


***CR 2012/55 - Income tax: Master of Veterinary  
Studies/Master of Veterinary Clinical Studies  
(University of Sydney)***

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## Class Ruling

### Income tax: Master of Veterinary Studies/Master of Veterinary Clinical Studies (University of Sydney)

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#### **ⓘ This publication provides you with the following level of protection:**

This publication (excluding appendixes) is a public ruling for the purposes of the *Taxation Administration Act 1953*.

A public ruling is an expression of the Commissioner's opinion about the way in which a relevant provision applies, or would apply, to entities generally or to a class of entities in relation to a particular scheme or a class of schemes.

If you rely on this ruling, the Commissioner must apply the law to you in the way set out in the ruling (unless the Commissioner is satisfied that the ruling is incorrect and disadvantages you, in which case the law may be applied to you in a way that is more favourable for you – provided the Commissioner is not prevented from doing so by a time limit imposed by the law). You will be protected from having to pay any underpaid tax, penalty or interest in respect of the matters covered by this ruling if it turns out that it does not correctly state how the relevant provision applies to you.

## What this Ruling is about

1. This Ruling sets out the Commissioner's opinion on the way in which the relevant provision(s) identified below apply to the defined class of entities, who take part in the scheme to which this Ruling relates.

#### Relevant provision(s)

2. The relevant provisions dealt with in this Ruling are:

- section 6-5 of the *Income Tax Assessment Act 1997* (ITAA 1997);
- section 6-10 of the ITAA 1997; and
- section 51-10 of the ITAA 1997.

All legislative references in this Ruling are to the ITAA 1997 unless otherwise indicated.

## Class of entities

3. The class of entities to which this Ruling applies comprises are full time domestic students who are enrolled in a combined Master of Veterinary Studies, Master of Veterinary Clinical Studies at the University of Sydney (the Combined Course) and receive a stipend from the University of Sydney. In this ruling these entities are referred to as students.

## Qualifications

4. The class of entities defined in this Ruling may rely on its contents provided the scheme actually carried out is carried out in accordance with the scheme described in paragraphs 8 to 39 of this Ruling.

5. If the scheme actually carried out is materially different from the scheme that is described in this Ruling, then:

- this Ruling has no binding effect on the Commissioner because the scheme entered into is not the scheme on which the Commissioner has ruled; and
- this Ruling may be withdrawn or modified.

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## Date of effect

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7. This Ruling applies from 1 July 2012. However, this Ruling will not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of this Ruling (see paragraphs 75 and 76 of Taxation Ruling TR 2006/10).

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## Scheme

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8. The scheme that is the subject of the Ruling is described below. This description is based on the following documents and telephone records which are attached to the file record maintained by the Tax Office for this Ruling. These documents, or relevant parts of them, as the case may be, form part of and are to be read with this description. The relevant documents or part of documents incorporated into this description of the scheme are:

- Application for Class Ruling dated 20 September 2011;
- Letter from Agent dated 9 January 2012;
- Further information provided on 5 March 2012; and
- Withdrawal of original request and subsequent further information provided by email on 21 April 2012.

9. The University of Sydney offers a three year combined master's degree to provide advanced clinical training and research for qualified veterinarians in a specified veterinary area. The purpose of the Masters degree is to provide veterinarians with training in developing expertise in clinical skills and procedures, that is:

- diagnosis;
- selection and interpretation of diagnostic tests and treatment of patients; and
- in clinical research.

10. The main objective of the course is to train graduate veterinarians in both clinical research and clinical skills to satisfy the credential requirements stipulated by the Australian College of Veterinary Scientists (ACVSc) for accreditation as specialists in a specified Veterinary area.

11. At the end of the advanced veterinary clinical training degree, students would have developed advanced skills and knowledge beyond that expected of a general veterinary practitioner in:

- diagnosis, treatment and prevention of individual animal disease or dysfunction or the diagnosis, treatment and prevention of herd problems;
- problem orientated case-solving;
- ancillary skills related to their discipline;
- developing interpersonal skill to work as part of an effective team; and
- case reporting and clinical knowledge dissemination both via oral and written formats.

