

## Policy

# Policy Directive: compliance is mandatory

## Motor Vehicle Log book Policy Directive

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<b>Summary</b>	The objective of this policy directive is to ensure motor vehicle log books within SA Health are maintained, compliant and effectively managed in accordance with Fringe Benefits Tax legislation and other relevant legislative requirements.
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# Motor Vehicle Log Book Policy Directive

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Approved



## Document control information

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## Endorsements

Date	Endorsed by	Version
10/02/12	Director, Corporate Finance Services, Finance and Corporate Services Division	V1.0
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## Approvals

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15/11/12	Portfolio Executive
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# Motor Vehicle Log Book Policy Directive

## 1. Objective

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The objective of this policy directive is to ensure motor vehicle log books within SA Health are maintained, compliant and effectively managed in accordance with Fringe Benefits Tax (FBT) legislation and other relevant legislative requirements.

## 2. Scope

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This policy directive is applicable to all SA Health employees.

This policy directive does not cover the authorisation for use of government vehicles. Refer to Commissioner's Determination 3.2 *Employment Conditions – Remuneration – Allowances and Reimbursements – Appendix 2: Use of Government Vehicles*.

## 3. Principles

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The following principles must be followed:

- > Each government vehicle must have its own log book, which must be maintained and completed.
- > The log book must be completed in accordance with Australian Taxation Office (ATO) legislative requirements and SA Health policies, procedures and guidelines, for each journey undertaken in a government vehicle.
- > Each log book entry must be legible and made in English.
- > Each entry must be entered at the end of the relevant journey, or as soon as practicable after the end of that journey.
- > Each trip type needs to be separately identified and recorded where there is mixed business and private usage.

## 4. Detail

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A car fringe benefit most commonly arises where the employer makes a car available for the private use of an employee (or the car is treated as being available). Making the car available for private use by an employee on any day could mean either:

- > the car was actually used for private purposes by the employee; or
- > the car was available for the private use of the employee (i.e. garaged at home overnight, but not actually used for private purposes).

### 4.1. Calculating the Fringe Benefit

The taxable value of a car fringe benefit can be calculated using either the statutory formula method, or the operating cost method. Refer to the *Definitions* section below which explains these two methods in detail.

- > Where the statutory formula method is used, a flat rate of 20% will be applied to vehicles purchased after 10 May 2011; unless there is a 'pre-existing commitment' to provide a car.
- > Where the operating cost method is used, the FBT law requires a log book to be maintained. Failure to complete a log book for a motor vehicle may lead to the statutory method being the only method available to calculate FBT for that motor vehicle, usually resulting in significantly higher FBT. This information will be used to calculate and allocate the employee's share of FBT for each motor vehicle they may drive.

#### 4.2. Maintaining the Log Book

Regardless of which method is used to calculate the fringe benefit, SA Health requires that a log book must be maintained and completed for all government motor vehicles used within SA Health; whether leased, owned or donated. The exception is where a government vehicle is provided to an employee, and the cost is funded through a remuneration package, or where an employee has entered into a salary sacrifice arrangement for a vehicle under a novated lease.

The standard SA Health log book must be used for all these vehicles, and each log book is issued with its own unique serial number. The log book must identify any private kilometres travelled for each vehicle and the employee driver. Each entry must be written in at the end of the relevant journey, or as soon as practicable after the end of that journey. Further, each entry must be legible and written in English. Trips must be recorded daily as a minimum, but where there is mixed business and private usage, each trip type needs to be separately identified and recorded.

Site Log Book Co-ordinators must ensure that SA Health Log Books are available in each car for drivers to complete.

#### 4.3. Business Use versus Private Use

A log book record contains an entry for each journey made for the purposes of demonstrating the pattern of use of the car.

A car that is garaged at an employee's home (or anywhere that is not the employee's business premises) is treated as being available for the private use of the employee regardless of whether they have permission to use it for private purposes. In addition, journeys will be considered private, and will attract FBT if any one of the items below occurs:

- > Not all kilometres travelled by the vehicle are accounted for (i.e. missing kilometres);
- > Entries are incomplete or illegible;
- > The purpose of the journey is not clear;
- > Odometer readings are missing;
- > Dates are missing; or
- > Journeys over multiple days are not separated (a separate entry is required for each day the vehicle is used)

For information regarding the impact of private use of government vehicles on salary sacrifice, please refer to the *Fringe Benefits Tax – Public Hospital Exemption and Salary Sacrifice* policy directive.

#### 4.4. Vehicles provided as part of a remuneration package

There is no requirement to complete a log book for government vehicles provided as part of an approved executive remuneration package, or where an employee has a salary sacrifice arrangement for a private vehicle through a SA Government Salary Sacrifice arrangement. The statutory formula method is applied to these vehicles to calculate the FBT liability. Senior staff who have approval to use a blue plated motor vehicle for home to office travel will still need to complete a log book.

