



Financial and Business Services Division

FBT Car Benefits Guide

This guide is pursuant to the Fringe Benefits Tax operational policy and procedure.

GENERAL

- 1 General information on fringe benefits, how Fringe Benefits Tax (FBT) applies to the University and how it is processed is contained in the [Fringe Benefits Tax—General guide](#). The following guide must be used in conjunction with it.
- 2 A car fringe benefit generally arises where the University 'holds' a car and makes it available to an employee (or associate) for private use or when it is provided by an associate of the University or a third party under arrangement (see paragraph 6 of the [Fringe Benefits Tax—General guide](#)).
- 3 When determining whether FBT is payable on a car, the University establishes whether a car has been available for private use to a staff member (paragraphs 8–14), and whether any exemptions apply (paragraphs 15–17).
- 4 In order to minimise FBT liability, the University has specific requirements regarding private use of some cars and return of car and keys (paragraphs 11–12).
- 5 Staff using University vehicles are required to keep records of travel. There are separate record-keeping requirements for assigned vehicles (paragraphs 18–34) and central pool and departmental vehicles (paragraphs 35–8).
- 6 The University calculates the taxable value of car fringe benefits based on the records kept.
- 7 There are special FBT requirements for e-tag and other road tolls (paragraphs 39–44).

Defining 'Car' and 'Hold'

- 8 A 'car' is defined as any motor car, station wagon, panel van, utility truck or similar vehicle; or any other road vehicle designed to carry a load of less than one tonne and fewer than nine passengers.
- 9 A car is 'held' by the University where it is owned or leased by the University (or hired on a long-term basis). If the car is owned by the employee and the car expenses are reimbursed by the University, this is not a car fringe benefit, but an expense payment fringe benefit (see the [Fringe Benefits Tax—Expense Benefits guide](#)).

Private Use

- 10 A car fringe benefit arises when a car is **available** for private use by a staff member. Actual private use is not necessary. A car is deemed to be available for private use by a staff member on any day when one of the following applies:
 - 10.1 It is actually used for private purposes (including home-to-work travel in most circumstances).
 - 10.2 In relation to the FBT calculated by the statutory formula method:
 - the car is garaged or kept at or near the staff member's place of residence
 - the car is not at the University's premises and the staff member is entitled to use it for private purposes
 - the staff member has custody or control of the car while it is away from the University's premises and the staff member is not performing employment duties. The staff member is deemed to have custody or control of the car even when the car is parked at the

University's premises while the employee is on leave or performing duties overseas if the use of the car is part of his/her salary package or under salary sacrifice package.

- 11 If an employee will not be using an assigned car for extended periods (e.g. when interstate, overseas or on holidays), budget centres must ensure the car and keys including spares are returned to the University to avoid FBT.
- 12 The University prohibits employees from using University central pool and departmental cars for private use. Where an employee uses a car to perform duties of employment and is not entitled to use the car for a private purpose, no fringe benefit will arise. For this reason, the prohibition on private use must be consistently enforced across all areas of the University, otherwise an FBT liability will arise.
- 13 If an employee has custody and control of a car away from business premises and is not carrying out employment duties, a car fringe benefit is deemed to arise, regardless of any prohibition on private use.
- 14 The Australian Tax Office (ATO) considers cars that employees take home when they are on call count as a fringe benefit, and the private use of work vehicles is included in the reportable fringe benefits amount. Records need to be kept of the use of vehicles by each employee. The nature of these recordings is addressed below.

Exemptions

- 15 The car fringe benefits listed below in paragraphs 16 and 17 are specifically exempt from FBT:
- 16 **Commercial vehicles:** An exemption is available for the private use of commercial vehicles. Where the car is a taxi, panel van, utility truck or other road vehicle not designed for the principal purpose of carrying passengers, no car fringe benefit will arise if the only private uses of the vehicle are:
 - travel by the employee between the place of residence and place of employment (or where they perform employment duties)
 - other minor, infrequent and irregular private-use duties.
- 17 **'Exempt private use':** Travel that is deemed 'exempt private use'—home to work, incidental in the course of duties of employment and non-work related use that is minor, infrequent and irregular.
 - 17.1 Where an employer provides an employee with a car solely for the purposes of undertaking a business journey from the employee's home the next morning, the trip home on the preceding night will be accepted as business travel, being incidental to the next morning's journey and is therefore FBT exempt. However, this approach is restricted to circumstances of the kind detailed and would not apply, for example, where a person has regular use of the car for private purposes (ATO Miscellaneous Tax Ruling MT 2027 para. 36).
 - 17.2 Travel that is incidental to travel in the course of duties of employment and non-work related use that is minor, infrequent and irregular (e.g. occasional use of the vehicle to remove domestic rubbish) are exempt.
 - 17.3 If the use of the vehicle exceeds the limitations set out above, then it will be a car fringe benefit. All private use of the motor vehicle including the travel between home and work will be taken into account in determining the business percentage. Where the motor vehicle is not a car then a residual benefit may arise.

