



CHARTERED
Accountants
CHAPMAN UPCHURCH LIMITED

Motor Vehicle Deductions - Vehicle Log Book -

What to Record



A log book can be used to record all business trips and then an actual business use percentage calculated for each period.

Alternatively the log book can be kept for a three-month period every three years. If the use of the vehicle or the nature of the business changes over that three-year period, then another trial period of three months must be done.

The log book needs to record the following:

- The type of vehicle
- The date and purpose of each business trip
- The start and finish reading from the vehicle's odometer



From these records a percentage of business running can be determined. This percentage is then applied to the total running costs and depreciation of that vehicle to determine the amount of business related expenses that can be claimed for GST and income tax purposes.

At the end of the three year period a new log book must be kept.

An example of a vehicle log book is shown below.

If no Log Book is kept



If no vehicle log book is kept, and the vehicle has an element of private use (perhaps going from home to work), then the maximum amount able to be claimed for income tax purposes is 25%.

The GST legislation does not have this same allowance. Technically, if a car has an element of private use and no log book is kept, no deduction for any GST on that vehicle's expenses can be claimed.

Example of Vehicle Log Book

Vehicle log book						
Vehicle Description: Ford Fairmont						
Vehicle Registration Number: EER 6952						
Date	Time	Starting kms	Ending kms	Difference	Origin/Destinations	Reason
1 Feb 12		65423				
10 Feb 12	9.08am	65423	65555	132	Office/Mr Hammer/Office	Quote
5 Mar 12	4.30pm	67345	67349	4	Office/Bank/Office	Banking
25 Mar 12	4.30pm	68216	68220	4	Office/Bank/Office	Banking
5 Apr 12	8.30am	68250	68271	21	Office/Mrs Marsh/Office	Delivery
14 Apr 12	6.00am	68554	68963	409	Office/Rotorua	Industry Conference
17 Apr 12	5.00pm	68972	69382	410	Rotorua/Office	Industry Conference
30 Apr 12			70125			
Total distance travelled				980		

Calculation of business use percentage:

$$\begin{array}{l}
 \text{Business use} \\
 \text{Percentage}
 \end{array}
 = \frac{\text{total business distance travelled}}{\text{total distance travelled}} = \frac{980}{(70125 - 65423)} = 20.84\%$$

