

# Fuel Tax Credits

## Agribusiness Fuel Tax Credit management

**Fuel Tax Credits represent an \$8 billion government program, with the agribusiness industry the largest recipient. But are you claiming your full entitlement?**

### Who can claim?

Fuel Tax Credits are available to entities that are registered for GST, who acquire and use fuel in their business. The credit is generally equal to the excise paid on the fuel, however the credit is either reduced or not available at all where fuel is used in a vehicle for travelling on a public road (for example, petrol or diesel).

Vehicle	More than 4.5 tonnes	Light vehicle or car
On public road	16.5 cents per litre*	Nil
Off public road	42.3 cents per litre	41.8 cents per litre

\* full credit less Road User Charge of 25.8 cents per litre

### Why are Fuel Tax Credits so important to Agribusinesses?

Generally speaking, entities operating in the Agribusiness sector are heavy fuel users, spending material amounts on fuel. Fuel Tax represent approximately one-third the cost of fuel and so the opportunity to claim the maximum Fuel Tax Credit entitlement is very attractive way of keeping fuel costs under control.

Entities operating within the agribusiness sector are commonly entitled to claim Fuel Tax Credits for fuel used in farming equipment, power generation, earthmoving equipment, heavy vehicles on or off road, light vehicles off road etc.

In our experience, while agribusiness operators are usually claiming Fuel Tax Credits, we often find that they are not maximising their entitlement.

### What are the Fuel Tax Credit challenges faced by Agribusiness operators?

There are a number of commercial and operational issues that often lead to an under-claiming of Fuel Tax Credits. We find that clients are focussed on the often large amount of Fuel Tax Credits already being claimed, rather than the opportunity presented by the amount that has not been claimed.

It is also common for there to be a disconnect between the business operational activity where the fuel is purchased and used, and the preparation of the Fuel Tax Credit claim, often exacerbated by diverse geographical footprints.

Many of the existing Fuel Tax Credit processes and procedures currently employed in agribusinesses have not kept pace with the advancements in technology (such as In Vehicle Management Systems) that can provide much more accurate data than the prior approach of using estimates which are notoriously conservative. Further, our analytics often reveals that what is happening in fact is somewhat different to what our clients believe they are doing in terms of Fuel Tax Credit calculation.

Similarly, experience tells us that many agribusiness operators follow the same Fuel Tax Credit calculation methodology that they previously used under predecessor schemes such as the Diesel Fuel Rebate Scheme, often resulting in an under-claim due to imperfect documentation relating to fuel management.



## Our offering

We partner with our clients to maximise their Fuel Tax Credit entitlements while maintaining an appropriate focus on risk management. Typically, we conduct an initial, high level analysis of the current Fuel Tax Credit claim process and calculation in order to determine the scale and likelihood of any opportunity. This generally focusses on a review of the fuel management system, the Fuel Tax Credit calculation methodology in place and specific Fuel Tax Credit calculation areas. Depending on the circumstances, there may be opportunity to make additional claims covering the prior 4 years and/or an opportunity to optimise their Fuel Tax Credit management prospectively.

Contact your usual ShineWing Australia advisor or one of our key Fuel Tax Credit contacts below to discuss this opportunity further.

## Contact us



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