



Motor Vehicle Fringe Benefits Tax Policy

Council Policy

Renmark Paringa Council

Responsible Officer	Director Corporate and Community Services
Relevant Legislation	Local Government Act 1999 - Sections 125, 126, 129 & 130, Local Government (Financial Management) Regulations 2011, Section 19
Adopted	September 2021
Reviewed	
Next Review	September 2024

Purpose

To ensure Council is compliant with the Fringe Benefits Tax Act 1986 and providing cost effective motor vehicle fringe benefits.

Objective

The objective of this policy is to ensure correct FBT treatment of Council fleet motor vehicles.

Council may provide motor vehicles to its officers and employees;

- to meet the operational requirements of Council, and
- to offer employment benefits as part of a remuneration package for certain positions as an incentive
- to attract and/or retain the services of an employee.



Scope

This policy applies to all Council employees supplied with and authorised to use Council motor vehicles.

Policy

There are three categories of use for Council Motor Vehicles, being;

1. Work Use Only:

- The Motor Vehicle is used at work only and allocated to suit the need of the work being undertaken.
- There is no provision for private use and the Motor Vehicle is to remain at a Council work site in a secure location out of work hours.
- The Motor Vehicle must be available for work purposes at all times.

2. Limited Private Use – Commuter Use Only:

- Any private use in this category will be by prior written Agreement.
- The Motor Vehicle is available for a designated employee's use from home to work, including attendance at afterhours call outs.
- The Motor Vehicle is NOT available to the employee during periods of leave.
- The Motor Vehicle must be available for work purposes at all times.
- The Motor Vehicle forms part of the general fleet during working hours when the employee is present at work.
- The designated employee must ensure their Motor Vehicle is available for use by other employees during working hours as much as is practicable.

3. Private Use – Unrestricted

- Any private use in this category will be by written Agreement with specific terms and condition in any of the following: employee's Job & Person Specification, Letter of Offer or Contract of Employment.
- The Motor Vehicle is available for a designated employee's private use when the Motor Vehicle is not at the workplace.
- The Motor Vehicle forms part of the general fleet during working hours when the employee is present at work. The designated employee must ensure their Motor Vehicle is available for use by other employees during working hours as much as is practicable.



FBT applicability

1. Work Use Only:

- The Motor Vehicle is housed overnight on Council premises therefore there is no FBT liability.

2. Limited Private Use – Commuter use only

- FBT will be applicable on motor vehicles where an employee utilises the vehicle for private purposes. A log book is required to substantiate limited private use.
- An exemption is available for certain vehicles that are not classified as a car. These vehicles may be designed to carry a load of less than one tonne and fewer than 9 passengers, typically single cab utes.

3. Private Use – Unrestricted:

- FBT will be applicable on motor vehicles where an employee has full private use – unrestricted. A log book is required to substantiate business and private use kilometres.

A flow chart is provided at Appendix A to assist with understanding FBT application

Log Book Requirements

A log book is required for compliance with the FBT Act 1986.

The recording timeframe shall be for a minimum 12 week continuous period and be submitted to the employees Manager, Supervisor, Team Lead for authorisation and provided to the Manager, Corporate Services at the end of the 12 week period.

The log book substantiation applies for a 5 year period or a new log book will be required if operational changes occur to the manner in which the vehicle is utilised.

Before a log book is handed to an employee the following must be entered into the Council log book;

- when the logbook period begins and ends
- the car's odometer readings at the start of the logbook period
- Vehicle number



- Financial Year
- Vehicle Make, Model and Registration
- Vehicle engine capacity

Employees will need to record in the log book

- vehicle number
- start and finishing times of the journey
- odometer readings at the start and end of the journey
- kilometres travelled as either business or private
- reason for the journey*

*The reason for journey must state clearly the intention of the journey, examples are provided below

- Business Meeting in Adelaide
- Travel to Home
- Travel to Work
- Work duties

It is important that kilometres travelled from home to work and work to home is documented each work day.

An example log book entry is provided at Appendix B.

Responsibility

The Manager, Supervisor, Team Lead is responsible to check the employees compliance of the log book while in use.

Employee Declaration

At the end of the FBT period (31st. March each year), an employee declaration is to be completed by the employee.

A copy of the employee declaration is found at Appendix C

It is important to note that the days the vehicle is unavailable is as follows



- Days when the car is at the workshop being repaired following an accident (other than the day when the car is driven to be repaired and the day when the car is driven home).
- Days when the car is parked at the business premises of the employer (other than the day when the car is driven from the employee's home or sleeping accommodation to the business premises and the day when the car is driven from the business premises to the employee's home or sleeping accommodation).

Vehicle change over before 31 March

Where a vehicle is traded in prior to 31 March then an employee declaration must be completed for that vehicle at the time it is traded in.

An employee declaration is still required for the new vehicle as at 31 March.

Responsibility

The Manager, Supervisor, Team Lead is responsible to ensure the employee completes the declaration and that it is provided to the Manager, Corporate Services within the first week of April for FBT calculation.

Calculation of FBT

The Manager, Corporate Services is responsible for calculating FBT for Council and Reportable Fringe Benefits for employee's payment summaries.

The Manager, Corporate Services will determine the most cost effective method for determining FBT for Cars.

The Manager, Corporate Services will use the Operating Cost method for determining FBT for vehicles other than cars.

Roles and Responsibilities

The Council Audit Committee is responsible for approval of this policy.

The Chief Executive Officer for approving Motor Vehicle Use agreements.

The Manager, Supervisor, Team Lead is responsible to ensure the employee is compliant with this policy.

The Manager, Corporate Services is responsible for estimating fringe benefits tax to assist employees entering into a Private Motor Vehicle Use Agreement (limited or unrestricted).



