TD 1999/5 - Fringe benefits tax: what are the rates to be applied on a cents per kilometre basis for calculating the taxable value of a fringe benefit arising from the private use of a motor vehicle other than a car for the fringe benefits tax (FBT) year commencing on 1 April 1999?

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This document has changed over time. This is a consolidated version of the ruling which was published on *28 April 1999*

Taxation Determination

Fringe benefits tax: what are the rates to be applied on a cents per kilometre basis for calculating the taxable value of a fringe benefit arising from the private use of a motor vehicle other than a car for the fringe benefits tax (FBT) year commencing on 1 April 1999?

Preamble

The number, subject heading, date of effect and paragraph 1 of this Taxation Determination are a 'public ruling' for the purposes of Part IVAAA of the *Taxation Administration Act 1953* and are legally binding on the Commissioner. Taxation Rulings TR 92/1 and TR 97/16 together explain when a Determination is a public ruling and how it is binding on the Commissioner.

Date of effect

This Determination applies for the FBT year commencing on 1 April 1999. However, it does not apply to taxpayers to the extent that it conflicts with the terms of 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).

1. The rates to be applied where the cents per kilometre basis is used for the fringe benefits tax year commencing on 1 April 1999 are:

Engine capacity	**Rate per kilometre**
0 - 2500cc	33 cents
Over 2500 cc	39 cents
Motor cycles	10 cents.

2. An employee's right to use a car for private purposes constitutes a car fringe benefit under the *Fringe Benefits Tax Assessment Act 1986* (FBTAA). Where an employee is entitled to use a motor vehicle **other than a car**, this gives rise to a residual benefit under that Act. For these purposes, in subsection 136(1) of the FBTAA, 'car' means:

> 'a motor vehicle (including a vehicle known as a four wheel drive vehicle), being:
>
> (a) a motor car, station wagon, panel van, utility truck or similar vehicle, designed to carry a load of less than one tonne; or
>
> (b) any other road vehicle designed to carry a load of less than 1 tonne or fewer than 9 passengers;
>
> but does not include a motor cycle or similar vehicle'.

3. Taxation Ruling MT 2034 outlines a number of methods that may be used to value the benefit of the right to use an employer's motor vehicle **other than a car**. For example, MT 2034 outlines acceptable calculation methods to determine the value of the benefit arising from the use of a motor cycle or a vehicle designed to carry a load of one tonne or more.

4. MT 2034 indicates that one method of valuing the benefit is to multiply the number of private kilometres travelled by employees in a vehicle during a year by a cents per kilometre rate. The effect of paragraphs 15 and 16 of MT 2034 is that this method can only be used where there is extensive business use of the vehicle.

5. The cents per kilometre rates set out in this Determination are those that applied for the year commencing on 1 April 1998, reviewed to reflect the movement in the Consumer Price Index. However, that review has not resulted in any changes to those rates. (The rates that applied for the year commencing on 1 April 1998 are set out in Taxation Determination TD 98/10.)

Commissioner of Taxation
28 April 1999

Previous draft:

No draft issued

Related Rulings/Determinations:

MT 2034; TD 93/59; TD 94/22; TD 95/19; TD 96/26; TD 97/16; TD 98/10

Subject references:

FBT; FBT motor vehicle; FBT motor vehicle definition; FBT taxable value; fringe benefits tax; private use of motor vehicles other than cars; residual fringe benefits

Legislative references:

FBTAA Pt III Div 12; FBTAA 136(1)

Case references:

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