


# ***CR 2024/2 - Geotab Australia Pty Ltd - electronic car logbook and odometer record-keeping system***

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## Class Ruling

# Geotab Australia Pty Ltd – electronic car logbook and odometer record-keeping system

### **📌 Relying on this Ruling**

This publication (excluding appendix) is a public ruling for the purposes of the *Taxation Administration Act 1953*.

If this Ruling applies to you, and you correctly rely on it, we will apply the law to you in the way set out in this Ruling. That is, you will not pay any more tax or penalties or interest in respect of the matters covered by this Ruling.

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### **What this Ruling is about**

1. This Ruling sets out the fringe benefits tax (FBT) consequences for the defined class of users of the Geotab Drive electronic car logbook and odometer record-keeping system (FBT Report) created by Geotab Australia Pty Ltd. In particular, this Ruling sets out when the Geotab Drive FBT Report can be utilised to reduce the operating costs in both a logbook year of tax and a non-logbook year of tax for the purpose of calculating the taxable value of a car fringe benefit using the operating cost method.

2. Broadly, sections 10A and 10B of the *Fringe Benefits Tax Assessment Act 1986* (FBTAA) allow an employer to reduce the operating cost of a car for business journeys that are undertaken in the car during the period in which the car was held (either by the employer or another person). Such a reduction can only occur where certain conditions are met.

3. All legislative references in this Ruling are to the FBTAA.

4. Details of this scheme are set out in paragraphs 14 to 51 of this Ruling.

**Note:** By issuing this Ruling, the ATO is not endorsing the Geotab product. Potential purchasers or users must form their own view about the product.

### **Who this Ruling applies to**

5. This Ruling applies to you if you are an employer who uses the Geotab Drive system to keep car logbook records and odometer records for the purposes of calculating the taxable value of a car fringe benefit using the operating cost method.

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### **When this Ruling applies**

6. This Ruling applies from 1 April 2023 to 31 March 2028.

## **Ruling**

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### **Logbook records**

7. The Geotab Drive FBT Report created by the Geotab system (as described in paragraph 16 of this Ruling) is a report that satisfies the definition of 'log book records' for the purposes of subsection 136(1), provided the:

- report is for an 'applicable log book period', and
- purpose of the journey is sufficiently descriptive to enable the journey to be classified as a business journey, and the details are recorded as soon as reasonably practicable after the end of the journey.

### **Odometer records**

8. The Geotab Drive FBT Report created by the Geotab system is a report that satisfies the definition of 'odometer records' in subsection 136(1).

### **Requirements of section 10A in a logbook year of tax**

9. An employer in a logbook year of tax who uses the Geotab system continuously for the:

- duration of the applicable logbook period as defined in subsection 162H(1), and
- whole of the 'holding period' as defined in section 162C

satisfies the requirements in section 10A and is entitled to claim a reduction of operating costs.

10. An employer in a logbook year of tax who uses the Geotab system continuously for:

- the duration of the applicable logbook period as defined in subsection 162H(1), and
- does not use the Geotab system continuously for the whole of the holding period as defined in section 162C

satisfies the requirements in section 10A and is entitled to claim a reduction of operating costs provided the employer:

- separately records the odometer readings for the beginning and end of the period of the year for which the car was held
- estimates the number of business kilometres travelled by the car during the period of the year for which the car was held using all relevant matters including the Geotab Drive FBT Report and any variations in the pattern of use of the car, and

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- specifies the business use percentage for the period of the year for which the car was held using the estimated number of business kilometres and the odometer readings for the beginning and end of the holding period.

### **Requirements of section 10B in a non-logbook year of tax**

11. An employer in a non-logbook year of tax that uses the Geotab system continuously for the whole of the holding period (as defined in section 162C) satisfies the requirements in section 10B and is entitled to claim a reduction of operating costs.