Assigned Vehicles—Record-keeping Requirements

- 18 Users of assigned vehicles are required to provide the FBT Officer with signed verification of odometer readings and related vehicle details as at 31 March each year. The users are notified in advance (by the FBT Officer) of the requirements. Users must ensure that all details required are provided and that they are accurate. Details of the number of days that the vehicle was not available for private use must be able to be substantiated.
- 19 Staff members with assigned motor vehicles that are taxable for FBT purposes are to maintain records using a University-supplied logbook.
- 20 Two types of records must be maintained: logbook records and odometer records. In a logbook year (see paragraph 21 below), both types of record must be maintained. In a non-logbook year,

odometer records must be maintained. Staff members are supplied specific instructions together with a logbook that provides for both types of record-keeping (see Attachment 1, [Logbook Instructions](#)).

- 21 A logbook year is a year in which logbook records are taken as indicative of the general use of a vehicle and used to calculate usage in subsequent years.
- 21.1 Staff members are required to maintain logbook records in the year that they are first assigned a University motor vehicle and when requested by the FBT Officer.
- 21.2 In addition, a new logbook must be maintained for a continuous period of 12 weeks if:
- none of the previous four years was a logbook year of tax for that vehicle (logbooks generally hold for five years and a new logbook (logbook year) must be established every sixth year)
 - the University elects to treat the year as a logbook year (e.g. to increase the nominated percentage of business travel above that established in a prior logbook year)
 - in the first year the University chooses to use the actual operating cost method for calculating the taxable value of a car fringe benefit
 - you obtain an additional vehicle (not a replacement vehicle) for which you want to use the logbook method
 - the ATO asks the University to treat the year as a logbook year.
- 22 The logbook and odometer records, together with any documentation supporting a variation in the pattern of business use throughout the year, such as holidays or seasonal factors, must be forwarded to the FBT Officer, who is required to estimate the percentage of business use of the motor vehicle).
- 23 If a staff member has two or more vehicles, logbooks are required for each vehicle.

Logbook Records

- 24 In a logbook year staff with assigned vehicles must record in their logbook all business journeys (see paragraph 27) undertaken in the vehicle for a continuous period of at least 12 weeks, and their total odometer records for the full year. The logbook must contain:
- the dates of the logbook period
 - the specific details of each business journey (see paragraph 25)
 - the odometer records of the total kilometres travelled during that period
 - the vehicle details
 - odometer records of the total kilometres travelled during the FBT year.
- 25 The format of the logbook must be such that the following details are entered for each business journey:
- the date(s) on which the journey began and ended
 - the odometer readings at the start and end of each journey
 - the kilometres travelled
 - the purpose of the journey.
- 26 The following information does **not** need to be recorded in the logbook of assigned motor vehicles:
- the name of the driver
 - the date the entry was made
 - the signature of the entry-maker.

- 27 Logbook records require the identification of all **business journeys**. It is not necessary to record private journeys; however private journeys can be recorded if staff prefer to record all kilometre usage. In normal circumstances travel from home to work is considered to be a private journey.
- 27.1 Typically, a business journey will be one of the following:
- between two places of business or employment
 - from your normal workplace (i.e. University campus) to an alternative workplace (e.g. another University campus or client's premises) while still on duty, and back to your normal workplace or directly home
 - from your home to an alternative workplace for work purposes and then to your normal workplace or directly home. An alternative workplace would be one that the staff member ordinarily does not attend on a daily basis.
- 28 The logbook records must be in English and entries must be made at the end of the trip or as soon as reasonably practicable afterwards. Where two or more business trips are undertaken consecutively on any day, only one entry for the series needs to be recorded in the logbook.
- 29 The continuous period of at least 12 weeks may overlap two FBT tax years. However, it is preferable that the logbook 12-week period does not overlap two FBT years (the FBT year ends on 31 March).

