

CR 2021/16 - MiX Telematics Australasia Pty Ltd - use of Fleet Manager systems for car logbook and odometer records



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Class Ruling

MiX Telematics Australasia Pty Ltd – use of Fleet Manager systems for car logbook and odometer records

❶ 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

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What this Ruling is about

1. This Ruling sets out when the MiX Telematics Australasia Pty Ltd (MiX Telematics) Fleet Manager systems (FMS) and the in-Vehicle Monitoring System (IVMS) can be utilised to reduce the operating costs in both a logbook and non-logbook year 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 MiX Telematics FMS and the IVMS are set out in paragraphs 20 to 44 of this Ruling.

Note: By issuing this Ruling, the ATO is not endorsing this product. Potential purchasers/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 MiX Telematics FMS and the IVMS 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 2020 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 162G(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 of tax:

- logbook records are maintained for an applicable logbook period
- odometer records are maintained for an applicable 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 of tax:

- 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 MiX Telematics FMS are used will be a logbook year of tax if:

- this is the first year that you use the MiX Telematics FMS 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 point 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 MiX Telematics FMS 'Logbook report' is a document which satisfies the definition of 'logbook records' in subsection 136(1), as over the time the fringe benefits tax (FBT) logbook records are being kept⁴:

- the MiX Telematics FMS, via the in-car device which records car movement data, collect 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 the GPS coordinates), and automatically sends it to MiX Telematics' centralised server
- the business use or private use details for the journey are input by each respective driver entering the purpose and destination of the journey at the end of the journey, or within 48 hours, and nominating the business portion of the journey
- each time the car is driven, the start and end odometer readings for the journey are automatically calculated by the MiX Telematics FMS from the GPS and other telemetry data recorded, while the 'Trip report' provides the opening and closing odometer readings for the period during which a car is registered in the MiX Telematics FMS including as at 31 March of the relevant FBT year, and
- all records and details contained in the 'Logbook report' are in English and all entries are made at or as soon as reasonably practicable after the end of the journey.

14. However, the MiX Telematics FMS Logbook report is not a document which satisfies the definition of 'logbook records' in subsection 136(1) if the:

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

Odometer records

15. The MiX Telematics FMS 'Trip 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 MiX Telematics FMS are used continuously for the:

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

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

- duration of the ‘applicable logbook period’⁶, which will be a continuous period of not less than 12 weeks that begins and ends during the period that the employers owns or leases the car, unless the car is held by the employer for less than 12 weeks, and
- 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 MiX Telematics FMS are:

- used continuously for the duration of the applicable logbook period, which will be a continuous period of not less than 12 weeks that begins and ends during the period that the employers owns or leases the car, unless the car is held by the employer for less than 12 weeks, and
- 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 relevant matters including the MiX Telematics FMS 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 MiX Telematics FMS are used continuously for the whole of the holding period.

19. An employer in a non-logbook year of tax who has used the MiX Telematics FMS in one of the previous four FBT years continuously for an applicable logbook period but:

- does not use the systems in that year of tax, or
- does not use them 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 MiX Telematics FMS reports, odometer records and any variations in the pattern of use of the car, and

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

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. MiX Telematics is a vehicle-monitoring company that uses telematics devices to record detailed vehicle and driver information for employers. MiX Telematics has a web-based online/cloud platform (MiX Fleet Manager) and a mobile platform (MyMiX), which can be used to log journeys of a vehicle and driver for use in reporting on a pre-determined period for FBT reporting requirements.

22. The reporting options being offered are customisable by the client for any 12-week period and/or a 52-week period as well as the option to select any other customisable period determined by the employer for tax reporting purposes.

23. MiX Telematics FMS consist of:

- an IVMS incorporating a GPS tracking device that is installed in the vehicles to capture the vehicle trip information
- a unique employer identification tag (Driver Key) that identifies the driver of the vehicle each time it is driven
- MiX Fleet Manager, a cloud-based web platform that securely receives, processes and stores the trip and event information
- MyMiX, a web-based portal and smart phone app that allows the driver to view only their own journey information and classify the purpose of the journey as well as add comments and details to that trip for the purpose of tax reporting, and
- FBT reports and trip reports generated by the MiX Fleet Manager reporting suite.

24. The IVMS device is connected to the vehicle via the on-board diagnostic port (OBD) or wired directly to the vehicle's electrical system and odometer or OBC (on-board computer) allowing the vehicle's odometer to be read/recorded.

25. When connected, the IVMS is directly connected to the odometer signal and provides a one-to-one reading of the odometer once calibrated and synchronised.

26. In the event that a vehicle odometer is unable to be read directly (for example, an incompatible vehicle), or the IVMS is not directly connected to the OBD port, as a fall back method the IVMS has a built-in GPS that is used to record and calculate the odometer readings via GPS velocity (GPSV).

27. The IVMS is powered by the vehicle's battery and records the following information for each trip:

- time and date at the start of each trip
- time and date at the end of each trip
- location of each trip origin and destination
- vehicle odometer reading at the start and end of the trip
- distance of the trip

- duration of the trip
- driver details, and
- vehicle details.