12. An employer in a non-logbook year of tax who has used the Geotab system in one of the previous 4 FBT years continuously for an applicable logbook period, but does not use the Geotab system in that year of tax or for the whole of the period that the car is held satisfies the requirements in section 10B. They will be entitled to claim a reduction of operating costs of the car on account of business journeys undertaken in the car during the holding period, provided the employer:

- separately records odometer readings for the beginning and end of the period of the year for which the car was held
- estimates the number of business kilometres travelled by the car during the period of the year for which the car was held using all relevant matters including the Geotab Drive FBT Report and any variations in the pattern of use of the car, and
- specifies the business use percentage for the period of the year for which the car is held using the estimated number of business kilometres and the odometer readings for the beginning and end of the holding period.

## **Scheme**

13. The following description of the scheme is based on information provided by the applicant. If the scheme is not carried out as described, this Ruling cannot be relied upon.

### **Overview**

14. Geotab Australia Pty Ltd (Geotab Australia), a New South Wales corporation, is a subsidiary of Geotab Inc., an Ontario corporation (Geotab Canada), together with its subsidiaries and affiliates, including Geotab Australia (Geotab). Geotab is a global fleet telematics provider that offers in-vehicle monitoring system devices. The devices harness fleet-related data including telematics tracking which is fed into Geotab's proprietary analytics platform. The combined system allows businesses and fleet managers to track vehicles and assets to optimise resource use, safety, productivity and sustainability of the fleet ecosystem.

15. The combined Geotab system includes a secure in-vehicle tracking telematics device, a mobile app and a secure fleet management software portal. The system captures trip information such as odometer readings at the beginning and at the end of each trip, date and time of the trip, along with categorisation and annotation relating to the trip. From the information captured, the system produces a report called the FBT Report. The FBT Report shows a pattern of use of the vehicles in the applicable period which enables employers to determine the business use percentage for the logbook period.

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### **Geotab system – how does it work?**

16. The Geotab system consists of a:
- secure in-vehicle tracking telematics device, Geotab GO (the GO device)
  - mobile app (Geotab Drive), and
  - secure fleet management software portal (MyGeotab).
17. The GO device retrieves data generated by the vehicle via CANbus or diagnostic port or vehicle electronic control unit (ECU). This data includes engine speed, fuel use, odometer, engine operation, live coaching for driver's on-road performance (only with relevant add-ins) and faults of the vehicle in which it is installed. The GO device also generates data from its sensors, including the global navigation satellite system (GNSS) locational data, time, distance travelled and speed. This telematics data is then transferred to MyGeotab.
18. The Geotab system incorporates FBT management as an add-in with access via Geotab Drive and MyGeotab. The add-in is installed in the employer's (client's<sup>1</sup>) database and has 2 interfaces:
- an interface for the driver (via Geotab Drive) to access on their phone or tablet, where they can view, categorise and annotate journeys (trips). The trip can only be categorised once it has been completed so as to minimise potential miscategorisation, and
  - an interface for the administrator (via MyGeotab) to view and edit trips, and report on vehicle and trip related information. This report contains information similar to a car logbook and odometer records.

### **Installation of the Geotab GO device**

19. Geotab GO is a device that is physically connected to the vehicle via its diagnostic port, or via a wired connection. The SIM card and modem in the device enables communication via the cellular network.

### **Vehicle set-up of the Geotab GO device**

20. Once installed, the installer can navigate to MyInstall ([installmygps.com/myinstall/public](https://installmygps.com/myinstall/public)) to complete the installation information which includes installer name, installer company, device serial number, device status and vehicle information.
21. The system also validates the device serial number to ensure it is correct and communicating.
22. The installer is required to complete the vehicle name and vehicle identification number (VIN). Other fields such as registration number, make, model, year, odometer and engine hours are optional.

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<sup>1</sup> For the purposes of this Ruling, an employer has the same meaning as a client. An administrator refers to an authorised person in the employer's organisation who administers fleet-related matters. A user generally refers to the driver or whoever uses the Geotab Drive.

