



***TD 93/177 - Income tax: motor vehicle substantiation: does the 5000 kilometre limit in section 82KX of the Income Tax Assessment Act 1936 relate to the distance travelled by the car or by the taxpayer?***

 This cover sheet is provided for information only. It does not form part of *TD 93/177 - Income tax: motor vehicle substantiation: does the 5000 kilometre limit in section 82KX of the Income Tax Assessment Act 1936 relate to the distance travelled by the car or by the taxpayer?*

 This document has changed over time. This is a consolidated version of the ruling which was published on 9 September 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).

## Taxation Determination

### **Income tax: motor vehicle substantiation: does the 5000 kilometre limit in section 82KX of the *Income Tax Assessment Act 1936* relate to the distance travelled by the car or by the taxpayer?**

1. It is the distance travelled by the taxpayer's (owner or lessee) car in producing the taxpayer's assessable income that is relevant to the deduction being claimed. Where two or more taxpayers own or lease a car, and each uses that car separately for income producing purposes, each is entitled to claim a deduction using the set rate per kilometre method up to 5000 kilometres. On the other hand, where two or more taxpayers own or lease a car, and the car is used jointly (one drives and one is a passenger) for income producing purposes, each is entitled to claim a deduction using the set rate per kilometre method such that the total deduction claimed by all does not exceed the set rate multiplied by 5000.

#### *Example 1*

*Brett and Jane own a car and contribute to the running costs of it in line with their business usage. Brett is a real estate salesman and uses the car during the day for work. Jane uses the car in the evenings to sell beauty products. As each uses the car separately for income producing purposes, each taxpayer is entitled to claim a deduction using the set rate per kilometre method up to 5000 kilometres provided their individual use does not exceed 5000km.*

#### *Example 2*

*Jack and Jill lease a car. They contribute to the running costs of it in line with their business usage. Both sell encyclopedias. They travel together in the car to a central point where they separate and make their house-calls individually. Where the car travels no more than 5000 kilometres for income producing purposes, each may claim a deduction using the set rate per kilometre method based on 50 percent of the distance travelled.*

**Commissioner of Taxation**

9/9/93

Related Determinations:

Related Rulings:

Subject Ref: car substantiation

Legislative Ref: ITAA 82KX(1)(a)

Case Ref:

ATO Ref: CHM TD 001

---

ISSN 1038 - 8982