

I - GENERAL DEDUCTIONS GUIDE

Below is a list of employment-related deductions, and whether or not they are generally allowable Please note this list is generic in nature and does not take into account your personal circumstances Taxpayers should have the relevant written evidence if a claim is made

• Admission fees: For lawyers and other professionals Disallowed as capital cost	No
• Airport lounge membership: Deductions to the extent used for work-related purposes	Yes
• Annual practising certificate: Applies to professional persons and other contractors who must pay an annual fee to practice in their chosen field	Yes
• Bank charges: Deductions are allowed if account earns interest Not private transaction fees	Yes
• Bribes to government officials and foreign government officials: Also exclude from the cost base and reduced cost base of CGT assets and cost of depreciating assets	No
• Briefcase: If used for work and/or business purposes the cost is fully deductible if \$300 or less If more than \$300, it must be depreciated	Yes
• Calculators and electronic organisers: If used for work and/or business purposes the cost is fully deductible if \$300 or less If more than \$300, it must be depreciated	Yes
• Car: See <i>Travel worksheet</i>	
• Child care fees	No
• Cleaning: Of protective clothing and uniforms	Yes
• Clothing, Uniforms and Footwear:	
○ Compulsory uniform: Uniform must be unique and particular to an organisation (eg corporate uniform)	Yes
○ Non-compulsory uniform: If on a register kept by the Department of Industry, Science and Tourism	Yes
○ Occupational specific: The clothing identifies a particular trade, vocation or profession (eg chefs and nurses)	Yes
○ Protective: Must be used to protect the person or their conventional clothing	Yes
○ May include Sunscreen	Yes
• Club membership fees	No
• Coaching classes: Allowed to performing artists to maintain existing skills or obtain related skills	Yes
• Computers and software: Software is deductible if it costs less than \$300, otherwise deductible over 25 years Except in-house developed software which is over five years (four years before 1 July 2015)	Yes
• Conferences, seminars and training courses: Allowed if designed to maintain or increase employee's knowledge, skills or ability	Yes
• Conventional clothing	No
• Depreciation: Tools, equipment, and plant used for work purposes for each item costing more than \$300 Items costing \$300 or less are deductible outright in the year of acquisition	Yes
• Driver's licence: Cost of acquiring and renewing	No
• Dry cleaning: Allowed if the cost of the clothing is also deductible	Yes
• Election expenses of candidates: No limit for Federal, State and Territory	Yes
• Limit of \$1,000 for local government	
• Employment agreements: Existing employer (see TR 2000/5)	Yes
• Not available for new business/employer	
• Fines: Imposed by court, or under law of Commonwealth, State, Territory or foreign country	No
• First Aid course: Provided it is directly related to employment or business activities	Yes
• Gaming licence: Hospitality and gaming industry	Yes
• Gifts of \$2 or more: If made to approved "deductible gift recipient" body or fund	Yes

- See ato.gov.au for a full list Gifts to clients are deductible if employees can demonstrate a direct connection with earning assessable income
- **Glasses and contact lenses (prescribed):** These are regarded as personal medical expenses deductible if “protective clothing” No
- **Glasses and goggles:** Protective only Yes
- **Grooming** No
- **HELP/HECS repayments** No
- **Home office expenses:** Utility expenses (for example, heat, light, power and depreciation on depreciating assets) If work related Yes
- **Occupancy expenses:** For example, rent, insurance, rates and land tax
Deductible only to the extent that home or study is used for income-producing purposes (CGT issues may arise however) Yes
- **Income continuance insurance:** Allowed only if the proceeds are assessable Yes
- **Insurance – sickness or accident:** When benefits would be assessable income Yes
- **Interest:** Allowed if money borrowed for work-related purposes or to finance income earning assets Interest paid on underpayment of tax (eg general interest charge) is deductible Yes
- Fines and administrative penalties No
- Interest on capital protected loans is deductible (except for non-deductible capital protection component) Yes
- **Internet and computer equipment:** Expenses allowed to the extent incurred in deriving individual’s work-related income, carrying on a business or earning investment income (eg share investing) Yes
- **Laundry and maintenance:** Allowed if the cost of clothing is allowable (see Work related clothing) Reasonable claims of laundry expenses up to \$150 do not need to be substantiated Yes
- **Legal expenses:** Renewal of existing employment contract Yes
- **Meals:**
 - Eaten during normal working day No
 - Meals acquired when travelling overnight for work-related purpose Yes
 - Meals when travelling (not overnight) No
 - Overtime meals: If allowance received under award Yes
- **Medical examination:** Only if from the referral of a work-related business licence Yes
- **Motor vehicle expenses:** See *Travel worksheet*
- **Newspapers:** Claims may be allowed in limited cases if the publication is directly related to income-producing activities No
- **Overtime meal expenses:** Only if award overtime meal allowance received Yes
- **Parking fees and tolls:** Includes bridge and road tolls (but not fines) paid while travelling for work-related purposes Yes
- **Passports** No
- **Photographs** (performing arts – with income producing purpose)
 - Cost of maintaining portfolio Yes
 - Cost of preparing portfolio No
- **Practising certificate:** Applies to professional employees Yes
- **Prepaid expenditure for tax shelter arrangements:** They must be spread over the period in which the services are provided Yes
- **Prepaid expenses:** Non-business individuals and SBE taxpayers claim is fully deductible if services are to be performed in period not exceeding 12 months Yes
 - All other taxpayers must apportion claim over the period of service