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### **System set-up and user functionalities**

23. The administrator can:

- set up and assign a driver's security clearance which allows the driver to access relevant fields for FBT logbook purposes
- install the FBT add-in which allows the administrator to manage FBT record-related functionalities including trip categorisation, driver assignment, trip annotations and produce the FBT Report
- set the current FBT year and select the start and end date of the FBT period. The FBT logbook period (representative period) can also be defined for individual vehicles
- set up unauthorised device removal notifications
- add vehicles for FBT tracking. The vehicles can be added to an existing group or a newly created group
- view and manage trips – that is, view a summary of uncategorised trips by drivers or vehicles and take relevant action as per the employer's policy, and to collaborate with relevant drivers to determine the nature of the trips and that all trips in the logbook periods are correctly categorised, annotated and assigned to the correct drivers
- default any additional uncategorised trips to 'Personal', and
- generate an FBT Report.

24. As a driver is assigned to a particular vehicle, when there is a change of driver, a new driver can log in to the vehicle via the Geotab Drive app. These trips (and hence any relevant FBT) are then assigned to the new driver.

### **Data collection and storage**

25. The GO devices:

- collect data as soon as the ignition is turned on and store location and speed data locally. This data is then uploaded to the cloud
- have a built-in accelerometer which is one sensor that constantly monitors and collects inputs relating to acceleration. Other sensors collect second-by-second global positioning system (GPS) data, locational data, speed and engine diagnostic inputs. The GO device uses an intelligent patented curve-based logging<sup>2</sup> algorithm to determine when to record speed, position and other engine information, and
- if a vehicle is out of telecommunication coverage, the devices can store up to 80,000 logs. Once the vehicle returns to telecommunications coverage, all stored logs are automatically uploaded to the MyGeotab server.

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<sup>2</sup> The GO device is constantly monitoring various inputs and determines the appropriate values to transfer and store. They include:

- second-by-second GPS data
- intra-second accelerometer readings
- proprietary engine diagnostic
- auxiliary inputs and outputs.

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26. Once uploaded, the data is stored in Geotab's data centres in Canada, United States of America, Europe, Asia, or Australia, subject to customer location, regulatory requirements and optimisation parameters.

### **Records collection and reporting**

27. Where data are available for a period of more than 12 weeks, the client will have an option to select a representative 12-weeks for the logbook period.

### **Record collection**

28. Trips are recorded automatically in vehicles where the GO device is installed.

29. During the logbook period, a driver can select their vehicle in the FBT trip categorisation tool in the Geotab Drive app, and view all the trips completed by categorisation. The display contains information relating to the start and end of a trip, its distance and the purpose of the trip. Other required details are in the FBT Report.

30. The driver can select a category ('Business' or 'Personal') and add an annotation by either selecting from a predefined list of annotation templates or entering their own annotation. Each trip during the logbook period must be categorised. If trips have not been categorised, the category is set to 'uncategorised' by default. The driver receives a notification on the Geotab Drive app with a summary of uncategorised trips.

31. The driver can also select a day or date range for which to view trips in the Geotab Drive app. A summary of categorised and uncategorised trips will be displayed.

32. The driver can recategorise already categorised trips to rectify an error.

33. The driver can conduct a bulk edit to categorise and annotate multiple trips simultaneously.

34. The annotation is also editable to allow for any necessary correction.

35. The application mandates that all trips categorised as 'Business' be accompanied by an annotation and will not allow the driver to save the trip without doing so.

### **FBT Report**

36. The FBT Report provides a summary of business versus personal use of FBT vehicles. It is a more detailed version of the Trip Categorisation Report and contains relevant information for FBT reporting purposes. An administrator can generate an FBT Report in MyGeotab by vehicle, group of vehicles, or the entire fleet. They can also select the period that is reported on.

