



TD 94/26 - Fringe benefits tax: what records of distance travelled are acceptable if the employer did not keep the opening and closing odometer readings for a car for the statutory formula method of calculating car fringe benefits in section 9 of the Fringe Benefits Tax Assessment Act 1986 ?

 This cover sheet is provided for information only. It does not form part of *TD 94/26 - Fringe benefits tax: what records of distance travelled are acceptable if the employer did not keep the opening and closing odometer readings for a car for the statutory formula method of calculating car fringe benefits in section 9 of the Fringe Benefits Tax Assessment Act 1986 ?*

 This document has changed over time. This is a consolidated version of the ruling which was published on 7 April 1994

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

Fringe benefits tax: what records of distance travelled are acceptable if the employer did not keep the opening and closing odometer readings for a car for the statutory formula method of calculating car fringe benefits in section 9 of the *Fringe Benefits Tax Assessment Act 1986* ?

1. The statutory formula method for calculating car fringe benefits requires a determination of the total kilometres travelled by a car during the year. Section 132 requires an employer to keep records that explain the calculation of the employer's fringe benefit tax liability. The best way to do this in relation to the distance travelled by a car is by keeping a record of the odometer readings at the beginning and end of the year of tax.

2. If the employer has failed to record odometer readings for the car then appropriate evidence which records two separate odometer readings which are close to the beginning and end of the FBT year is acceptable.

For example :-

- vehicle purchase or sale invoices showing an odometer reading;
- repair invoices showing an odometer reading;
- service records showing an odometer reading;
- any document used for registration purposes which shows an odometer reading (e.g. pink slips);
- entries in employer log books showing an odometer reading close to the beginning and/or end of the FBT year (as long as the entry is dated, has name and signature of person making the entry and the odometer reading);
- fleet management or oil company charge cards which show an odometer reading on account statements;
- if a new car was purchased and no odometer reading was recorded on the vehicle purchase invoice, zero kilometres is acceptable as being the opening odometer reading.

Example

Company A purchases a new motor vehicle on 1/4/93 for \$25,000. No odometer reading was recorded on the purchase invoice. On 5/4/94 the car has its annual service. The odometer reading on the service invoice is 20,350 kilometres. Assuming that zero kilometres was the opening odometer reading, the motor vehicle has travelled 20,350 kilometres in 370 days. The annualised number of kilometres travelled for the 1993/4 year is as follows : -

$$20,350 * 365/370 = 20,075 \text{ kilometres}$$

Therefore the statutory fraction will be 18%.

The taxable value of the car fringe benefit will be \$4,500 (ie 18% of \$25,000).

Commissioner of Taxation

7/4/94

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Related Determinations:

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