12. At the end of the clinical research training degree students will have:

- identified an area in the clinical discipline that requires further investigation and has pursued an investigation into the current breadth and depth of knowledge of that area;
- engaged in requirements for ethical research;
- engaged with research laboratory occupational health and safety policy in order to maintain safe working environments;
- applied appropriate research methods for data collection and analysis to demonstrate a commitment to ensuring workplace safety;
- delivered and defended research outcomes;
- engaged in student and research supervisor interactions and management;
- engaged in research project management and contributing and maintaining a research culture; and
- demonstrated effective scientific communication through both the spoken and written to medium and professional colleagues and their relevant wider scientific disciplinary community.

## **Eligibility criteria for stipend and course enrolment**

13. A student will be considered eligible to be awarded the stipend if the student is:

- an Australian citizen or has permanent residency status;
- enrolled as a full time student in the course with the University of Sydney; and
- a graduate with a BVsc or equivalent honours degree and meets all relevant selection criteria and processes for admission into the Master of Veterinary Studies / Master of Veterinary Clinical Studies course with the University of Sydney to be appropriate to the degree (see below).

14. The selection criteria used to assess students for admission into the course are as follows:

- a secondary school leaving qualification such as the NSW Higher School Certificate (including national and international equivalents);

- English language requirements must be met where these are not demonstrated by sufficient qualifications taught in English;
- must be registered with and comply with the registration requirements of the NSW Veterinary Practitioners Board;
- admission will be based on academic merit through the following assessment process:
  - each candidate is ranked according to the undergraduate grade point average (GPA) or the Weighted Average mean (WAM) and Honours mark; this is aligned with the established university ranking guidelines for Australian Postgraduate Awards (APAs) and the University of Sydney Postgraduate Awards (UPA); and
  - the Faculty will also take into account Relevant Professional Experience and journal articles accepted into Web of Knowledge journals, relevant conference presentations or referred abstracts and other esteem factors.

### **Stipend**

15. The stipend will assist to fund the domestic student's CSP place in the combined Master's degree.

16. The students are rated in an order of merit, and the stipend is paid to the top rated students.

### **Course structure**

17. The Combined Course is a three year course during which at least two years of full time directly supervised training (DST) will be spent undertaking activities such as structured periods of direct instruction, study, clinical experience, presenting, teaching and research in an academic environment.

18. On commencement of the Combined Course, the candidate will nominate an area recognised as a veterinary speciality. The veterinary specialities the Faculty presently can offer are Veterinary Medicine (Feline), Veterinary Surgery (Small Animal), Equine Medicine, Equine Surgery, Veterinary Anaesthesia.

19. The candidate will enrol in coursework units of study specific to his or her chosen specialist area, for which there are specific units of study. These units are predominately electives for the entire course.

20. The proposed course structure for both the Master of Veterinary Studies and Master of Veterinary Clinical Studies is as follows:

	Year 1		Year 2		Year 3	
	Sem1	Sem2	Sem1	Sem2	Sem1	Sem2
Research master's structure (Master's of Veterinary Clinical Studies)	Full time	Part time	Part time	Part time	Part time	Full Time
		+	+	+	+	
Coursework master's structure (Master's of Veterinary Studies)		Part time = 12 credit points	Part time = 12 credit points	Part time = 12 credit points	Part time = 12 credit points	
	=	=	=	=	=	=
Overall workload	Full time load	Full time load	Full time load	Full time load	Full time load	Full time load

21. The Master's research degree (Master's of Veterinary Clinical Studies) is considered to be conducted over four full time semesters

- Year 1, semester 1 – full time research;
- Year 2, semester 2 – full time research;
- Between Year 1, semester 2 and year 3, semester 1 – research will be undertaken part time.

