FBT Logbook Report provides:

- the start and end date of the logbook period
- the car registration number
- the car description including make/model and engine capacity
- the start time and date of which each journey occurs
- the time and date on which the journey was completed
- the start odometer reading and the end odometer reading for the journey
- the total distance for the journey
- the private distance for the journey
- the business distance for the journey
- the journey purpose
- the total distance for the entire reporting period (per vehicle basis)
- the total private distance for the entire reporting period (per vehicle basis), and
- the total business distance for the entire reporting period (per vehicle basis).

31. Employers using the QTK GPS Tracking System will make an election to treat a current year of tax as a 'log book year of tax'.

Commissioner of Taxation

11 December 2019

References

Previous draft:

Not previously issued as a draft

Legislative references:

- FBTA 1986 10
- FBTA 1986 10A
- FBTA 1986 10B

- FBTA 1986 136(1)
 - FBTA 1986 162C
 - FBTA 1986 162G
 - FBTA 1986 162G(1)
 - FBTA 1986 162G(1)(a)
 - FBTA 1986 162G(1)(b)
 - FBTA 1986 162H(1)
 - TAA 1953
-

ATO references

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