<ul style="list-style-type: none"> • Professional association and membership fees: Maximum of \$42 if no longer gaining assessable income from that profession Up front joining fees are generally capital in nature so would not be deductible under s8-1 Annual deductions may also be available in the same year under s8-1 where the criteria are satisfied – s25-55 	Yes
<ul style="list-style-type: none"> • Professional library (books, CDs, videos etc) Established library (depreciation allowed) <ul style="list-style-type: none"> ○ New books: Full claim if cost \$300 or less (includes a set if total cost is \$300 or less) ○ New books: Depreciation if cost over \$300 (includes a set if total cost is more than \$300) 	Yes Yes Yes
<ul style="list-style-type: none"> • Protective equipment: Includes harnesses, goggles, safety glasses, breathing masks, helmets, boots Claims for sunscreens, sunglasses and wet weather gear allowed if used to provide protection from natural environment 	Yes
<ul style="list-style-type: none"> • Removal and relocation costs If paid by the employer, may be exempt from FBT, but deductible 	No
<ul style="list-style-type: none"> • Repairs (income producing property/or work-related equipment) 	Yes
<ul style="list-style-type: none"> • Self-education costs: Claims for fees, books, travel (see below) and equipment etc allowed if there is a direct connection between the course and the person’s income earning activities <ul style="list-style-type: none"> ○ No claim for the first \$250 if course is undertaken at school or other educational institution and the course confers a qualification However, that first \$250 can be offset against private expenses, eg travel, child minding fees, etc 	Yes
<ul style="list-style-type: none"> • Seminars Including conference and training courses if sufficiently connected to work activities 	Yes
<ul style="list-style-type: none"> • Social functions 	No
<ul style="list-style-type: none"> • Stationery (diaries, log books etc) 	Yes
<ul style="list-style-type: none"> • Subscriptions 	Yes
<ul style="list-style-type: none"> • Publications If a direct connection between publication and income earned by taxpayer 	Yes
<ul style="list-style-type: none"> • Sports clubs 	No
<ul style="list-style-type: none"> • Sun protection Claims for sunglasses, hats and sunscreen allowed for taxpayers who work outside 	Yes
<ul style="list-style-type: none"> • Superannuation contributions: Subject to legislated concessional caps <ul style="list-style-type: none"> ○ No deduction is available for interest on borrowed monies used to finance deductible personal superannuation contributions 	Yes
<ul style="list-style-type: none"> • Supreme Court library fees Applies to barristers and solicitors if paid on annual basis 	Yes
<ul style="list-style-type: none"> • Tax agent fees (deduction can be claimed in the income year the expense is incurred) <ul style="list-style-type: none"> ○ Travel and accommodation expenses if for travel to a tax agent or other recognised tax adviser to obtain tax advice, have returns prepared, be present at audit or object against an assessment ○ Cost of other incidentals if incurred in having tax return prepared, lodging an objection or appeal or defending an audit 	Yes
<ul style="list-style-type: none"> • Technical and professional publications 	Yes
<ul style="list-style-type: none"> • Telephones and other telecommunications equipment (including mobiles, pagers and beepers) <ul style="list-style-type: none"> ○ Cost of telephone calls (related to work purposes) ○ Installation or connection ○ Rental charges (if “on call” or required to use on regular basis) ○ Silent telephone number 	Yes No Yes No
<ul style="list-style-type: none"> • Tools (work related only) If cost is \$300 or less <ul style="list-style-type: none"> ○ If cost more than \$300, the amount would be depreciable, and the amount deductible equals to the decline in value) 	Yes Yes
<ul style="list-style-type: none"> • Trauma insurance If benefits capital in nature 	No
<ul style="list-style-type: none"> • Travel Expenses: Including public transport, motor vehicles, motor cycles, fares, accommodation, meals and incidentals <ul style="list-style-type: none"> ○ Travel between home and work ○ Where employee has no usual place of employment (eg travelling salesperson) ○ If “on call” 	No Yes No

- If actually working before leaving home (eg doctor giving instructions over phone from home Note that this applies in limited circumstances only) **Yes**
- Must transport bulky equipment (eg builder with bulky tools) **Yes**
- Travel from home (which is a place of business) to usual place of employment **No**
- Travel from home to alternate work place (for work-related purposes) and return to normal work place (or directly home) **Yes**
- Travel between normal work place and alternate place of employment (or place of business) and return (or directly home) **Yes**
- Travel between two work places **Yes**
- Travel in course of employment: Note substantiation rules **Yes**
- Travel accompanied by relative (may be allowed if relative is also performing work-related duties) **No**
- **Union and professional association fees** **Yes**
- **Vaccinations** **No**
- **Union levies** **No**
- **Watch:** Unless job specific such as a nurse's job watch **No**