


TD 93/D42 - Income tax: can a taxpayer who uses a motor cycle for income producing purposes use the 'cents per kilometre' method to calculate the amount of a deduction for motor cycle expenses?

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This document has been finalised by TD 93/144.

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.

Draft Taxation Determination

Income tax: can a taxpayer who uses a motor cycle for income producing purposes use the 'cents per kilometre' method to calculate the amount of a deduction for motor cycle expenses?

1. No. A taxpayer who uses a motor cycle for income producing purposes cannot use the cents per kilometre method to calculate a deduction for motor cycle expenses.
2. Subsection 82KX(1) of the *Income Tax Assessment Act 1936* allows a taxpayer, in certain circumstances, to use the cents per kilometre method to calculate a deduction for **car expenses**.
3. For the purposes of subsection 82KX(1), the term 'car' does not include a motor cycle. Subsection 82KT(1) defines the term 'car'. 'Motor cycle' is expressly excluded from that definition.

Example

Bill Smith is an employee in a motor cycle courier business. He uses his own motor cycle and receives an allowance based on business kilometres travelled. He pays all of the motor cycle's running expenses. During the income year, he travels 3000 kms for business out of a total of 6000 kms. His total motor cycle expenditure for the year including depreciation of his cycle is \$900. Smith cannot use the cents per kilometre method to calculate his income tax deduction for the business use of his motor cycle. However, he can claim an income tax deduction based on a business usage proportion of his total expenses provided that he maintains the correct documentation of his expenditure.

Commissioner of Taxation

18/2/93

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Related Determinations:

Related Rulings:

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Legislative Ref: ITAA 82kT(1); ITAA 82KX(1)

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