



# Accounts on Call Limited

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## Motor Vehicle Expenses

### Private Motor Vehicles

If you use a privately owned vehicle for business purposes, a claim can be made for the vehicle running expenses.

To do so you will need to keep a log book for at least three months every three years to reflect the portion of business use. i.e. the distance travelled for business divided by the total distance travelled over the three month period will give a percentage of the running expenses which can be claimed.

It is important to ensure that these records agree with other business documentation i.e. invoices, diaries, etc

In the absence of a log book, you may claim up to 25 % of the vehicle running costs however you would need to be able to substantiate the claim in the event that you are asked.

Another method would be to claim mileage using the IRD mileage rate of \$0.77 per kilometre.

### Business Motor Vehicles

If a business owned vehicle is available for private use by an employee (including shareholder employees), FBT (Fringe Benefit Tax) will generally be required to be paid. In this instance all running expenses related to this vehicle can be claimed.

For more information about FBT follow this link: <http://www.ird.govt.nz/fbt/categories/motor-vehicles/>

*The above information is of a general nature and should be used as a guide only.*