37. Specific representative periods can be defined for individual vehicles, and this is reflected in the FBT Report on the 'Summary' tab via the 'FBT Start' and 'FBT End' columns. The employer can also define a blanket reporting period (for example, 12 weeks over a specific date period or the entire FBT year duration), and this would become the default reporting period for all the vehicles.

38. The FBT Report contains the following 3 tabs:

- Data – this tab contains the raw data collected from the GO device for a selected period and for the FBT year.

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- Report – this tab contains the fields which are either copied directly from the Data tab or derived from information from the Data tab. The purpose of this is to collate only relevant information needed to generate the information in the Summary tab. It currently contains the following information
  - vehicle registration
  - driver name
  - category (business or personal)
  - trip started (date and time)
  - start odometer (in kilometres)
  - start location
  - trip ended (date and time)
  - end odometer (in kilometres)
  - end location
  - holding start (date)
  - holding end (date)
  - holding distance travelled (in kilometres to 3 decimal points)
  - logbook start (date)
  - logbook end (date)
  - logbook distance travelled (in kilometres to 3 decimal points), and
  - annotation.
- Summary – this tab contains the following information
  - vehicle
  - holding start (start date of first trip within FBT year)
  - holding end (end date of last trip within FBT year)
  - logbook start (date)
  - logbook end (date)
  - driver
  - business holding distance travelled (in kilometres to 3 decimal points)
  - business logbook distance travelled (in kilometres to 3 decimal points)
  - business logbook percentage use (to 2 decimal points)
  - personal holding distance travelled (in kilometres to 3 decimal points)
  - personal logbook distance travelled (in kilometres to 3 decimal points)
  - personal logbook percentage use (to 2 decimal points), and



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- total distance travelled – holding period or year (in kilometres to 3 decimal points).

### ***Accuracy of the FBT Report***

39. There are 3 components that contribute to the accuracy of the FBT Report: trip records, vehicle records, and driver records.

### ***Trip records***

40. In a logbook period, the FBT Report:
- documents the start odometer, end odometer and distance travelled by the relevant FBT vehicles
  - documents the trip start date, trip end date and time of the trip
  - classifies trips as either business or personal in nature, and
  - allows for the relevant annotation relating to a trip so that the basis for categorisation of each trip can be substantiated and validated.
41. In addition to the logbook period, in a logbook year, the FBT Report:
- documents the start odometer, end odometer and distance travelled by the relevant FBT vehicles in the holding period, and
  - documents the trip start date, trip end date and time of the trip.
42. In a year other than a logbook year, the FBT Report:
- documents the start odometer, end odometer and distance travelled by the relevant FBT vehicles, and
  - documents the trip start date, trip end date and time of the trip.

### ***Vehicle records***

43. In MyGeotab, FBT vehicles are assigned to a specific group. This group is then selected in the FBT add-in. Only vehicles that are assigned to the FBT group will be visible in the MyGeotab side of the FBT add-in.

44. Each vehicle in MyGeotab has a 'License plate' field where the registration would be entered manually. Similarly, information such as the VIN can be detected automatically if it is being transmitted by the vehicle ECU, otherwise it is entered manually. Data, if entered into the relevant field, appears in the 'DeviceLicensePlate' column and is available from a Device report which can be used to cross-reference the FBT Report. Each vehicle also has a 'Comments' field where additional details in relation to a vehicle can be entered. It is not mandatory to enter all information relevant to a vehicle.

45. This data appears in the 'DeviceName', 'DeviceID' or 'DeviceComment' fields of the FBT Report if information was entered into respective fields in MyGeotab. If vehicles are assigned to differentiating groups in MyGeotab, it will be shown in the 'DeviceGroup' column in the FBT Report.

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#### ***Driver records***

46. Drivers' details need to be entered into MyGeotab before they can be assigned to a vehicle and categorise trips in the FBT add-in.

