



Investments, insurance and super

Learn about deductions for investments, insurance, personal super contributions, foreign pensions and financial advice.

Interest, dividend and other investment income deductions

Deductions you can claim for the costs of earning interest, share dividends, or income from other investments.

Income protection insurance

Deductions for the premiums you pay for insurance against the loss of your employment income.

Personal super contributions

Deductions for personal super contributions.

Undeducted purchase price of a foreign pension or annuity

Deductions from foreign pension or annuity income that has an undeducted purchase price.

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Deductions you can claim for fees you pay to a financial adviser.

QC 72186

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Deductions you can claim for the costs of earning interest, share dividends, or income from other investments.

Last updated 14 November 2024

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Interest income expenses

You can claim a deduction for account-keeping fees you incur on an account held for investment purposes, such as **bank accounts** or **income bonds**. You will find these fees on your statements.

If you have a joint account, you can only claim your share of the fees, charges or taxes on the account. For example, if you hold an equal share in an account with your spouse, you can only claim half of any allowable account-keeping fees.

You can't claim a deduction for interest you incur on a personal tax debt. For example, you can't claim the interest on a loan you take to pay your personal tax debt.

Investment seminars

If you attend an investment seminar about an existing investment, you may be entitled to claim a deduction for the portion of your expenses that relate to earning investment income.

You can't claim a deduction to attend a seminar about something you're considering investing in, even if you subsequently invest in it.

Dividend and share income expenses

There are certain deductions you can claim relating to your dividend and share income expenses, and some you can't claim.

What you can claim

You can claim a deduction for costs you incur to invest in shares, including:

- limited financial advice fees, for example, ongoing management fees or advice about changes in your investment mix
- the portion of your costs that are for managing your investments, for example
 - some travel expenses, such as to attend the annual general meeting of a company you hold shares in
 - the cost of specialist investment journals and subscriptions
 - borrowing costs and [interest](#)
 - the cost of internet access
 - the decline in value of your computer
- 50% of the listed investment company (LIC) capital gain amount – if you were an Australian resident when a listed investment company paid you a dividend, and the dividend included a LIC capital gain amount.

What you can't claim

When you invest in shares, you can't claim:

- financial advice fees about your future income earning structure or where there is no connection with income earning activities
- some interest expenses where you borrow money under a capital protected borrowing arrangement to buy shares, units in unit trusts

and stapled securities. The interest is treated as the cost of the capital protection feature

- brokerage fees and other transaction costs (but you can include these costs to work out your capital gains tax when you sell the shares).

Interest you pay on borrowed money

If you borrow money to buy shares or related investments from which you earn dividends or other assessable income, you can claim a deduction for the interest you pay.

Only interest expenses you incur for an income-producing purpose are deductible.

If you use the money you borrow for both private and income-producing purposes, you must apportion the interest between each purpose.

You can't claim a deduction if you receive an exempt dividend or other exempt income.

Rental and holiday home expenses

If you own a rental property, including a holiday home, see rental expenses you can claim in the [Rental property guide](#).

Forestry managed investment scheme deduction

If you make payments to a forestry managed investment scheme (FMIS), you may be able to claim a deduction for these payments if you both:

- currently hold a forestry interest in an FMIS, or held a forestry interest in an FMIS during the income year
- have paid an amount to a forestry manager of an FMIS under a formal agreement.

You can only claim a deduction if the forestry manager has advised you that the FMIS satisfies the 70% direct forestry expenditure rule in Division 394 of the *Income Tax Assessment Act 1997*.

Income protection insurance

Deductions for the premiums you pay for insurance against the loss of your employment income.

Last updated 25 June 2024

Only the premiums you pay to protect your income (salary and wages) are deductible. This is known as income protection or continuing salary cover.

If you receive a payment to replace your salary and wages under an income protection policy, you must include it in your tax return. This is the case whether you receive a regular payment under the policy or a lump sum.

If you receive a payment for personal injury or total and permanent disability under the policy, the payment will be capital. In these circumstances, the payment might be assessable as a **capital gain**.

You can't claim a deduction if the policy:

- is through your superannuation fund and the premiums are deducted from your contributions
- pays you a capital sum to compensate you for injury.

For example, you can't claim a deduction for:

- life insurance premiums
- trauma insurance premiums
- critical care insurance premiums.

Example: policy premiums for income protection and injury

Deanne takes out an income protection and personal injury policy through her insurer.

She pays a total of \$250 a month for the policy:

- \$175 for income protection cover
- \$75 for personal injury cover.

Deanne can claim \$175 a month for the insurance policy. The remaining \$75 is not deductible because it is capital in nature.

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Personal super contributions

Deductions for personal super contributions.

Last updated 25 June 2024

You may be able to claim a deduction for personal super contributions you make to a complying super fund or retirement savings account (RSA).

To claim a deduction, you must first give your super fund or RSA provider a valid notice of intent and receive an acknowledgment form from your fund or RSA provider.

Before claiming a deduction for personal super contributions, you should consider the impacts on your super.

QC 72189

Undeducted purchase price of a foreign pension or annuity

Deductions from foreign pension or annuity income that has an undeducted purchase price.

Last updated 3 December 2024

You can claim a deduction to reduce the taxable amount on income you receive from a foreign pension or annuity that also has an undeducted purchase price (UPP).

Only some foreign pensions and annuities have a UPP. The UPP is the amount you contribute towards the purchase price of your pension or annuity – your personal contributions.

The part of your annual pension or annuity income which represents a return to you of your personal contributions is tax-free. This tax-free portion is the deductible amount of the UPP.

You will need to **request a determination of the deductible amount of UPP of a foreign pension or annuity**, if you want to know the deduction you can claim for UPP. This applies if you or another person contributed to the purchase price with direct contributions and receive either:

- a foreign pension or annuity
- a foreign pension or annuity that passes to you from the other person.

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Financial advice fees

Deductions you can claim for fees you pay to a financial adviser.

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Claiming financial advice fees

You can claim deductions for fees you pay to your financial adviser, however there are limits on what you can claim. We outline below what you can and can't claim.

To be deductible, you must pay the financial advice fees yourself. For example, you can't claim a deduction if the amount comes from your super fund member's balance.

If you seek financial advice for multiple purposes, you may not be able to claim a deduction for the full amount of the fees. You need to apportion the fees between each purpose and keep records to support your apportionment. For example, an itemised invoice from your financial adviser.

What you can claim

You can claim a deduction for financial advice fees in limited circumstances, including:

- ongoing management fees for income producing investments (for example, regular annual or semi-annual reviews of the performance of your investments)
- fees for advice about whether the mix of your income producing investments is still appropriate and whether to keep or sell those assets
- fees for advice on income protection insurance products
- the portion of the fees to the extent that it relates to **managing your tax affairs**. For example, advice on how the tax laws apply to your personal circumstances.

What you can't claim

You can't claim a deduction for financial advice fees you pay for:

- initial advice on a proposed investment (but you may be able to include these costs in your cost base or reduced cost base to work out your capital gain or loss when you sell the investment)
- advice on how to invest additional funds to grow your existing investment portfolio
- a new financial adviser at the start of a new advisory engagement
- advice on taking out life, total and permanent disability or trauma insurance
- advice about your household budgeting (those are private or domestic expenditure and not deductible).

For more information, see Taxation Determination TD 2024/7 *Income tax: deductions for financial advice fees paid by individuals who are not carrying on an investment business*.

QC 103372

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