

A comparison of FBT calculation methods

The taxable value of a car fringe benefit is designed to reflect an employee's 'private use' of the vehicle, as only the private use of the car is subject to FBT.

There are two ways to calculate Fringe Benefits Tax for motor vehicles.

Here's a comparison of the two methods:

STATUTORY METHOD

OPERATIONAL COST METHOD



Traditionally **more popular** with businesses because it's a straightforward way of calculating your vehicle FBT



Based on the **costs of operating the car**



Based on the **car's cost price**



Commonly referred to as the '**logbook method**' as it requires a business to use logbooks to record how much each vehicle is used for work purposes and how much for private use



A flat rate of 20% of the car's base value is used, taking into account how many days of the year the vehicle is available for private use



A logbook must be maintained for a period of **12 consecutive weeks** for each vehicle and detail the purpose of each trip, how many kilometres were travelled and whether it was work-related or private



Can potentially prove **more costly** than Operating Method



More cost effective - particularly if using an [Electronic Logbook](#) to automatically capture distance travelled and nature of journey

Want to learn more about how EROAD can save time and money on your FBT?

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