

CR 2024/74 - Smartgroup Corporation Ltd - Smartgroup Logbook Solution for car logbook records and odometer records



This cover sheet is provided for information only. It does not form part of *CR 2024/74 - Smartgroup Corporation Ltd - Smartgroup Logbook Solution for car logbook records and odometer records*



Status: **legally binding**

Class Ruling

Smartgroup Corporation Ltd – Smartgroup Logbook Solution for car logbook records and odometer records

❗ Relying on this Ruling

This publication (excluding appendix) 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.

Table of Contents	Paragraph
What this Ruling is about	1
Who this Ruling applies to	4
When this Ruling applies	6
Ruling	7
Scheme	13
Appendix – Explanation	35

What this Ruling is about

1. This Ruling sets out the fringe benefits tax (FBT) consequences for employer clients of Smartgroup Corporation Ltd's wholly owned subsidiaries who use the Smartgroup Logbook Solution for car logbook records and odometer records. In particular, this Ruling sets out when the reports generated by the Smartgroup Logbook Solution can be utilised to reduce the operating costs in both a logbook year of tax and a non-logbook year of tax for the purpose of calculating the taxable value of a car fringe benefit using the operating cost method.
2. Details of this scheme are set out in paragraphs 13 to 34 of this Ruling.
3. All legislative references in this Ruling are to the *Fringe Benefits Tax Assessment Act 1986* (FBTAA).

Who this Ruling applies to

4. This Ruling applies to you if you are an employer who uses Smartgroup Corporation Ltd's web-based logbook system for car logbook and odometer record-keeping requirements through its wholly owned subsidiaries.
5. Wholly owned subsidiaries of Smartgroup Corporation Ltd (collectively herein referred to as 'Smartgroup') are:
 - Smartfleet Management Pty Ltd

Status: **legally binding**

- Smartsalary Pty Limited
- Salary Packaging Solutions Pty Ltd trading as Advantage Salary Packaging
- Fleet West Pty Ltd
- Salary Solutions Australia Pty Ltd
- AccessPay Pty Ltd
- Autopia Management Pty Limited.

When this Ruling applies

6. This Ruling applies from 1 April 2023 to 31 March 2028.

Ruling

Logbook records

7. The Smartgroup Logbook Solution's 'Trip Report' and 'FBT Logbook Report' are documents which satisfy the requirements of the definition of 'log book records' in subsection 136(1).

Odometer records

8. The Smartgroup Logbook Solution's 'Trip Report' and 'FBT Logbook Report' are documents that satisfy the requirements of the definition of 'odometer records' in subsection 136(1).

Requirements of section 10A in a logbook year of tax

9. An employer in a logbook year of tax will satisfy the requirements in section 10A and is entitled to claim a reduction of operating costs if they use the Smartgroup Logbook Solution continuously for:

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

10. An employer in a logbook year of tax who uses the Smartgroup Logbook Solution continuously for the duration of the 'applicable log book period' as that term is defined in subsection 162H(1), but does not use the Smartgroup Logbook 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 Smartgroup Logbook Solution's 'Trip Report' and 'FBT Logbook Report', odometer records and any variations in the pattern of use of the car, and

Status: **legally binding**

- 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.

Requirements of section 10B in a non-logbook year of tax

11. An employer in a non-logbook year of tax who uses the Smartgroup Logbook Solution's 'Trip Report' and 'FBT Logbook Report' continuously for the whole of the 'holding period', as that term is defined in section 162C, satisfies the requirements in section 10B and is entitled to claim a reduction of operating costs.

12. An employer in a non-logbook year of tax who has used the Smartgroup Logbook Solution in one of the previous 4 FBT years continuously for an 'applicable log book period', but does not use the system in that year of tax, or for the whole of the period that the car is held, satisfies the requirements in section 10B. They 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 Smartgroup Logbook Solution's 'Trip Report' and 'FBT Logbook Report', 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.

Scheme

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

14. The Smartgroup Logbook Solution is a web-based logbook system which can be used to log the journeys of a car during a pre-determined period. The Smartgroup Logbook Solution offers a default 12-week period but allows the logbook to record any period of time as determined by the user.

