Love & Partners
CHARTERED ACCOUNTANTS

MOTOR VEHICLE LOG BOOK

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Where motor vehicle claims are to be based on a log book, details of business trips are required to be recorded over a typical twelve week period. If the overall use of the vehicle significantly alters (by at least 10%) a further twelve week record should be maintained to establish the rate of business use of the vehicle.

1. A new log book is required to be completed at least every 5 years. However if either annualised kilometres (being total logbook km's for 12 weeks annualised to a full year) or business use %, do not remain constant then a new log book is required each year.

Motor vehicle expenses allowable as tax deductions will be calculated as follows:-

$$\frac{\text{Business Travel Recorded in the log book}}{\text{Total Motor Vehicle travel for the period}} \times \text{Total car running expenses for the year}$$

(Total car running expenses include depreciation and interest if applicable)

2. Written evidence of all car expenses, except fuel and oil, are to be kept. Odometer readings for every year are to be recorded.

All information provided for in this log book is required by the Tax Commissioner. Entries should be made at the end of the journey or as soon as possible after the journey and they must be in English.

There are alternative methods of establishing motor vehicle expense claims other than through the use of a log book. You should discuss these alternative methods with your Accountant.

See further information at the end of this booklet.

HOLDING A CAR

You must be the legal owner. Before you are eligible to claim under one of the four methods for claiming car expenses, you must beneficially 'hold' the car. Generally you hold the car if you either own (i.e. normally registered in your name) or lease/hire purchase the car.

CANNOT CLAIM CAR EXPENSES FOR SOMEONE ELSE'S CAR

You cannot claim for car expenses under any method available, where the car was owned or leased by someone else, including another member of your family in most instances.

TRAVEL INCORPORATING THE TRANSPORT OF EQUIPMENT ETC.

Travel will be accepted as business travel where the employee performs duties at a number of places requiring the transport and use of equipment of substantial bulk, such as to justify the need for a motor vehicle to transport it and where there are sound reasons for keeping the equipment at home.

This rule would apply where, as a matter of convenience, the employee performs some work at home and transports papers, materials etc., (whether bulky or not) between home and work for that purpose.

WHAT IS A CAR?

A motor cycle is excluded from the definition of a car. A car is a motor vehicle (including a four-wheel drive) of any of these kinds:

- A motor car, station wagon, panel van, utility truck or similar vehicle (except a panel van or utility truck designed to carry a load of 1 tonne or more); or
- Any other road vehicle designed to carry a load of less than 1 tonne or fewer than 9 passengers.

Substantiation does not apply to:

- A taxi, panel van, utility or any other non-passenger commercial vehicle used only for business purposes, and for traveling between home and work; or
- A car that is part of the trading stock of a business of selling cars, and used only in the business; or
- A car used only for lease or hire in a business of leasing or hiring; or
- An employer provides for 'exclusive use' of an employee for non-business purposes which are subject to Fringe Benefits Tax.

DATA SHEET

Car Make & Model:	
Engine Capacity:	
Name of Owner:	
Date Purchased:	
Cost:	
Finance Details:	
Entry made by Name:	
Signature:	
Date:	
Log Book – Period Begins	
Log Book – Period Ends:	
Total Kilometres Travelled:	
Total Business kilometres:	
Business Use %:	

ODOMETER READINGS FOR EACH YEAR

Odometer Reading	Yr1	Yr2	Yr3	Yr4	Yr5
1st July:					
Date of Entry:					
Signature:					
30th June:					
Date of Entry:					
Signature:					

Journey Start Date	Journey End Date	Start Odometer Reading	End Odometer Reading	Business Kilometres Travelled	Private Kilometres Travelled

EMPLOYMENT DUTIES OF AN ITINERANT NATURE

It has long been acknowledged that travel from an employee's home may constitute business travel, where the nature of the office or employment is inherently itinerant.

Common examples include commercial travellers and government inspectors whose homes can be seen to be a base of operations from which they travel to one of a number of locations throughout the day, over a continuing period.

The main characteristics of an itinerant employee are:

- Travel is a fundamental part of their work;
- Has a web of workplaces;
- Continually moves from one place of work to another; or
- Is required to transport bulky equipment to each place of employment.

The ATO does not consider that agency nurses or relieving bank officers are itinerant because they are not required to travel in the performance of their work.

BUSINESS TRIP ON WAY TO OR FROM WORK

From time to time an employee has to visit clients, customers, etc. Return travel from the employee's usual place of employment, (e.g. office, surgery etc.) will clearly constitute business travel in such circumstances. Where an employee travels from home to a client's premises, it will be accepted as business travel where:

- The employee has a regular place of employment;
- The travel is undertaken to an alternative destination which is not itself a regular place of employment;
- The journey is undertaken to a location at which the employee performs substantial employment duties. It would not be accepted as business travel where the employee merely performs incidental tasks enroute such as collecting newspapers or mail.

This applies equally to cases where an employee makes a dedicated business call in the afternoon and travels from there to home, rather than returning to the office.

NON-DEDUCTIBLE AND DEDUCTIBLE BUSINESS TRAVEL

WHAT IS BUSINESS TRAVEL?
Business travel is travel which is undertaken in gaining or producing your assessable income or in carrying on a business. Travel between home and a person's regular place of employment is ordinarily private travel. While travel to work is a necessary prerequisite to earning income, it is not undertaken on the course of earning that income. Put at its simplest, travel to work is private; travel on work is business. In order for a taxpayer to claim their business travel, they must provide evidence that they have undertaken business kilometres. Business kilometres are the kilometres a car travelled in the course of producing your assessable income in an income year. The fact that public transport may not be available or may not be readily available does not make the trip deductible travel.

TRAVEL WHILE ON STAND-BY DUTY:
The fact that an employee may travel to and from work in response to a call while on stand-by duty would not ordinarily alter the character of that travel, i.e. it remains private non-deductible travel.

TRAVEL BETWEEN TWO PLACES OF EMPLOYMENT/BUSINESS:
Travel directly between two places of employment, two places of business, or a place of employment and a place of business will generally be accepted as business travel where a person does not live at either of the places and the travel has been undertaken for the purpose of enabling the person to engage in income-producing activities.

Purpose of Trip	Driver

Journey Start Date	Journey End Date	Start Odometer Reading	End Odometer Reading	Business Kilometres Travelled	Private Kilometres Travelled

Purpose of Trip	Driver

Journey Start Date	Journey End Date	Start Odometer Reading	End Odometer Reading	Business Kilometres Travelled	Private Kilometres Travelled

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