22. The Master's coursework degree (Master's in Veterinary Studies) consists of a 48 credit point structure, which conforms to the Australian Qualifications Framework (AQF).

23. The unit of study Advanced Clinical Practice is 12 credit points. Students can then choose 6 elective units to obtain the remaining credit points. The allocation of the 48 credit points to be undertaken during each semester is as follows:

- Year 1, semester 2 – 12 credit points;
- Year 2, semester 1 – 12 credit points;
- Year 2, semester 2 – 12 credit points;
- Year 3, semester 1 – 12 credit points.

24. After successfully completing 48 credit points of the Master's of Veterinary Studies coursework and the Master's of Veterinary Clinical Studies thesis students graduate with the Master in Veterinary Studies/Master in Veterinary Clinical Studies.

25. As part of the Master of Veterinary Studies, students also have the opportunity of undertaking a 20-day externship whereby they will be working at an external clinical practice instead of working at the University Teaching Hospitals (UVTH). The externship will not be a compulsory requirement for the combined master's course and the student will still receive the stipend while undertaking the 20-day externship. If the students want to undertake a longer externship, it must be undertaken in their own time.

26. There is currently an 'ad hoc' arrangement between the University of Sydney and external clinical practices whereby the students can complete the voluntary externship under approved supervision.

27. A student's weekly work load for the Combined Course is expected to be as follows:

<b>Expected workload</b>	<b>Weekly workload</b>
Lectures	0
Tutorials	2
Clinical experience or working on research project	28
Independent study	5
Reading and work for assessment	5
Other (please specify)	
<b>Total hours per week</b>	<b>40</b>

28. During semesters 2 to 5 the student will divide their time equally between the coursework and research components. While engaging in the coursework component, the ratio of hospital attendance to non-hospital attendance (reading, study etc) will be at a ratio of 4:1. For example, the candidate trains in the hospital for four days and has one day for self-study activities with respect of their research.

29. Assessment procedures for the Combined Course is as follows:

<b>Proposed assessment regime</b>	<b>Proportion of assessment regime (%)</b>
<b>Masters of Veterinary Studies</b>	
Ongoing assessment of clinical performance and contribution to teamwork. Feedback is provided by supervisor and clinical staff over the duration of the unit of study.	40%

Submission of a detailed activity or case log by end of the unit of study	10%
Communication task e.g. presentation at seminar or conference or submission of a written communication task per semester	25%
Relevant assignment or final viva voce on a relevant clinical topic e.g. on a series of clinical cases at the end of the unit of study	25%
Total	100%
<b>Masters of Veterinary Clinical Studies</b>	
Research thesis for the Masters of Veterinary Studies (also includes a annual verbal presentation to the Faculty concerning research progress)	100%

### University support for students

30. The University appoints the Dean of the Faculty of Veterinary Science to be in charge of the program.

31. During the clinical placements in the UVTHs, students will be supervised and their progress monitored by Faculty clinical academics who are registered specialists. Students will have access to relevant specialists at least 25 hours per week.

32. For the coursework component, summative assessments will be scheduled throughout each semester, not just at the end of semester. Feedback will be given throughout the semester to ensure that the candidate has an opportunity to incorporate supervisor feedback into future summative assessment tasks.

33. The student's progress within the master's research component will be tracked with an initial six monthly review of progress followed by the annual progress review which is currently undertaken by the postgraduate coordinator, as for all research higher degrees in other faculties.

34. Academic advice is provided by the candidate's direct clinical supervisor. If additional academic advice is required, the Faculty postgraduate coordinators, the sub-Dean for Postgraduate Research, the sub-Dean for Postgraduate Coursework and Associate Deans for Postgraduate Studies and Veterinary Clinical Sciences will provide academic advice. The faculty also has two postgraduate student representatives that are members of, and provide feedback concerning student issues to, the Faculty Postgraduate Education and Research Training Committee.