Employees are responsible for seeking personal tax advice from a financial advisor or tax agent to understand the taxation implications of any Reportable Fringe Benefits Tax they may incur before signing a Private Motor Vehicle Use Agreement (limited or unrestricted).

Further Information

This policy will be available for inspection at the Council offices listed below during ordinary business hours and available to be downloaded, free of charge, from Council's internet site:

www.renmarkparinga.sa.gov.au

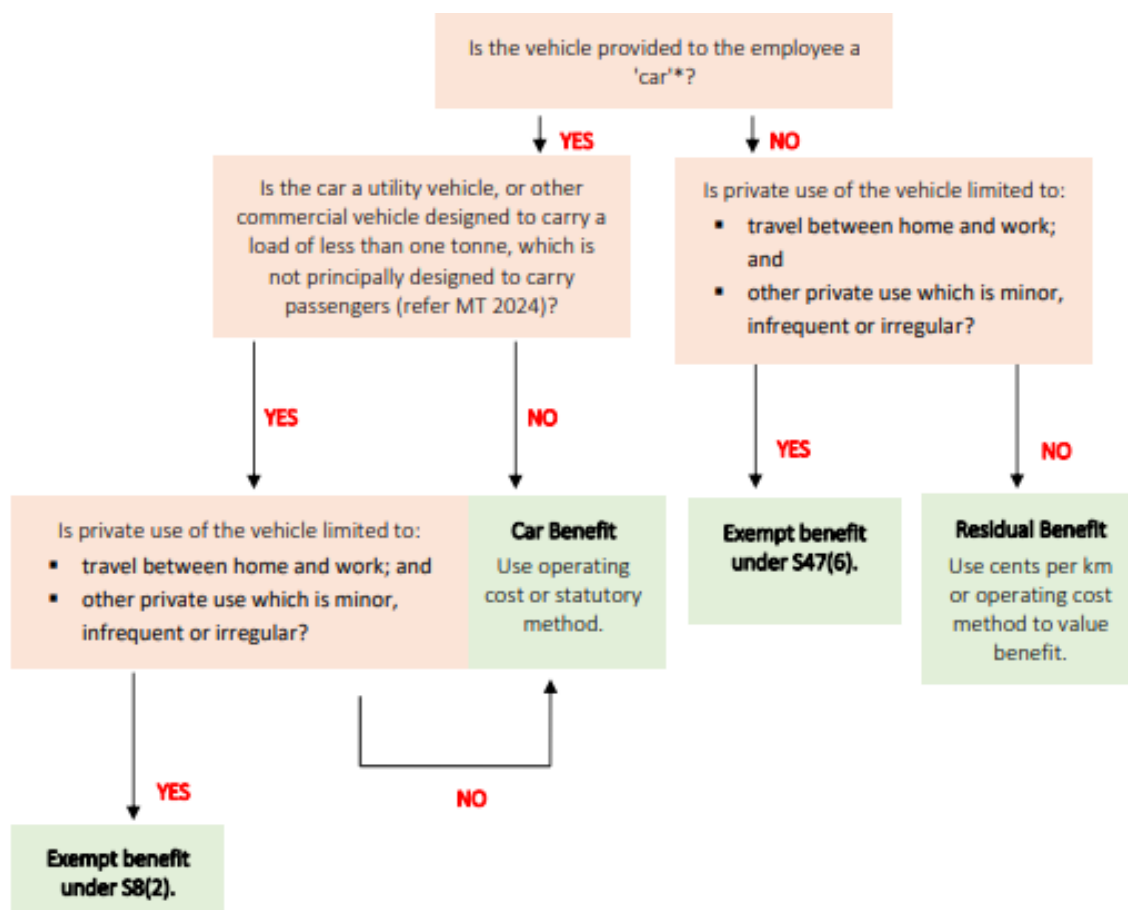
Copies will be provided to interested parties upon request, and upon payment of a fee in accordance with Council's Schedule of Fees and Charges.

Document Control

Version #	Approval Date	Approved by	Amendment
1.0	Sept 2021	Audit Committee	New Policy



APPENDIX A



* A 'car' is a motor vehicle (except a motor cycle or similar vehicle) designed to carry a load of less than 1 tonne and fewer than 9 passengers.



APPENDIX B

Vehicle: P160

Date of Journey		Purpose of Journey	Odometer		Kilometres Travelled	
Start Date	End date		Start	End	Private	Business
2/10/2019	2/10/2019	Travel to work	10000	10020	20	
2/10/2019	2/10/2019	Work Duties	10020	10120		100
2/10/2019	2/10/2019	Business meeting at Berri	10120	10160		40
2/10/2019	2/10/2019	Return to work	10160	10200		40
2/10/2019	2/10/2019	Travel to home	10200	10220	20	
					40	180



APPENDIX C

Employee's Vehicle Declaration

End of FBT Year: 31 March 20__

Employees Name: _____

Vehicle Details

Make	Model	Registration

Kilometre Reading at End of 31st March 20__: _____ km

Vehicle Unavailable

Has a council vehicle not been made available to you for private use on any particular night (i.e. vehicle was stored over night at crash repairers)?

Date	Reason	Nights Unavailable



Vehicle Related Expenses Paid Privately

Have you made any payment in relation to the up keep of your vehicle (or other council owned vehicles held in the past 12 months) that has not been reimbursed to you?

Date	Reason/Expense	Amount \$

Declaration

I declare that the above stated council owned vehicle was held by myself on the night of the 31st March 20__, that the kilometre reading, nights unavailable and expense payments are true and correct and are to be used in the preparation of council's Fringe Benefits Tax return.

Signed: _____

Date: _____