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# Logbooks – they're worth the effort

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In our busy schedules a motor vehicle log book can often be overlooked and its benefit even more regularly underestimated.

Log books often provide a more favourable tax deduction, lower FBT bill and they are a statutory requirement in many instances.

Here at MB+M we recognise the importance of a logbook and we want to illustrate their importance to you.

## The details:

Jim is an employee in XYZ Pty Ltd

Jim is supplied with a vehicle owned by XYZ Pty Ltd

The vehicle was purchased two years ago for \$40,000

This vehicle travels 14,500 Km's for the FBT year

The running costs for this vehicle are all paid by the company and include GST;

Fuel	\$ 1,800
Insurance and rego	\$ 900
Repairs	\$ 500
Lease payments	\$ <u>7,000</u>
	<b>\$ 10,200</b>

No logbook is held, although Jim estimates that if one was held the business use percentage would be 85%.

## The result:

XYZ Pty Ltd will pay FBT tax of \$9,984.89 on that vehicle.

If XYZ Pty Ltd held a valid logbook they would have only paid \$1,468.93 on that vehicle.

***That means a log book would have saved XYZ Pty Ltd \$8,515.96.***

## A Logbook is worth the effort.

To prepare a valid logbook the following items are required;

- Details of the vehicle type and registration
- The date on which each journey began and the date on which it ended
- The respective odometer readings of the car at the beginning and end of each journey
- The number of kilometres travelled by the car in the course of each journey
- The purpose or purposes of each journey

A logbook is required to be kept for at least a 12 week period, a business use percentage can then be determined.

Logbooks may remain current for up to five years as long as the pattern of use for the vehicle doesn't differ significantly.

Logbooks can be purchased from a newsagent or even through MB+M.

We are experts in logbooks and can help you, please give us a call to discuss preparing a log book and the benefit to your individual circumstances.