**Other**

35. Students undertake veterinary service at the UVTH or external clinical practices as part of undertaking their studies. Tasks undertaken are structured to improve and develop the student's expertise in clinical skills and procedures. The duties of and conditions relating to masters students are distinguishable from those that apply to clinical staff at the UVTHs. The students are directly supervised by veterinary specialists, have exposure to selected cases and are afforded flexibility in their working arrangements to undertake their chosen research project. Whilst students work at the UVTHs throughout the year (with provision for annual leave), this arrangement facilitates their learning through undertaking clinical work.

36. A student undertaking work placement at the UVTH is not obligated to become an employee of or to work for the University at any future time. Similarly, a student undertaking a work placement at an external clinical practice is not obligated to become an employee of or work for the external practice at any future time.

37. Students undertaking work placement as a part of their clinical training externship continue to receive the stipend but do not receive any payment from the external clinic.

38. Additional, paid hours at the UVTH may be available for students enrolled in the course but would not be part of the course and must be consistent with the student's study commitments.

**Education allowance**

39. Under the Program, students are also eligible to receive an educational allowance each year to assist with:

- attendance at conference or training sessions at which they are presenting or where attendance is deemed by their supervisor to be integral to their clinical training program; or
- Purchase of relevant textbooks and software, and small equipment items (e.g. stethoscopes) required for candidates' training.

40. This allowance is available to all students enrolled in the Program. The educational allowance is paid up to a maximum of \$2,000 a year (which may be adjusted annually) by way of a reimbursement of expenses on the production of receipts by the student.

## Ruling

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41. The fortnightly stipend payments made by the University of Sydney to students undertaking a combined Master of Veterinary Studies/Master of Veterinary Clinical Studies, as described in this Ruling, would be ordinary income to the student under subsection 6-5(1). However, these payments are exempt from income tax under item 2.1A in the table in section 51-10.

42. The education allowance payments are not assessable to the student as ordinary income under section 6-5; or as statutory income under section 6-10.

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**Commissioner of Taxation**

25 July 2012

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## Appendix 1 – Explanation

**❶** *This Appendix is provided as information to help you understand how the Commissioner's view has been reached. It does not form part of the binding public ruling.*

43. A payment or other benefit received by a taxpayer is assessable income if it is:

- income in the ordinary sense of the word (ordinary income); or
- an amount or benefit that through the operation of the provisions of the tax law is included in assessable income (statutory income).

### Ordinary income

44. Subsection 6-5(1) provides that the assessable income of a taxpayer includes income according to ordinary concepts (ordinary income).

45. The legislation does not provide specific guidance on the meaning of income according to ordinary concepts. However, a substantial body of case law exists which identifies likely characteristics.

46. In *GP International Pipecoaters Pty Ltd v. Federal Commissioner of Taxation*,<sup>1</sup> the Full High Court stated:

To determine whether a receipt is of an income or of a capital nature, various factors may be relevant. Sometimes the character of receipts will be revealed most clearly by their periodicity, regularity or recurrence; sometimes, by the character of a right or thing disposed of in exchange for the receipt; sometimes, by the scope of the transaction, venture or business in or by reason of which money is received and by the recipient's purpose in engaging in the transaction, venture or business.

47. Amounts that are periodical, regular or recurrent, relied upon by the recipient for their regular expenditure and paid to them for that purpose are likely to be ordinary income, as are amounts that are the product in a real sense of any employment of, or services rendered by, the recipient.<sup>2</sup> Amounts paid in substitution for salary or wages foregone or lost may also be ordinary income.<sup>3</sup>

<sup>1</sup> (1990) 170 CLR 124 at 138; 90 ATC 4413 at 4420; (1990) 21 ATR 1 at 7.

<sup>2</sup> *Federal Commissioner of Taxation v. Rowe* (1995) 60 FCR 99; 95 ATC 4691; (1995) 31 ATR 392.

<sup>3</sup> *Federal Commissioner of Taxation v. Dixon* (1952) 86 CLR 540 at 568; (1952) 10 ATD 82 at 92; (1952) 5 AITR 443 at 456 (per Fullagar J).