Odometer Records

- 30 The odometer records maintained for assigned vehicles in a non-logbook year are a record of:
- the total distance travelled during the same 12 weeks for which the logbook records were maintained in the logbook year
 - the dates the period began and ended
 - the odometer readings at the start and end of the period
 - the odometer readings at the start and at the end of each FBT year
 - the total distance travelled each FBT year
 - in the case of vehicle replacements, odometer readings of both vehicles on the replacement date.
- 31 If the car was not used to provide fringe benefits for the whole year, records must be kept for that part of the year when it was.
- 32 The odometer records must be in English, and the entries should be made at, or as soon as reasonably practicable after, the respective times to which the readings relate.

Additional Business Records

- 33 Records of additional information such as the car's make, model, registration number and percentage of business use should be maintained as part of the University's business records. This is managed by the Supply Office using the University vehicle database 'Webfleet'.

Replacement of Assigned Vehicles

- 34 If a vehicle has been replaced during the year, the replacement vehicle may be treated as though it were the replaced vehicle for the purpose of complying with the logbook requirements as follows:
- 34.1 If logbooks and odometer records were maintained during the year or in a previous year, for the purpose of estimating a business percentage for the replaced vehicle, that percentage may be transferred to the new vehicle if it remains appropriate.
- 34.2 The transfer of a business percentage in this way is conditional on entries being made in the University's business records of the make, model and registration number of both vehicles and the date on which the replacement was made. These entries must be made on or before 21 May. Odometer records kept for the vehicles during the replacement year must show details of the odometer readings of both vehicles on the replacement date.
- 34.3 Staff members can use the existing logbook for replacement vehicles provided:

- there is no requirement to establish a logbook year, in which case a new logbook is required (this would apply when a vehicle is replaced during the continuous 12-week period for maintaining details of business journeys), and
- the logbook clearly shows the replaced vehicle details with registration numbers of all vehicles labelled on the front cover. A new vehicle logbook page is to be used recording the vehicle registration number and business journeys.

Central Pool and Departmental Vehicles—Record-keeping Requirements

- 35 For central pool vehicles, a Vehicle Booking form needs to be completed at all times, including the Motor Vehicle Fringe Benefits—Employee Declaration where a car fringe benefit arises. Odometer and logbook recordings are made via the slips filled out after use and recorded centrally by the Supply Office.
- 36 For departmental vehicles, budget centres must ensure that the prohibition on private usage is observed (see paragraph 12). The Supply Office provides special logbooks for departmental vehicles and these logbooks must also be maintained.
- 37 FBT will not be charged to budget centres on departmental and central pool vehicles for private usage when all of the following criteria are met:
- the staff member signs a declaration that the car will not be used for private purposes (central pool vehicles only)
 - staff members are prohibited from private usage as per above (departmental vehicles)
 - a logbook recording is kept according to the requirements in paragraphs 35 and 36 to substantiate travel
 - the benefit is deemed exempt as noted above.
- 38 Where an FBT benefit exists, details are to be forwarded to the FBT Officer to calculate and charge FBT to the relevant budget centre.

E-tags

- 39 Use of Deakin's e-tag is a residual benefit (see [Fringe Benefits Tax—General guide](#)) For users of assigned motor vehicles the purpose of the journey (business or private) determines FBT status of a road toll or e-tag expense incurred by a vehicle, so private travel is subject to FBT (where private travel includes home-to-work travel).
- 40 The ATO accepts use of the business usage percentage in determining private road tolls. The maintenance of logbooks are acceptable for the purposes of calculating this. Users of assigned motor vehicles are to maintain logbooks for a continuous 12-week period in accordance with the logbook requirements (see paragraphs 20–34).
- 41 The logbooks are to be forwarded to the FBT Officer who will apply the private portion to actual toll expenditure per vehicle for FBT charging.
- 42 In some circumstances the business percentage established using the logbook cannot be applied to the e-tag expenditure. Staff must provide the FBT Officer with reasons why it cannot be applied together with the nominated business percentage. Staff must maintain a diary or similar record of road toll usage over a minimum **four week representative period** which establishes the business/private usage percentage of road tolls over that period, which can then be applied for the entire FBT year. Toll expenditure reports from the Supply office, Logistics Division will be an acceptable similar record. Staff are to contact the Supply Office to obtain these records.
- 43 Where no or insufficient details are forwarded, FBT will be charged on total actual toll expenditure. The benefit is a reportable benefit and will appear on the staff member's payment summaries.
- 44 With regard to e-tag fringe benefits, where the use of the e-tag is minor, infrequent and irregular the minor benefit exemption will apply (see paragraph 13.4 of the [Fringe Benefits Tax—General guide](#)).