28. At the commencement of a trip, the IVMS will prompt the driver to login/identify themselves using the driver key that uniquely identifies them.

29. Upon logging in, the IVMS assigns the journey to the driver. At the completion of the journey, the driver is prompted to classify the purpose of the journey as either business or personal and also to add in any relevant details as per logbook requirements as defined in subsection 136(1).

30. MiX Telematics has an administrative option in MiX Fleet Manager settings to turn on/off auto classification and to set the working days of the week (during the normal business hours and days as defined by the employer). If using the auto-classify option, any journeys undertaken during this time would automatically be flagged as business or personal and requires confirmation by the driver. Alternatively, it can be set that all journeys need to be manually-classified depending on regional regulations.

31. The auto-classified journeys still require the driver to confirm/edit the details at the end of each journey and add in the relevant information via MyMiX to meet the logbook recording requirements as defined in subsection 136(1).

32. If any journey remains unclassified for more than 24 hours, the driver is reminded that this is still outstanding (Trip report).

33. Reports are sent every day to drivers and/or their supervisors for all unclassified journeys to be classified before the 48-hour period expires.

34. The MiX Telematics FMS Logbook report may include 'unclassified' kilometres within the previous 48 hours which need to be classified.

35. If a variance between the IVMS odometer and the vehicle's odometer readings is observed by the driver and is greater than a predetermined variance allowed, then the Supervisor/Fleet Manager is to be notified. Where it is deemed that the variance is not acceptable, the Supervisor/Fleet Manager will have to have the IVMS odometer recalibrated and restart a new logbook period to comply with reporting requirements.

36. If the vehicle odometer is unable to be read, then the fall back to the GPSV method will be used as follows:

- the GPSV method uses the IVMS device's built-in GPS to provide a virtual odometer reading
- at the beginning of the IVMS installation, the vehicle's installer/technician will be prompted by the Fleet Manager to enter the vehicle's current odometer reading, thereby synchronising the vehicle's odometer with the IVMS virtual odometer, and
- subsequently, the GPS odometer is used to measure the distance travelled for each journey based upon GPS readings.

37. The trip data collected by the IVMS is sent via a cellular, wi-fi or satellite network connection to the server. The data is encrypted during transport, securing the privacy and integrity of the data between the IVMS and the cloud.

38. Access to the MyMiX app is secured by a username and password. Phone access is typically secured with a pin/pattern/fingerprint access according to employer policy.

39. Access to MiX Telematics FMS is secured by a username and password and optional IP address restrictions where required. MiX Telematics FMS run on Amazon Web

Services data centre in Sydney and are compliant to the international ISO 9001 / ISO 27001 standards.

MiX Telematics Fleet Manager Systems Logbook report

40. MiX Telematics FMS produce reports from the stored trip data that is collected from each vehicle. The MiX Telematics Fleet Manager reporting suite allows for a Logbook report to be run for any date range and provides the following information for the driver or vehicle:

- name of driver
- vehicle ID (typically consisting of description/registration/vehicle fleet number)
- total distance travelled for a selected period
- total business kilometres travelled for a selected period
- total personal kilometres travelled for a selected period
- total unclassified kilometres travelled for a selected period
- start date and time of each trip
- end date and time of each trip
- start and end odometer reading for each trip
- distance travelled in kilometres for each trip
- start and end location for each trip
- trip type (business/personal)
- trip comments/details
- total personal kilometres, time and percentage, and
- total business kilometres, time and percentage.

MiX Telematics Fleet Manager Systems Trip report

41. The MiX Telematics FMS Trip reports, which can be run for any customisable period determined by the user (detailed, daily, monthly, summary), provide the minimum, but are limited to the following, detail:

- vehicle ID (typically consisting of description/registration/vehicle fleet number)
- total distance travelled for the selected period
- first trip start date and time for the selected period
- last trip end date and time for the selected period
- number of days with trips for the selected period
- total trip count for selected period
- start and end odometer readings for the selected period
- driving time versus standing time
- idle percentage

- parking time
- fuel consumption (where monitored and recorded)
- CO² output (estimated)
- average speed, and
- maximum speed.

42. In cases where the employer has selected a reporting period that is not a full 52 weeks, the MiX Telematics FMS FBT reporting can also provide the odometer readings at the start and end of any selected holding period (for example, 1 April and 31 March for a non-logbook year).

43. The MiX Telematics FMS Logbook report is in English and can be generated in common formula including PDF, Excel and CSV.

44. The MiX Telematics FMS logbook records are all backed up and archived for a minimum of five years from the current rolling 13 months of live data records that are currently shown online.

References

Previous draft:

Not previously issued as a draft

- FBTA 1986 162G
- FBTA 1986 162G(1)
- FBTA 1986 162G(1)(a)
- FBTA 1986 162G(1)(b)
- FBTA 1986 162H(1)
- TA 1953

Legislative references:

- FBTA 1986 10
- FBTA 1986 10(2)
- FBTA 1986 10A
- FBTA 1986 10B
- FBTA 1986 136(1)
- FBTA 1986 162C

Other references:

International ISO 9001 / ISO 27001

ATO references

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