48. Ultimately, whether or not a particular receipt is ordinary income depends on its character in the hands of the recipient.<sup>4</sup> The whole of the circumstances must be considered<sup>5</sup> and the motive of the payer may be relevant to this consideration.<sup>6</sup>

49. Fortnightly stipend payments received by a student are considered to be ordinary income, being periodical receipts that are expected and relied upon by the student.

50. The educational allowance is a reimbursement of the student's actual expenses and not an allowance, as explained by Taxation Ruling TR 92/15<sup>7</sup> which deals with the distinction between an allowance and a reimbursement for income tax and fringe benefits tax purposes:

A payment is a reimbursement when the recipient is compensated exactly (meaning precisely, as opposed to approximately), whether wholly or partly, for an expense already incurred although not necessarily disbursed. In general, the provider considers the expense to be its own and the recipient incurs the expenditure on behalf of the provider.

51. It is considered that the educational allowance to attend conferences or training sessions integral to the Combined Course is not assessable as ordinary income as it does not satisfy the criteria for ordinary income. The payments are a direct reimbursement of expenses incurred as part of the education course which are not the product of any employment or services rendered and not ordinary income in the hands of the student.

### **Statutory income**

52. Section 6-10 provides that a taxpayer's assessable income includes statutory income amounts that are not ordinary income but are included as assessable income by another provision.

53. Section 10-5 lists provisions about statutory income and included in this list is section 15-2.

54. Section 15-2 includes in a taxpayer's assessable income the value of all allowances, gratuities, compensation, benefits, bonuses and premiums provided to the taxpayer 'in respect of, or for or in relation directly or indirectly to, any employment of or services rendered by' the taxpayer.

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<sup>4</sup> *Scott v. Federal Commissioner of Taxation* (1966) 117 CLR 514 at 526; (1966) 14 ATD 286 at 293; (1966) 10 AITR 367 at 375; *Hayes v. Federal Commissioner of Taxation* (1956) 96 CLR 47 at 55; (1956) 11 ATD 68 at 73; (1956) 6 AITR 248 at 254; *Federal Coke Co Pty Ltd v. Federal Commissioner of Taxation* (1977) 34 FLR 375 at 402; 77 ATC 4255 at 4273; (1977) 7 ATR 519 at 539.

<sup>5</sup> *Squatting Investment Company Limited v. Federal Commissioner of Taxation* (1953) 86 CLR 570 at 627-628 per Kitto J.

<sup>6</sup> *Scott v. Federal Commissioner of Taxation* (1966) 117 CLR 514 at 527, 528; (1966) 14 ATD 286 at 293; (1966) 10 AITR 367 at 376.

<sup>7</sup> *Income tax and fringe benefits tax: the difference between an allowance and a reimbursement*

55. The educational allowance is not provided to the student as an employee. Nor is it provided 'in respect of, or for or in relation directly or indirectly to' any services rendered by the student, as there is no element of reward in the educational allowance for any services the student might provide to the Veterinary Hospital as an intern.<sup>8</sup> The educational allowance is paid solely to support the student's professional education and development in matters integral to the Combined Course. Any amounts the student receives in reimbursement of costs incurred in attending conferences and training sessions are therefore not assessable income under section 15-2.

### **Exempt income**

56. Subsection 6-20(1) provides that an amount of ordinary income is exempt income if it is made exempt from income tax by a provision of the ITAA 1997 or another Commonwealth law.

57. Amounts of ordinary income and statutory income are exempt from income tax under section 51-1 if the amount is of a type listed in the tables in Division 51, subject to any exception or special condition.

58. Item 2.1A in the table in section 51-10 provides that payments are exempt from income tax if:

- (a) they are made to a full-time student at a school, college or university;
- (b) they are made by way of a scholarship, bursary, educational allowance or educational assistance; and
- (c) they are not subject to the exceptions set out in section 51-35.