47. The driver needs to log in to the Geotab Drive app and select the vehicle they are using prior to starting a trip. Other mechanisms also exist to assign a driver to a vehicle that includes using Near-field Communications (NFC) to capture the Driver ID, manually assign drivers or a third-party integration driver ID mechanism. In each of these scenarios, the correct driver is assigned to a vehicle such that their trips can be categorised in the FBT add-in.

#### ***Record keeping***

48. Clients are advised to retain and keep the FBT Report and the records they collate in future years for 5 years from the date they are prepared.

49. Clients are advised to keep the odometer records for the entire logbook year or holding period during the year (if shorter) so that the number of business kilometres travelled during the holding period can be estimated.

50. Clients are advised to keep the odometer records (the total distance travelled in an FBT year) in a non-logbook year in which the logbook created in an earlier year is relied upon so that the number of business kilometres travelled in the holding period falling in that FBT year can be estimated.

51. The records are collected and reported in English.

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**Commissioner of Taxation**

10 January 2024

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## Appendix – Explanation

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**ⓘ** *This Explanation 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.*

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### **What is the operating cost method under section 10?**

52. Section 10 allows employers to elect to calculate the taxable value of car fringe benefits using the cost basis method (operating cost method).

53. Where the election is made, the taxable value of car fringe benefits that relate to a car is calculated using the operating cost method formula in subsection 10(2).

54. Therefore, employers intending to claim a reduction in the operating cost of a car, on account of business journeys undertaken during the holding period, must meet the requirements of either section 10A (if the year is a logbook year of tax) or section 10B (if the year is not a logbook year of tax), as applicable.

### **Does the Geotab system satisfy the requirements under section 10A?**

55. Section 10A states:

Where one or more car fringe benefits in relation to an employer in relation to a year of tax relate to a car while it was held by a particular person (in this section called the **provider**) during a particular period (in this section called the **holding period**) in a year of tax that is a log book year of tax of the employer in relation to the car, the employer is entitled to a reduction in the operating cost of the car on account of business journeys undertaken in the car during the holding period if, and only if:

- (a) log book records and odometer records are maintained by or on behalf of the provider for an applicable log book period in relation to the car; and

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- (b) odometer records are maintained by or on behalf of the provider for the holding period; and
- (c) if the provider is not the employer – those log book records and odometer records are given to the employer before the declaration date; and
- (d) the employer specifies the employer's estimate of the number of business kilometres travelled by the car during the holding period; and
- (e) the employer specifies a percentage as the business use percentage applicable to the car in relation to the provider for the holding period.

56. Section 162G sets out various circumstances under which a particular year can be treated as a 'log book year of tax'. It is accepted that all employers using the Geotab system will elect under paragraph 162G(1)(b) to treat a current year of tax as a logbook year of tax.

**Does the Geotab Drive FBT Report satisfy the requirements of the definition of 'log book records' under subsection 136(1)?**

57. Subsection 136(1) defines 'log book records' as:

**log book records**, in relation to a car held by a person (in this definition called the **holder**), in relation to a period, means a daily log book or similar document in which, in respect of each business journey:

- (a) that is undertaken in the car during the period; and
- (b) that the holder, or a person acting on behalf of the holder, chooses to record in the document for the purpose of demonstrating the pattern of use of the car during the period;

an entry setting out particulars of:

- (c) the date on which the journey began and the date on which it ended; and
- (d) the respective odometer readings of car at the beginning and end of the journey; and
- (e) the number of kilometres travelled by the car in the course of the journey; and
- (f) the purpose or purposes of the journey;

is made in the English language at, or as soon as reasonably practicable after, the end of the journey.

58. Paragraph (c) of the definition of 'log book records' requires the date on which the journey began and ended to be entered in the relevant records. The Geotab system records the start and end dates and times of each journey and this information is detailed in the Geotab Drive FBT Report. Therefore, this requirement is satisfied.

59. Paragraph (d) of the definition of 'log book records', requires the respective odometer readings of the car at the beginning and at the end of the journey be entered into the relevant records.

