


# ***PCG 2016/4 - Fuel tax credits - incidental travel on public roads by certain vehicles***

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## Fuel tax credits – incidental travel on public roads by certain vehicles

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### Relying on this Guideline

This Practical Compliance Guideline sets out a practical administration approach to assist taxpayers in complying with relevant tax laws. Provided you follow this guideline in good faith, the Commissioner will administer the law in accordance with this approach.

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### What this Guideline is about

1. For the listed vehicles in paragraph 6, this Guideline sets out what will be considered a fair and reasonable apportionment of the taxable fuel between travel that is:
  - (a) on public roads, and
  - (b) on non-public road areas.

### Date of effect

2. This Guideline applies to tax periods ending on or after 31 March 2016.

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### Which entities are covered by this Guideline?

3. This Guideline applies:
- (a) to an entity that has an entitlement to fuel tax credits for taxable fuel under section 41-5 of the *Fuel Tax Act 2006*, and
  - (b) the entitlement is for acquisitions of liquid taxable fuels, and
  - (c) the vehicle is of a type listed in paragraph 6 that is not for the purpose of transportation of goods or passengers.

### A fair and reasonable apportionment

4. The table in paragraph 6 sets out what we will accept as a fair and reasonable apportionment of travel on a public road and on non-public road areas for the vehicles listed in that table.

### What is the effect of the apportionment?

5. Reflecting acceptance of the fact that travel on public roads by the listed vehicles is no more than incidental to their off-road purpose, the fuel tax credit for the taxable fuel used by those vehicles is:
- (a) not reduced by the road user charge (in respect of heavy vehicles<sup>1</sup>), or
  - (b) not denied by section 41-20 (in respect of light vehicles).

**Note:** normal substantiation of the acquisition of the taxable fuel, and of the use of the vehicle will still apply.

### What is the apportionment of the travel?

6. The following table shows what we will accept as a fair and reasonable apportionment of travel on a public road and on non-public road areas for the listed vehicles.

Vehicle	Percentage of travel on non-public road areas
Grader	100%
Backhoe loader	100%
Front-end loader	100%
Wheeled excavator	100%
Forklift	100%
Wheeled bulldozer	100%
Fertiliser spreader	100%
Combine harvester	100%
Tractor	100%

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<sup>1</sup> A heavy vehicle has a gross vehicle mass of greater than 4.5 tonnes or, if acquired before 1 July 2006 has a gross vehicle mass of 4.5 tonnes.

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**Example 1 – travel by a harvester**

7. *Minate Enterprises carries on a primary production business on an agricultural property. Parts of the property are separated by a public road. Minate uses a harvester it owns to harvest crops on its farm. In the course of harvesting, the harvester travels 2 kilometres on the public road to get from one part of the property to another.*
8. *The harvester is not a vehicle for transporting goods or passengers; its main use is to harvest crops. The travel on the public road is incidental to the vehicle's main use.*
9. *For practical compliance purposes, it is accepted that all of the vehicle's travel is on non-public road areas.*

**Example 2 – travel by a tractor**

10. *XYZ Council uses a tractor that is less than 4.5 tonnes that has mower and slasher attachments to maintain the grass on the parks, recreational ovals and school grounds in the council area. The tractor is housed at the council's vehicle depot.*
11. *The tractor travels from the depot to the various parks, ovals and school grounds for the purpose of maintaining the grass. The distance travelled varies depending on the location of the park, oval or school and whether the vehicle is travelling directly from the depot to each location or between these locations.*
12. *The tractor is not a vehicle for transporting goods or passengers; its main use is to pull and operate the mowing and slashing equipment.*
13. *For practical compliance purposes, it is accepted that all of the vehicle's travel is on non-public road areas. This is irrespective of whether the travel is from the depot to each location or between the locations.*

**More information**

14. For more information, see:
- [Fuel schemes](#)

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**Commissioner of Taxation**  
21 March 2016

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**References**

ATOlaw topic(s)	Excise -- Fuel tax credits -- Reporting
Legislative references	Fuel Tax Act 2006 Fuel Tax Act 2006 41-5 Fuel Tax Act 2006 41-20

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