## 5. Roles and Responsibilities

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### 5.1. Driver of the vehicle

The driver is responsible for:

- > being aware of the log book entry requirements; and
- > completing the SA Health Log Book for each journey; in accordance with ATO requirements, and SA Health policies, procedures and guidelines.

### 5.2. Site Log Book Coordinator

The Site Log Book Coordinator is responsible for ensuring all log books are available in vehicles for drivers to complete.

### 5.3. Taxation Services

Taxation Services are responsible for:

- > providing required education and assistance in relation to log book requirements and the Fleet Management Return, in conjunction with Fleet, Travel & Customer Service;
- > providing FBT technical support to Fleet, Travel and Customer Service; and
- > preparing motor vehicle fringe benefit calculations for the whole-of-Health FBT return.

## 6. Reporting

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N/A

## 7. EPAS

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N/A

## 8. Exemption

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N/A

## 9. National Safety and Quality Health Services Standards

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N/A

## 10. Risk Management

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Failure to produce adequate records and maintain accurate information will result in a default statutory formula calculation irrespective of actual vehicle usage; which can have a material financial cost. This may result in increased FBT paid to the ATO by SA Health.

This is counted as an employer provided fringe benefit. As such, where an employee salary packages, the employer may then seek reimbursement from the employee responsible for incurring the FBT if they have not considered the employer provided fringe benefits as part of their salary package, and have exceeded the capped FBT exemption.

## 11. Evaluation

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Compliance with this policy directive will ensure all motor vehicle log books are completed correctly for each journey undertaken in a government vehicle, thus adhering to the FBT legislation. This will also enable SA Health to have the option of using the operating cost method which may reduce the FBT payable to the ATO.

## 12. Definitions

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In the context of this document:

- > **business journey** is a journey which is undertaken to perform a business function such as attending a meeting, visiting a client or other activities which are not private in nature.
- > **car**, for the purpose of fringe benefits, is any of the following:
  - > a sedan or station wagon; or
  - > any other goods-carrying vehicle with a carrying capacity of less than one tonne, for example a panel van or utility (including four-wheel drive vehicles); or
  - > any other passenger-carrying vehicle designed to carry fewer than nine passengers.
- > **fringe benefit** is a benefit provided in respect of employment. This effectively means a benefit provided to an employee (or their associate) because they are an employee. Benefits can be provided by the employer, or they can be provided by a third party under an arrangement with SA Health. Generally, benefits provided to volunteers and contractors do not attract FBT. Benefits include rights, privileges and services. Examples include:
  - > use of a work car for private purposes;
  - > reimbursing a private expense such as reimbursing non-business related telephone calls; or
  - > payment of non- deductible course fees or loans associated with them.
- > **Fringe Benefits Tax (FBT)** is intended to ensure that tax is paid on fringe benefits provided in place of, or in addition to, salary or wages of employees. Employees may be able to receive fringe benefits up to the value of the capped FBT exemption. Access to that cap is determined based on the FBT status of the organisation and the duties performed by the individual employee. Public hospital and ambulance service employees may be eligible for the FBT exemption and any benefits after their employer provided fringe benefits may be salary sacrificed.



- > **operating cost method** (log book method) is the private percentage of the total costs of operating the car during the FBT year. The percentage varies with the extent of actual private use. The taxable value will be lower when there is a lower incidence of actual private use.
- > **SA Health** is the corporate identity used for the Department for Health and Ageing, the Local Health Networks/Health Networks and the SA Ambulance Service.
- > **statutory formula method** is a flat 20% rate for vehicles purchased after 10 May 2011, as determined by the Taxation Commissioner, unless there was a 'pre-existing commitment' in place to provide a car (where the old rates can be used until the car is disposed or has a change in its commitment).

## 13. Associated Policy Directive/Policy Guidelines

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- > [Fringe Benefits Tax – Public Hospital Exemption and Salary Sacrifice policy directive](#)

## 14. References, Resources and Related Documents

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- > [Commissioner's Determination 3.2 Employment Conditions – Remuneration – Allowances and Reimbursements – Appendix 2: Use of Government Vehicles](#)
- > [Motor Vehicle Log Book Procedure](#)
- > [Treasurer's Instruction 2 Financial Management](#)
- > Fleet Management Return
- > [Tax Fact Sheet 09 – Motor Vehicles: Home/Work Travel](#)
- > [Tax Fact Sheet 16 – Motor Vehicles Log Books](#)
- > [Tax Fact Sheet 24 – Log Book FAQ 1: Home to Work Travel](#)
- > [Tax Fact Sheet 25 – Log Book FAQ 2: On Call Journey](#)
- > [Tax Fact Sheet 26 – Log Book FAQ 3: Itinerancy – Travel to Several Work Locations](#)
- > [Tax Fact Sheet 27 – Log Book FAQ 4: Recording Journeys for Temporary Country Relocations](#)