60. The term 'odometer' is not defined in either the FBTAA or the *Income Tax Assessment Act 1997* but the Macquarie Dictionary, online edition, defines that term as being, 'an instrument for measuring distance passed over, as by a motor vehicle'.<sup>3</sup>

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<sup>3</sup> Macmillan Publishers Australia, *The Macquarie Dictionary* online, [www.macquariedictionary.com.au](http://www.macquariedictionary.com.au), accessed 27 November 2023.

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61. The term 'odometer records', as defined in subsection 136(1) makes reference to 'odometer reading of the car'. While odometer readings must pertain to the car, it does not necessarily mean that they must also be attributable either wholly or in part to the rotation of the car's wheels, thereby mechanically moving the standard odometer fitted in the car by the manufacturer.

62. Provided the GPS device used to determine the car's odometer readings is of sufficient integrity, it is accepted that a system other than the car's own odometer may meet the legislative requirements of the FBTAA.

63. Each time the car is driven, the start and end odometer readings for the journey are calculated from the GPS and other telemetry data recorded. It is accepted that the opening and closing odometer readings calculated by the Geotab system is of sufficient integrity to be odometer readings of the car.

64. It is accepted that the opening and closing odometer readings for each car journey detailed in the Geotab Drive FBT Report satisfies the requirements of paragraph (d) of the definition of 'log book records'.

65. The number of kilometres travelled by the car in the course of each journey is also detailed in the Geotab Drive FBT Report thus satisfying the requirement in paragraph (e) of the definition of 'log book records'.

66. Paragraph (f) of the definition of 'log book records' requires the purpose or purposes of the business journeys to be recorded. Further, the definition of 'log book records' requires that entries be made at or as soon as reasonably practicable after, the end of the journey.

67. Business journeys are classified by respective authorised drivers using a secure login and password to select the purpose of the trip. Drivers can also add an annotation by either selecting from a predefined list of annotation templates or entering their own annotation which further describe the purpose and sub-purpose of the trip. The application mandates that all trips classified as 'Business' be accompanied by an annotation, and will not allow the driver to save the trip without doing so. Drivers can access a smart phone-based mobile application allowing them to classify journey information and record the purpose of each trip.

68. It is expected that the reason recorded for each business journey is sufficiently descriptive so as to enable the journey to be classified as a business journey and that the relevant classification and description will be made at the end of each journey or as soon as reasonably practicable thereafter. Provided this occurs within a week of the journey occurring, it will be accepted that the entry was made as soon as practicable after the end of the journey.

69. It is accepted that the Geotab Drive FBT Report satisfies the requirements of paragraph (f) of the definition of 'log book records' in subsection 136(1).

70. It is considered that the Geotab system and the Geotab Drive FBT Report is 'a daily log book or similar document' that satisfies the requirement of being made in the English language at or as soon as reasonably practicable after the end of the journey.

71. The Geotab Drive FBT Report generated by the Geotab system satisfies the definition of 'log book records' in subsection 136(1) provided the report is completed for an applicable logbook period.

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***Are the records maintained for an applicable logbook period?***

72. The definition of 'log book records' in subsection 136(1) also requires that each business journey recorded in the 'log book records' be in relation to a 'period'. Paragraph 10A(a) refers to 'log book records' being maintained for an applicable logbook period.

73. The term 'applicable log book period' is defined in subsection 162H(1) follows:

For the purposes of the application of section 10 in relation to a car fringe benefit in relation to an employer in relation to a car while it was held by a particular person during a particular period (in this subsection called the '**holding period**') starting or ending in a year of tax, a reference to the applicable log book period is a reference to:

- (a) if the holding period is a period of less than 12 weeks – the holding period; or
- (b) in any other case – a continuous period of not less than 12 weeks that begins and ends during the holding period.

