

## Utilities as Commercial Work Vehicles – Log Books

Many of our clients use utilities or panel vans as commercial work vehicles. Section 28-170 of the Income Tax Assessment Act 1997 provides exceptions for the way that deductions can be claimed, therefore allowing for claiming some of these costs without keeping a log book, but only in certain circumstances.

The section allows the tax-payer to either use one of the four standard methods of claiming car expenses, (being Log-Book, 12% Cost, 1/3 Actual Expenses, or Cents per Km) **or**, if the conditions are met, you can use the normal principles governing deductions, including the rules that apportion for a loss or outgoing that is only partly work related.

The conditions to be met are:

- The vehicle is a panel van or utility, or any other road vehicle designed to carry a load of less than 1 tonne (other than a vehicle designed principally to carry passengers); and
- The vehicle is only used for one or more of the following:
  - To go between your residence and a place where you use the car in the course of producing your assessable income;
  - For the purpose of travel that is incidental to using the car in the course of producing your assessable income;
  - For your own or someone else's private use that was minor, infrequent and irregular.

What this essentially means is that if you drive a utility for work, that is **not** designed to principally carry passengers, you may not have to complete a log book to substantiate your work related use. However, the private use of the vehicle **must** be minor, infrequent and irregular.

If the car is used on weekends for private use, this **does not** constitute use that minor, infrequent and irregular. In order to satisfy the ATO that the use is minor, infrequent and irregular, you would need to provide support for you claim, including details of a second car that is used for private travel, or any other arrangements that you may have in place, so that your work vehicle is not being used for private travel on a regular basis.

For any private use that is not minor, infrequent and irregular, a log book will need to be kept for a period of 12 weeks. Although the log book is able to be used for a 5 years if your pattern of use does not change, you are required to record the opening and closing odometer reading for each financial year.

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