59. As the fortnightly stipend payments are ordinary income, it must be established whether or not they are exempt income under Division 51. This requires a consideration of these three conditions.

60. The educational allowance is neither ordinary nor statutory income and it is unnecessary to consider whether these payments are exempt.

### **Are scholarship holders full-time students at a school, college or university?**

61. In these circumstances, it is accepted that the Scholarship students undertaking the full-time Program at the University satisfy this criteria.

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<sup>8</sup> *Smith v. Federal Commissioner of Taxation* (1987) 164 CLR 513; 87 ATC 4883; (1987) 19 ATR 274.

**Are the payments made by way of scholarship, bursary, educational allowance or educational assistance?**

62. The words 'scholarship, bursary, educational allowance or educational assistance' are not defined in the ITAA 1997. The *Macquarie Dictionary*, 1991, 2<sup>nd</sup> Revised Edition, defines 'scholarship' as 'the sum of money or other aid granted to a scholar' and 'scholar' as 'a student who, because of merit, etc, is granted money or other aid to pursue.....studies'. 'Student' is defined as 'one who is engaged in a course of study and instruction at a college, university, or professional or technical school' and 'one who studies a subject systematically or in detail'.

63. Paragraphs 34 to 48 of Taxation Ruling TR 93/39 Income tax: friendly society education funds discuss the meaning of the words 'scholarship, bursary, educational allowance or educational assistance' for the purposes of the former paragraph 23(z) of the *Income Tax Assessment Act 1936*. Paragraph 35 of TR 93/39 states that the words are no more '...than a description of rewards for merit attained as a result of competition or selection on the basis of general criteria...'.<sup>9</sup>

64. In interpreting the meaning of the words 'scholarship, bursary, educational allowance or educational assistance', courts have determined that the relevant characteristics of a scholarship include:

- the selection of recipients based on merit or some other rational criterion;<sup>9</sup> and
- the education of the recipient is at least one purpose for which the scholarship is provided.<sup>10</sup>

65. To be awarded a Scholarship, students have to undertake a competitive selection process which involves them being assessed against a range of criteria such as their academic achievements and interpersonal skills. As such, it is accepted that selection for the Scholarship is merit based.

66. In *Chesterman v. Federal Commissioner of Taxation*<sup>11</sup> Isaacs J said that for purposes to be educational they must provide for the giving or imparting of instruction.

67. The Scholarship is paid to a student enrolled in the Combined Course and the purpose of this Combined Course is to enable graduate veterinarians to be trained in both clinical research and clinical skills. It is accepted that the Scholarship has the requisite educational purpose.

68. Accordingly, it is accepted that payments made under the Scholarship are made by way of 'a scholarship, bursary, educational allowance or educational assistance'.

<sup>9</sup> *Re Leitch (deceased)* [1965] VR 204.

<sup>10</sup> *Federal Commissioner of Taxation v. Hall* (1975) 6 ALR 457; 75 ATC 4156; (1975) 5 ATR 450.

<sup>11</sup> (1923) 32 CLR 362 (at 385-6).

**Do the exceptions in section 51-35 apply?**

69. Section 51-35 excludes the following payments from exemption:

- payments by the Commonwealth for education or training: paragraphs 51-35(a), 51-35(b) and 51-35(f);
- payments made on the condition that the student will (or will if required) become an employee of the payer: paragraph 51-35(c);
- payments made on the condition that the student will (or will if required) enter into a contract with the payer that is wholly or principally for the labour of the student: paragraph 51-35(d); and
- payments made under a scholarship that is not provided principally for educational purposes: paragraph 51-35(e).

***Are the payments Commonwealth education or training payments?***

70. The payments made under the Scholarship are not of a kind covered by paragraphs 51-35(a), 51-35(b) or 51-35(f).

***Are the payments made on the condition that the student will (or will if required) become or continue to be an employee of the payer?***

71. Paragraph 51-35(c) excludes payments from exemption if they represent:

a payment by an entity or authority on the condition that the student will (or will if required) become, or continue to be, an employee of the entity or authority.