74. The Geotab Drive FBT Report that is generated by the Geotab system by the administrator must be for a minimum 12-week period, a period which can begin and end during a period that the employer owns or leases the vehicle, or the whole of the 'holding period.' It is accepted that in the absence of evidence to the contrary in a particular case, all employers using the Geotab system in relation to any car fringe benefits that they provide will maintain the necessary records for the duration of the 'applicable log book period' (as that latter term is defined in subsection 162H(1)).

***Does the Geotab Drive FBT Report satisfy the requirements of the definition of 'odometer records' under subsection 136(1)?***

75. The term 'odometer records' is defined in subsection 136(1) as:

**odometer records**, in relation to a car, in relation to a period, means a document in which particulars of:

- (a) the odometer reading of the car at the commencement of the period; and
- (b) the odometer reading of the car at the end of the period; and
- (c) if paragraph 162K(2)(b) or 162L(2)(b) applies with effect from a particular date – the odometer readings of both the replacement car and of the original car referred to in that paragraph, as at that date;

are entered in the English language, at, or as soon as reasonably practicable after, the respective times to which those odometer readings relate.

76. The definition of 'odometer records' in subsection 136(1) requires that odometer readings be recorded both at the 'commencement' and at the 'end' of the periods.

77. The Geotab system provides a report which details the odometer reading for the car at the start of the first recorded journey and also the odometer reading for the car at the end of the last recorded journey that were undertaken during each report period.

78. As stated at paragraph 74 of this Ruling, it is accepted that in the absence of evidence to the contrary in a particular case, all employers using the Geotab system will maintain the necessary records for the applicable logbook period.

79. A report can be generated at the end of the logbook period showing the odometer recordings made and the type of journey undertaken. It is accepted that a Geotab Drive FBT Report meets the necessary requirement of having entries made in English at or as soon as reasonably practicable after the end of the journey.

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80. It is considered that the Geotab Drive FBT Report satisfies all the relevant requirements of the definition of 'odometer records' as defined in subsection 136(1) for an 'applicable log book period'.

***Does the Geotab Drive FBT Report provide 'odometer records' for the 'holding period'?***

81. Paragraph 10A(b) requires odometer records to be maintained for the holding period as defined in section 162C.

82. The Geotab Drive FBT Report will provide odometer records for the period of the year in which the system is used. The report provides the odometer reading at the start and end of the journey. Reporting can be used for a continuous period in a non-logbook year of tax, or for a period of not less than 12 weeks; a period which can begin and end during a period that the employer owns or leases the vehicle.

***Does the Geotab system enable the employer to estimate the number of business kilometres travelled during the holding period in a logbook year of tax?***

83. Paragraph 10A(d) requires the employer to estimate the number of business kilometres travelled by the car during the holding period. This estimate is used to calculate the business use percentage required by paragraph 10A(e).

84. The basis used to estimate the number of business kilometres is set out in section 162F which states:

For the purposes of this Act, the number of kilometres that represents a reasonable estimate of the number of business kilometres applicable to a car held by a person during a period in a year of tax shall be determined having regard to all relevant matters including, but without limiting the generality of the foregoing:

- (a) any log book records, odometer records or other records maintained by or on behalf of the person; and
- (b) any variations in the pattern of use of the car.

85. The Geotab system uses the calculations of the kilometres travelled on the journeys classified as being a business journey during the period for which the system is used to calculate the total number of business kilometres travelled during the period. Therefore, where the system is used continuously for the whole of the period of the year for which the car is held, the report will enable the employer to estimate the number of business kilometres travelled during the holding period.

86. However, where the Geotab system is not continuously used for the whole of the period of the year for which the car is held, the number of business kilometres recorded in the report will only be the business kilometres travelled during the period in which the system is used. In such a situation, the employer, in estimating the number of business kilometres travelled during the holding period, will need to take all relevant matters into account, including the Geotab Drive FBT Report, odometer records and any variations in the pattern of use of the car.