15. The Smartgroup Logbook Solution consists of the following features:

- car and employee registration with secure login and password features
- mobile and tablet responsive, allowing the driver to classify journey information and record the purpose of each journey
- secure remote data management platform (Platform) that securely receives, processes, reports and stores the journey information
- reporting module to generate reports
- ability to choose from 12-week log type or continuous log type
- ability to choose recording business trip only or all trips (that is, include private trips)

Status: **legally binding**

- a trip classification help guide for employee's reference
- automatic email reminder to enter last trip for 12-week log if time period has elapsed
- system automatically wraps up the logbook and notifies the driver after entering last trip for 12-week log
- ability to download logbook report with trip details in 'comma-separated values' format
- automatic calculation of business percentage and private percentage in a logbook report, and
- system automatically checks trip reason – if it is not one of the reasons pre-loaded into the system tailored to the applicable employer client's business purposes, the system will request that the driver provide more details.

16. The user is prompted to enter the following information prior to commencing the first trip for which the Smartgroup Logbook Solution is used:

- login and password details
- opening odometer reading from the car's built-in odometer, and
- car registration details, including number plate registration, year of manufacture, manufacturer, model and engine capacity.

17. The user provides information to set up the user account at the time of registration. This information includes the following:

- name of driver
- car registration
- car make and model
- email address for user notifications and the Smartgroup Logbook Solution configuration, and
- login and password details.

18. This information is stored securely on the Platform.

19. The Platform processes the data entered and generates a log for the specific device which represents the individual driver. Part of the processing includes collation of various entries to create individual trips referred to in the Smartgroup Logbook Solution as a 'Trip Log'.

20. The Smartgroup Logbook Solution allows the user to view, review and report on all data. The journey identifies the user's classification of the trip as either business or personal using the available selection menu. There is also a display of the current business use percentage based on the Trip Logs that have already been classified.

21. The Smartgroup Logbook Solution compiles information from the Trip Logs to produce a logbook report providing the following information:

- start date of the logbook period
- car registration
- date each trip occurs
- start and end time of each trip

Status: **legally binding**

- total kilometres travelled during the trip as calculated using the start and end odometer readings
- start and end odometer reading
- trip details
- classification of trip, and
- purpose of the journey.

22. The report is produced in English and can be exported in a variety of formats such as 'comma-separated values' format.

23. The user is prompted to enter the odometer reading displayed on the car's odometer at the commencement of the journey.

24. The Smartgroup Logbook Solution calculates and displays 'business use percentage' and 'personal use percentage' with the percentages calculated using the following formulas:

Business use percentage = number of business kilometres travelled by a car during the holding period ÷ total number of kilometres by the car during the holding period × 100

Personal use percentage = number of personal kilometres travelled by the car during the holding period ÷ total number of kilometres travelled by the car during the holding period × 100

25. The Smartgroup Logbook Solution calculates both the number of business kilometres and the total number of kilometres travelled by the car during the holding period where it is used continuously for the whole of the period year for which the car is held thereby calculating the business use percentage for the holding period.

26. Where the Smartgroup Logbook 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. The user will need 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.

Trip Report

27. The employer can at any stage export a progress report of trip data outlining all trips completed during the logbook period. The employer can then use the information contained within the Smartgroup Logbook Solution to generate a 'Trip Report' on demand as required, which details each individual journey undertaken by each vehicle.

28. 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's description
- the start and end date on which each journey occurs
- the total distance for the journey
- the private distance for the journey
- the business distance for the journey
- the 'start and end odometer readings' for each journey

Status: **legally binding**

- the driver identification
- the status (purpose) of the journey
- the address (that is, the location details for the journey)
- the total distance for the entire reporting period (per car basis)
- the total private distance for the entire reporting period (per car basis)
- the total business distance for the entire reporting period (per car basis), and
- the automatic calculation of the business use percentage.

29. In relation to the trip purpose, each Smartgroup Logbook Solution client can customise the trip purpose reason in the Trip Report to suit their own business. That is, Smartgroup Logbook Solution clients may wish to have any number of trip purposes all relating to the business usage, for example, client care visit, call out trip, or delivery.

30. An employer will use the Smartgroup Logbook Solution to produce, in English, a 'Trip Report' for any selected period for each car that has the system fitted or for each employee who uses the car that has the system fitted.

