

Carpooling as an example of personal, business and private use

Using the example of carpooling, the following scenarios demonstrate the three different categories of vehicle usage.

Personal use:

Eve is a full time mother and does not engage in any form of employment. She uses her vehicle primarily to drive her children to and from school and to extra mural activities. Eve lives close to two other full time mothers, Nadia and Thandi. In order to reduce the costs associated with driving the children, Eve has entered into a car-pooling arrangement with Nadia and Thandi whereby each of the mothers takes turns to drive the children to and from school.

On Mondays, Delia, another mother from the school attends to her sick mother and is unable to drive her children home. She lives in the opposite direction from Eve but Eve has nonetheless offered to assist Delia by driving her children home. Delia pays Eve a small amount to cover the additional petrol used by Eve to make this extra trip. Eve does not make any profit from this payment.

Accordingly, Eve uses her car for personal use only.

Business use:

As times are tight, Eve has decided to embark on a part-time business venture in order to earn extra money. She is a qualified tax consultant. Nadia and Thandi are both required to submit tax returns each year and have engaged Eve's services in order to assist them in doing so. On the days when Eve drives to Thandi or Nadia's house to drop off their children, she spends a few minutes consulting with them on their tax issues. She also uses this opportunity to deliver or collect documents that she needs in order to reconcile their accounts.

Eve is using her vehicle for personal and business use and must therefore insure it for business use.

Commercial use:

Thandi has been offered full time employment and is no longer able to carpool with Eve and Nadia. Eve offers to take over Thandi's lifting obligations in exchange for a small payment. After covering her petrol costs, Eve enjoys a small profit from this arrangement.

Eve is accordingly using her vehicle for commercial purposes.

(extract from OSTI media release)