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***Does the Geotab system enable the employer to specify the business use percentage for the holding period in a logbook year of tax?***

87. Subsection 136(1) defines 'business use percentage' to mean the percentage worked out using the formula:

$$\frac{\text{Number of business kilometres travelled by the car during the holding period}}{\text{Total number of kilometres travelled by the car during the holding period}} \times 100\%$$

88. Where the Geotab system is used continuously for the whole of the period of the year for which the car is held, it will calculate both the number of business kilometres and the total number of kilometres travelled by the car during the holding period. Using these calculations, the Geotab Drive FBT Report provides the business use percentage for the holding period.

89. However, where the Geotab system is not continuously used for the whole of the period of the year for which the car is held, the system will not record the number of business kilometres travelled during the holding period, nor the total number of kilometres travelled during the holding period. Therefore, in such a situation, it will be necessary for the employer to separately determine the business use percentage using the estimated number of business kilometres and the odometer readings for the beginning and end of the holding period.

***Conclusion – does the Geotab system satisfy the requirements of section 10A?***

90. Where the Geotab system is used continuously for the whole of the period of the year for which the car is held, the Geotab Drive FBT Report generated by the Geotab system for that period will meet all the necessary requirements of section 10A.

91. Where the Geotab system is not used continuously for the whole of the period of the year for which the car is held, the Geotab Drive FBT Report will not by itself satisfy the requirements of section 10A. Section 10A is only satisfied if, and only if:

- (a) log book records and odometer records are maintained by or on behalf of the provider for an applicable log book period in relation to the car; and
- (b) odometer records are maintained by or on behalf of the provider for the holding period; and
- (c) if the provider is not the employer – those log book records and odometer records are given to the employer before the declaration date; and
- (d) the employer specifies the employer's estimate of the number of business kilometres travelled by the car during the holding period; and
- (e) the employer specifies a percentage as the business use percentage applicable to the car in relation to the provider for the holding period.

***Does the Geotab system satisfy the requirements of section 10B?***

92. Section 10B states:

Where one or more car fringe benefits in relation to an employer in relation to a year of tax relate to a car while it was held by a particular person (in this section called the '**provider**') during a particular period (in this section called the '**holding period**') in a year of tax that is not a log book year of tax of the employer in relation to the car, the employer is entitled to a reduction in the operating cost of the car on account of business journeys undertaken during the holding period in the car if, and only if:



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- (a) odometer records are maintained by or on behalf of the provider in relation to the car for the holding period and, if the provider is not the employer, are given to the employer before the declaration date; and
- (b) the employer specifies the employer's estimate of the number of business kilometres travelled by the car in the holding period; and
- (c) the employer specifies the business use percentage applicable to the car in relation to the provider for the holding period.

93. Where the Geotab system is used continuously for the whole of the holding period, the Geotab Drive FBT Report will meet all the necessary requirements of section 10B in a non-logbook year of tax as:

- it will provide odometer records for the beginning and end of that holding period
- it will determine the number of kilometres travelled on the journeys classified as business journeys during the period for which the system is continuously used, and
- it calculates the business use percentage for the selected period using the estimated number of business kilometres and the odometer readings for the beginning and end of the holding period.

94. An employer in a non-logbook year of tax who does not use the Geotab system in that year of tax or does not use it for the whole of the period that the car is held but has used the Geotab system in one of the previous 4 FBT years continuously for an applicable logbook period, will not satisfy the requirements of section 10B. The employer will also need to:

- separately maintain odometer readings for the beginning and end of the period of the year for which the car was held
- estimate the number of business kilometres travelled by the car during the period of the year for which the car was held, using all relevant matters including the Geotab Drive FBT Report, odometer records and any variations in the pattern of use of the car, and
- specify the business use percentage for the period of the year for which the car is held using the estimated number of business kilometres and the odometer readings for the beginning and end of the holding period.

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## References

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*Legislative references:*

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- FBTAA 10(2)
- FBTAA 10A
- FBTAA 10A(d)
- FBTAA 10A(e)
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