31. The Trip Report also provides details of the calculated business use percentage for the selected period based on the information contained in the Smartgroup Logbook Solution.

32. All employer clients using the Smartgroup Logbook Solution will make an election under paragraph 162G(1)(b) to treat a relevant current year of tax as a 'log book year of tax'.

FBT Logbook Report

33. The employer client can use the information contained in the Smartgroup Logbook Solution to generate a 'FBT Logbook Report' which provides details of the calculated business use percentage for the selected period.

34. The FBT Logbook Report provides:

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

CR 2024/74

Status: **legally binding**

Commissioner of Taxation

27 November 2024

Status: **not legally binding**

Appendix – Explanation

❗ *This Explanation 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.*

Table of Contents	Paragraph
What is the operating cost method under section 10?	35
<i>Do the 'Trip Report' and the 'FBT Logbook Report' generated by Smartgroup's web-based logbook system (the Smartgroup Logbook Solution) meet the relevant requirements of section 10A?</i>	38
<i>Do the 'Trip Report' and 'FBT Logbook Report' generated by the Smartgroup Logbook Solution satisfy the requirements of the definition of 'log book records' under subsection 136(1)?</i>	40
<i>Are the logbook records maintained for an 'applicable log book period'?</i>	58
<i>Do the 'Trip Report' and 'FBT Logbook Report' generated by the Smartgroup Logbook Solution satisfy the requirements of the definition of 'odometer records' under subsection 136(1)?</i>	62
<i>Are the odometer records maintained for the 'holding period'?</i>	69
<i>Do the 'Trip Report' and 'FBT Logbook Report' generated by the Smartgroup Logbook Solution enable the employer to estimate the number of business kilometres travelled during the holding period in a logbook year of tax?</i>	75
<i>Do the 'Trip Report' and 'FBT Logbook Report' generated by the Smartgroup Logbook Solution enable employer clients to specify the business use percentage for the holding period in a logbook year of tax?</i>	80
<i>Conclusion on whether the 'Trip Report' and 'FBT Logbook Report' generated by the Smartgroup Logbook Solution satisfies the requirements of section 10A</i>	85
<i>Do the 'Trip Report' and 'FBT Logbook Report' generated by the Smartgroup Logbook Solution meet the relevant requirements of section 10B?</i>	89

What is the operating cost method under section 10?

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

36. Where the election is made, the taxable value of a 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
- (b) ...

Status: **not legally binding**

- (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, 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 'log book year of tax' (as defined in paragraph 39 of this Ruling)) or section 10B (if the year is not a 'log book year of tax'), as applicable.

Do the 'Trip Report' and the 'FBT Logbook Report' generated by Smartgroup's web-based logbook system (the Smartgroup Logbook Solution) meet the relevant requirements of section 10A?

38. Section 10A states:

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 employer clients using the Smartgroup Logbook Solution will make an election under paragraph 162G(1)(b) to treat a relevant current year of tax as a 'log book year of tax'.

Do the 'Trip Report' and 'FBT Logbook Report' generated by the Smartgroup Logbook Solution 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:

Status: **not legally binding**

- (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.

41. A logbook record is essentially a daily logbook or similar document which contains an entry for each business journey made in the car during the period (paragraph (a) of the definition of 'log book records' in subsection 136(1)) that the holder of the car chooses to record in the document for the purposes of demonstrating the pattern of use of the car during the relevant period (paragraph (b) of the 'log book records' definition in subsection 136(1)).

42. The Smartgroup Logbook Solution's web-based logbook system collects all applicable information for each journey undertaken by a car (that is, it records the location, date, purpose and distance travelled for each journey) and automatically sends the data to the Smartgroup Logbook Solution's centralised server.

43. In addition to this, the business use or private use details for each journey are input by each respective driver through the Smartgroup Logbook Solution's online portal. The relevant employer client then uses the Smartgroup Logbook Solution to produce, in English, a Trip Report and a FBT Logbook Report for the selected period.

44. Paragraph (c) of the definition of 'log book records' in subsection 136(1) requires the date on which the journey began and ended to be entered in the relevant records. The Smartgroup Logbook Solution records the start and end dates and times of each journey and this information is detailed in both the Trip Report and the FBT Logbook Report. Therefore, this requirement is satisfied.

