

***TD 93/104 - Income tax: in complying with the substantiation provisions relating to a motor vehicle expense claim, how may the cost of fuel be calculated when no documentary evidence is maintained?***

⚠ This cover sheet is provided for information only. It does not form part of *TD 93/104 - Income tax: in complying with the substantiation provisions relating to a motor vehicle expense claim, how may the cost of fuel be calculated when no documentary evidence is maintained?*

⚠ This document has changed over time. This is a consolidated version of the ruling which was published on *17 June 1993*

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part IVAAA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, this Determination applies to years commencing both before and after its date of issue. However, this Determination does not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

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## Taxation Determination

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### **Income tax: in complying with the substantiation provisions relating to a motor vehicle expense claim, how may the cost of fuel be calculated when no documentary evidence is maintained?**

1. To obtain a deduction for fuel expenses where no documentary evidence is available odometer records must be maintained by, or on behalf of, the taxpayer for the actual period or periods during the year of income in which the vehicle was held for business purposes. This establishes business kilometres travelled (section 82KUA of the *Income Tax Assessment Act 1936*).
2. To calculate the allowable deduction for fuel, the Commissioner will accept a reasonable estimate of the expense based on business kilometres travelled, average fuel costs and average fuel consumption.
3. Average fuel costs in most cases can be determined by reference to Australian Bureau of Statistics figures on average retail price of petrol in Australian capital cities, which are released quarterly. For taxpayers in remote/country areas, a different average fuel price would be accepted where independent verification is obtained. One acceptable method would be obtaining documentation from the area petrol distributor stating the average retail price of petrol for the relevant period.
4. The Department of Primary Industry & Energy 'Australian Fuel Consumption Guide' is issued annually for new cars and can provide a basis for calculating average fuel consumption.

*Example:*

*Taxpayer J, who drives a 1990 Holden Barina Automatic, claims motor vehicle expenses for the 1991-1992 income year. No documentary evidence of the expense was maintained. Taxpayer J kept odometer records for the period which, with reference to his log book, determined 8500 business kilometres travelled during the year. J's travel was primarily for journeys within the city limits of Sydney.*

- (i) Reference to 1990 Fuel Consumption Guide for Holden Barina Automatic discloses 8 litres/100 km City Cycle.
- (ii) Average retail petrol price for Sydney for the year 1991-1992 from Bureau of Statistics is 68 cents per litre.

*Estimated cost of fuel is calculated as follows:*

$$8500/100 \times 8 \times 0.68 = \$462.40$$

*A claim for fuel by Taxpayer J of approximately \$463 is considered reasonable.*

**Commissioner of Taxation**

17/6/93

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FOI INDEX DETAIL: Reference No. I 1215130

Previously issued as Draft 93/D88

Related Determinations:

Related Rulings:

Subject Ref: car expenses; substantiation

Legislative Ref: ITAA 82KUA; ITAA 82KZ

Case Ref:

ATO Ref: NEW TD31

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