TD 2007/8 - Fringe benefits tax: what are the rates to be applied on a cents per kilometre basis for calculating the taxable value of a fringe benefit arising from the private use of a motor vehicle other than a car for the fringe benefits tax year commencing on 1 April 2007?

This cover sheet is provided for information only. It does not form part of *TD 2007/8 - Fringe benefits tax: what are the rates to be applied on a cents per kilometre basis for calculating the taxable value of a fringe benefit arising from the private use of a motor vehicle other than a car for the fringe benefits tax year commencing on 1 April 2007?*

This document has changed over time. This is a consolidated version of the ruling which was published on *28 March 2007*

Taxation Determination

Fringe benefits tax: what are the rates to be applied on a cents per kilometre basis for calculating the taxable value of a fringe benefit arising from the private use of a motor vehicle other than a car for the fringe benefits tax year commencing on 1 April 2007?

This publication provides you with the following level of protection:

This publication (excluding appendixes) is a public ruling for the purposes of the *Taxation Administration Act 1953*. A public ruling is an expression of the Commissioner's opinion about the way in which a relevant provision applies, or would apply, to entities generally or to a class of entities in relation to a particular scheme or a class of schemes. If you rely on this ruling, we must apply the law to you in the way set out in the ruling (unless we are satisfied that the ruling is incorrect and disadvantages you, in which case we may apply the law in a way that is more favourable for you – provided we are not prevented from doing so by a time limit imposed by the law). You will be protected from having to pay any underpaid tax, penalty or interest in respect of the matters covered by this ruling if it turns out that it does not correctly state how the relevant provision applies to you.

Ruling

1. The rates to be applied where the cents per kilometre basis is used for the fringe benefits tax (FBT) year commencing on 1 April 2007 are:

Engine capacity	Rate per kilometre
0-2500cc	41 cents
Over 2500cc	49 cents
Motor cycles	12 cents

Date of effect

2. This Determination applies to the FBT year commencing on 1 April 2007.

Commissioner of Taxation
28 March 2007

Appendix 1 – Explanation

This Appendix 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.

Explanation

3. An employee's right to use a car for private purposes constitutes a car fringe benefit under the *Fringe Benefits Tax Assessment Act 1986* (FBTAA). Where an employee is entitled to use a motor vehicle **other than a car**, this gives rise to a residual benefit under that Act. For these purposes, in subsection 136(1) of the FBTAA, 'car' means:

> a motor vehicle (including a vehicle known as a four wheel drive vehicle), being:
>
> (a) a motor car, station wagon, panel van, utility truck or similar vehicle, designed to carry a load of less than 1 tonne; or
>
> (b) any other road vehicle designed to carry a load of less than 1 tonne or fewer than 9 passengers;
>
> but does not include a motor cycle or similar vehicle.

4. Taxation Ruling MT 2034 outlines a number of acceptable methods that may be used to value the benefit of the right to use an employer's motor vehicle **other than a car**. One method of valuing the benefit is to multiply the number of private kilometres travelled by employees in a vehicle during a year by a cents per kilometre rate. The effect of paragraphs 15 and 16 of MT 2034 is that this method can only be used where there is extensive business use of the vehicle.

5. The cents per kilometre rates set out in this Determination are those that applied for the year commencing on 1 April 2006, reviewed to reflect the movement in the Consumer Price Index. (The rates that applied for the year commencing on 1 April 2006 are set out in Taxation Determination TD 2006/13 Fringe benefits tax: what are the rates to be applied on a cents per kilometre basis for calculating the taxable value of a fringe benefit arising from the private use of a motor vehicle other than a car for the fringe benefits tax year commencing on 1 April 2006?)

References

Previous draft:

Not previously issued as a draft

Related Rulings/Determinations:

TD 2006/13; MT 2034

Previous Rulings/Determinations:

TD 93/59; TD 94/22; TD 95/19; TD 96/26;
TD 97/16; TD 98/10; TD 1999/5;
TD 2000/20; TD 2001/8; TD 2002/6;
TD 2003/6; TD 2004/9; TD 2005/9;
TD 2006/13

Subject references:

- FBT
- FBT motor vehicle
- FBT motor vehicle definition
- FBT taxable value
- fringe benefits tax
- private use of motor vehicles other than cars
- residual fringe benefits

Legislative references:

- FBTAA 1986 136(1)
- TAA 1953

ATO references

NO:	2007/3867
ISSN:	1038-8982
ATOlaw topic:	Fringe Benefits Tax ~~ Car fringe benefits