45. Paragraph (d) of the definition of 'log book records' in subsection 136(1) requires the respective odometer readings of the car at the beginning and at the end of the journey be entered into the relevant records.

46. The term 'odometer' is not defined in either the FBTAA or the *Income Tax Assessment Act 1997* but the Macquarie Dictionary¹ defines that term as being 'an instrument for measuring distance passed over, as by a motor vehicle'.

47. The term 'odometer records', as defined in subsection 136(1) makes reference to the 'odometer reading of the car'. While 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.

48. Provided the device used by the Smartgroup Logbook Solution 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.

49. The user is prompted to enter the opening odometer reading displayed on the car's built-in odometer prior to commencing the first trip for which the Smartgroup Logbook

¹ Macmillan Publishers Australia, *The Macquarie Dictionary* online, www.macquariedictionary.com.au, accessed 13 August 2024.

Status: **not legally binding**

Solution is used. Each time the car is driven, the start and end odometer readings for the journey are automatically calculated by the Smartgroup Logbook Solution's web-based logbook system from the data recorded. It is therefore accepted that the opening and closing odometer readings calculated by the Smartgroup Logbook System's web-based logbook system are of sufficient integrity to be odometer readings of the car.

50. It is accepted that the opening and closing odometer readings for each car journey as detailed in both the Trip Report and the FBT Logbook Report generated by the Smartgroup Logbook Solution satisfy the requirements of paragraph (d) of the definition of 'log book records' in subsection 136(1).

51. The number of kilometres travelled by the car in the course of each journey is also detailed in both the Trip Report and the FBT Logbook Report, thus satisfying the requirement in paragraph (e) of the definition of 'log book records' in subsection 136(1).

52. Paragraph (f) of the definition of 'log book records' in subsection 136(1) 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.

53. In relation to the trip purpose, each Smartgroup Logbook Solution employer client can customise the trip purpose reason in the Trip Report to suit their own business. That is, Smartgroup Logbook Solution clients may wish to have any number of trip purposes relating to the business usage – for example, 'client care visit', 'call out trip', or 'delivery'. For each journey, the driver or user classifies the journey as either business or personal using the available selection menu and records the purpose of each journey. The system automatically checks the trip reason and requests the driver to provide more detail if required. The Smartgroup Logbook Solution allows the user to view, review and report on all data.

54. 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.

55. It is accepted that both the Smartgroup Logbook Solution's Trip Report and FBT Logbook Report satisfy the requirements in paragraph (f) of the definition of 'log book records' in subsection 136(1).

56. It is considered that the Trip Report and FBT Logbook Report generated by the Smartgroup Logbook Solution is 'a daily log book or similar document' that satisfies the requirement of having the relevant entries 'made in the English language at, or as soon as reasonably practicable after, the end of the journey'.

57. The Trip Report and FBT Logbook Report generated by the Smartgroup Logbook Solution satisfy the definition of 'log book records' in subsection 136(1) provided, for the purposes of section 10A, the Trip Report and FBT Logbook Report are completed for an 'applicable log book period' as defined in subsection 162H(1).

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

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

Status: **not legally binding**

59. The term ‘applicable log book period’ is defined in subsection 162H(1) as follows:

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.

60. The Trip Reports and FBT Logbook Reports that are generated by the Smartgroup Logbook Solution can be configured for a minimum 12-week period under the Scheme. The logbook beginning and end date is displayed on the printed logbook. It is accepted that in the absence of evidence to the contrary in a particular case, all employer clients using the Smartgroup Logbook Solution’s Trip Report and FBT Logbook Report in relation to any car fringe benefits that they provide will maintain the necessary records for the duration of the ‘applicable log book period’.

61. Accordingly, it is considered that the Trip Report and FBT Logbook Report generated by the Smartgroup Logbook Solution satisfy all of the relevant requirements of the definition of ‘log book records’ as defined in subsection 136(1).

Do the ‘Trip Report’ and ‘FBT Logbook Report’ generated by the Smartgroup Logbook Solution satisfy the requirements of the definition of ‘odometer records’ under subsection 136(1)?

62. In order to meet the requirements of section 10A, it is essential that ‘odometer records’ are maintained in addition to ‘log book records’.

63. 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.

