

***TD 93/D270 - Fringe benefits tax: is the method outlined in Taxation Ruling MT 2024 appropriate for determining whether a vehicle, other than a dual or crew cab, is "designed for the principal purpose of carrying passengers" and thereby ineligible for the work-related use exemption available under subsection 8(2) of the Fringe Benefits Tax Assessment Act 1986?***

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This document has been finalised by [TD 94/19](#).

Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.

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## Draft Taxation Determination

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**Fringe benefits tax: is the method outlined in Taxation Ruling MT 2024 appropriate for determining whether a vehicle, other than a dual or crew cab, is "designed for the principal purpose of carrying passengers" and thereby ineligible for the work-related use exemption available under subsection 8(2) of the *Fringe Benefits Tax Assessment Act 1986*?**

1. No. The method outlined in paragraphs 14 to 16 of MT 2024 only applies to dual cab or crew cab vehicles. According to that method, if the majority of the load carrying capacity of the dual or crew cab is attributable to passenger carrying capacity, then it is taken to have been designed for the principal purpose of carrying passengers, regardless of any other considerations.
2. In coming to a conclusion as to the principal purpose for which any other vehicle was designed, regard should be had to factors including, but not limited to, the following:
  - the appearance and presentation of the vehicle
  - any relevant promotional literature
  - the emphasis evident in marketing
  - the vehicle's specifications
  - load carrying capacity
  - passenger carrying capacity
3. In any event, the exemption provided in subsection 8(2) will only apply where, during the year, private use of the car is limited to:
  - work-related travel of the employee, and
  - other private use which is minor, infrequent and irregular.

*Example*

*ABC Pty Ltd purchased a new four wheel drive station wagon for the business. The office manager of the company, Rob, is allowed to use the car for home to work travel.*

*The vehicle has seating for 5 passengers and has a load carrying capacity of 865 kgs. Promotional literature for the vehicle emphasises its level of passenger comfort, off-road capability and "sporty" features. Little reference is made to its capacity to carry a load. It has very little room to carry anything other than luggage or tools. It is clear from the promotional literature and the vehicle's specifications that it is designed principally for carrying passengers. Any private use of the vehicle by Rob, including home to work travel, will be subject to fringe benefits tax.*

**Commissioner of Taxation**

21/10/93

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FOI INDEX DETAIL: Reference No.

Related Determinations:

Related Rulings: MT 2024

Subject Ref: car fringe benefit; fringe benefit; exempt benefit

Legislative Ref: FBTA 8(2)

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