72. The Federal Court has taken the view that the words 'upon condition that' do not require a contract between the parties to exist or any other form of legal relationship.<sup>12</sup> It was held that the exemption did not apply where, as a matter of ordinary language, it could be said that the receipt of the scholarship amount was conditional on the recipient working with the payer if the payer so required.

73. Under the Combined Course, students are required to undertake evaluation and treatment of referred animal patients at the Veterinary Hospital. This work is an integral part of the Combined Course.

<sup>12</sup> *Federal Commissioner of Taxation v. Ranson* (1989) 25 FCR 57; (1989) 90 ALR 533; 89 ATC 5322; (1989) 20 ATR 1652.

74. The terms of the Scholarship put the student under no obligation (whether or not legally binding) to become an employee of the University in the future, or to do so if required.

75. The payments under the Combined Course are therefore not excluded from exemption under paragraph 51-35(c).

***Are the payments made on the condition that the student will (or will if required) enter into, or continue to be a party to, a contract with the payer that is wholly or principally for the labour of the student?***

76. Paragraph 51-35(d) excludes payments from exemption if they represent:

a payment by an entity or authority on the condition that the student will (or will if required) enter into, or continue to be a party to, a contract with the entity or authority that is wholly or principally for the labour of the student.

77. Paragraph 51-35(d) imposes a similar requirement to that of paragraph 51-35(c) by excluding employment-like relationships, that is, contracts wholly or principally for labour.

78. It is recognised that work performed for an organisation can be part of an education program.<sup>13</sup>

79. In circumstances where work is carried out solely or primarily for an educational purpose and its results are not calculated to benefit the organisation but are incidental products of the study program, there is no contract wholly or principally for the labour of the student.

80. The case work undertaken by the student at the Veterinary Hospital is a requirement of the Program. The terms of the Scholarship put the student under no obligation (whether or not legally binding) to enter into a contract wholly or principally for the student's labour in the future, or to do so if required.

81. The payments under the program are therefore not excluded from exemption under paragraph 51-35(d).

***Are the scholarships provided principally for educational purposes?***

82. The Scholarships are awarded to a student to enable them to complete the Combined Course at the University.

83. It is accepted that in providing the Scholarships the University is doing so principally for educational purposes. The Scholarship payments are therefore not excluded from exemption by paragraph 51-35(e).

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<sup>13</sup> *Federal Commissioner of Taxation v. Hall* 75 ATC 4156 at 4164 and 4162.

## Conclusion

84. Accordingly, the fortnightly stipend payments made to a student are exempt under item 2.1A of the table in section 51-10.

## **Appendix 2 – Detailed contents list**

85. The following is a detailed contents list for this Ruling:

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## References

### *Previous draft:*

Not previously issued as a draft

### *Related Rulings/Determinations:*

TR 92/15; TR 93/39; TR 2006/10

### *Subject references:*

- exempt income
- scholarships, fellowships & bursaries

### *Legislative references:*

- ITAA 1936 23(z)
- ITAA 1997
- ITAA 1997 6-5
- ITAA 1997 6-5(1)
- ITAA 1997 6-10
- ITAA 1997 6-20(1)
- ITAA 1997 10-5
- ITAA 1997 15-2
- ITAA 1997 Div 51
- ITAA 1997 51-1
- ITAA 1997 51-10
- ITAA 1997 51-35
- ITAA 1997 51-35(a)
- ITAA 1997 51-35(b)
- ITAA 1997 51-35(c)
- ITAA 1997 51-35(d)
- ITAA 1997 51-35(e)
- ITAA 1997 51-35(f)
- TAA 1953
- Copyright Act 1968

### *Case references:*

- *Chesterman v. Federal Commissioner of Taxation* (1923) 32 CLR 362
- *Federal Coke Co Pty Ltd v. Federal Commissioner of Taxation* (1977) 34 FLR 375; 77 ATC 4255; (1977) 7 ATR 519

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