64. The definition of ‘odometer records’ in subsection 136(1) requires that odometer readings be recorded both at the ‘commencement of the period’ and at the ‘end of the period’.

65. The Smartgroup Logbook Solution’s Trip Report and the FBT Logbook Report provide 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 reporting period.

66. As stated at paragraph 60 of this Ruling, it is accepted that in the absence of evidence to the contrary in a particular case, all employer clients using the Smartgroup Logbook Solution’s Trip Report and FBT Logbook Report in relation to any car fringe

Status: **not legally binding**

benefits they provide will maintain the necessary records for the 'applicable log book period'.

67. A report can be generated at the end of the logbook period showing the odometer recordings made and the type of journey undertaken. It is accepted that the Smartgroup Logbook Solution's Trip Report and FBT Logbook Report meet the necessary requirement of having entries made in English at, or as soon as reasonably practicable after, the end of the journey.

68. It is considered that the Trip Report and the FBT Logbook Report generated by the Smartgroup Logbook Solution satisfy all of the relevant requirements of the definition of 'odometer records' as defined in subsection 136(1).

Are the odometer records maintained for the 'holding period'?

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

70. Section 162C states:

Unless the contrary intention appears, a reference in this Act to a period in a year of tax during which a person held a car is a reference to the period that:

- (a) commences on whichever of the following times is applicable:
 - (i) if the person held the car at the time of commencement of the year of tax – that time;
 - (ii) in any other case – the time in the year of tax when the person commenced to hold the car; and
- (b) ends at whichever of the following times is applicable:
 - (i) if the person continued to hold the car until the time of the end of the year of tax – that time;
 - (ii) in any other case – the time in the year of tax when the person ceased to hold the car.

71. Subsection 162(1) states, among other things, that a car will be held by a person if that person either owns or leases the car. Therefore, the continuous period during a FBT year (including the whole year of tax, where applicable) where the employer client either owns or leases a car will be the 'holding period' of that car.

72. Consequently, the odometer readings at the beginning and end of the period during the FBT year (including the whole year of tax, where applicable) where the employer client either owns or leases a car will have to be determined. If the Smartgroup Logbook Solution is used continuously for the whole period that a car is held during a FBT year, the Smartgroup Logbook Solution will provide odometer readings for both the beginning and end of that holding period.

73. However, if the Smartgroup Logbook Solution is not used continuously for the whole of the holding period of the car during the FBT year, the employer client will need to separately maintain the odometer readings for the holding period.

74. It is accepted that, in the absence of any evidence to the contrary in a particular case, the requirement in paragraph 10A(b) will be met by employer clients using the Smartgroup Logbook Solution.

Status: **not legally binding**

Do the 'Trip Report' and 'FBT Logbook Report' generated by the Smartgroup Logbook Solution enable the employer to estimate the number of business kilometres travelled during the holding period in a logbook year of tax?

75. Paragraph 10A(d) requires the employer client 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).

76. 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.

77. The Smartgroup Logbook Solution calculates both the number of business kilometres and the total number of kilometres travelled by the car during the holding period where it is used continuously for the whole of the period of the year for which the car is held. Therefore, where the Smartgroup Logbook Solution is used continuously for the whole of the period of the year for which the car is held, both the Trip Report and the FBT Logbook Report will enable the employer client to determine the number of business kilometres travelled during the holding period.

78. However, where the Smartgroup Logbook 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, or the total number of kilometres travelled during the holding period. In such a situation, the employer client, in estimating the number of business kilometres travelled during the holding period, will need to take all relevant matters into account including any other logbook records and odometer records maintained by or on behalf of the user or driver, and any variations in the pattern of use of the car.

79. It is accepted that, in the absence of any evidence to the contrary in a particular case, the requirement in paragraph 10A(d) will be met by employer clients using the Smartgroup Logbook Solution.

Do the 'Trip Report' and 'FBT Logbook Report' generated by the Smartgroup Logbook Solution enable employer clients to specify the business use percentage for the holding period in a logbook year of tax?

80. Paragraph 10A(e) requires the employer client to specify a percentage as the 'business use percentage' applicable to a car for the holding period in a logbook year of tax.

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

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

82. The Smartgroup Logbook Solution calculates both the number of business kilometres and the total number of kilometres travelled by the car during the holding period where it is used continuously for the whole of the period of the year for which the car is

Status: **not legally binding**

held. Therefore, where the Smartgroup Logbook Solution is used continuously for the whole of the period of the year for which the car is held, both the Trip Report and FBT Logbook Report automatically calculate for the employer client the business use percentage for the holding period.

83. However, where the Smartgroup Logbook 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. In such a situation, the employer client will need to separately determine the business use percentage using the estimated number of business kilometres and the odometer readings for the beginning and the end of the holding period.

84. It is accepted that, in the absence of any evidence to the contrary in a particular case, the requirement in paragraph 10A(e) will be met by employer clients using the Smartgroup Logbook Solution.

Conclusion on whether the ‘Trip Report’ and ‘FBT Logbook Report’ generated by the Smartgroup Logbook Solution satisfies the requirements of section 10A

85. Both the Trip Report and the FBT Logbook Report generated by the Smartgroup Logbook Solution’s web-based logbook system are documents that satisfy the definitions of ‘log book records’ and ‘odometer records’ in subsection 136(1) for the purposes of paragraph (a) of section 10A.

86. It is accepted that, in the absence of any evidence to the contrary in a particular case, all remaining applicable requirements of section 10A will be met by employer clients who use the Trip Report and the FBT Logbook Report generated by the Smartgroup Logbook Solution.

87. Therefore, an employer in a logbook year of tax will satisfy the requirements in section 10A and is entitled to claim a reduction of operating costs if they use the Smartgroup Logbook Solution continuously for:

- the duration of the ‘applicable log book period’ as that term is defined in subsection 162H(1), and
- the whole of the ‘holding period’ as that term is defined in section 162C.

88. Additionally, an employer in a logbook year of tax who uses the Smartgroup Logbook Solution continuously for the duration of the ‘applicable log book period’ as that term is defined in subsection 162H(1), but does not use the Smartgroup Logbook 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 Smartgroup Logbook Solution’s ‘Trip Report’ and ‘FBT Logbook Report’, 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.

Status: **not legally binding**

Do the 'Trip Report' and 'FBT Logbook Report' generated by the Smartgroup Logbook Solution meet the relevant requirements of section 10B?

89. Section 10B states:

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.

90. The definitions of the terms 'odometer records', 'holding period' and 'business use percentage' are as defined in paragraphs 63, 70 and 81 of this Ruling respectively.

91. Where the Smartgroup Logbook Solution is used continuously for the whole of the holding period, both the Trip Report and the FBT Logbook Report will meet all the necessary requirements of section 10B in a non-logbook year of tax as they:

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

92. An employer client in a non-logbook year of tax who does not use the Smartgroup Logbook 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 4 FBT years continuously for an 'applicable log book period', will not by itself satisfy the requirements of section 10B. The employer client 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 the relevant matters including the Smartgroup Logbook Solution and any other logbook records and odometer records maintained by or on behalf of the user or driver, 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.

Status: **not legally binding**

References

Previous Rulings/Determinations:

CR 2018/47

Legislative references:

- FBTAA 10
- FBTAA 10A
- FBTAA 10A(a)
- FBTAA 10A(b)
- FBTAA 10A(d)
- FBTAA 10A(e)
- FBTAA 10B
- FBTAA 10(2)
- FBTAA 136(1)
- FBTAA 136(1)(a)
- FBTAA 136(1)(b)
- FBTAA 136(1)(c)
- FBTAA 136(1)(d)

- FBTAA 136(1)(f)
- FBTAA 162(1)
- FBTAA 162C
- FBTAA 162F
- FBTAA 162G
- FBTAA 162G(1)(b)
- FBTAA 162H(1)
- FBTAA 162K(2)(b)
- FBTAA 162L(2)(b)
- ITAA 1997

Other references:

- Macmillan Publishers Australia, *The Macquarie Dictionary* online,
www.macquariedictionary.com.au
-

ATO references

NO: 1-13G7TZ68

ISSN: 2205-5517

BSL: SEO

ATOlaw topic: Fringe benefits tax ~~ Types of benefit ~~ Car benefits

© **AUSTRALIAN TAXATION OFFICE FOR THE COMMONWEALTH OF AUSTRALIA**

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).