IT 2016 - Subscriptions to taxpayers' associations by investors and self-employed professional persons without employees

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TAXATION RULING NO. IT 2016

SUBSCRIPTIONS TO TAXPAYERS' ASSOCIATIONS BY INVESTORS AND SELF-EMPLOYED PROFESSIONAL PERSONS WITHOUT EMPLOYEES

F.O.I. EMBARGO: May be released

REF H.O. REF: J.35/15 P.5 F.236 DATE OF EFFECT:

B.O. REF: BRISBANE 4/476 314 679 DATE ORIG. MEMO ISSUED: 20.01.83

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1103904	SUBSCRIPTIONS	51(1)
	TAXPAYER'S ASSOCIATION	73(2)

OTHER RULINGS ON TOPIC: CITCM 798
H.O. J.35/15 P.4

PREAMBLE In CITCM 798 it was stated that, while subscriptions to Taxpayers' Associations are not inherently deductible in every case, they will be allowable as deductions under sections 51(1) or 73(2) where the subscriptions can be shown to be incidental and relevant to the gaining of the taxpayer's income. It was stated that, as a general rule of practice, subscriptions to Taxpayers' Associations may be allowed as deductions where the taxpayer is also liable to pay land tax, sales tax or payroll tax or to deduct tax instalments from the wages of an employee. The CITCM stated that, where the subscriber's interest in the Association relates to his own income tax affairs subscriptions should not be allowed as a deduction. Investors and self-employed professional persons without employees were cited, inter alia, as examples of subscribers to whom deductions would not be allowable.

2. The prohibition of deductions in the cases of investors and self-employed professional persons without employees has recently been reviewed.

RULING 3. While the cost of income tax appeals and advice relating to objections are not allowable as income tax deductions there are areas of the income tax law which place certain general obligations upon people in business. There are the requirements to keep business records, to include certain information in return forms, to withhold tax from certain payments to overseas persons, etc. In Cliffs International Inc. v. FCT, 79 ATC 4059, for example, the company incurred legal expenses in seeking advice on its obligations under section 256 of the Income Tax Assessment Act. The High Court upheld the company's entitlement to deduction.

4. On behalf of its members the Taxpayer's Association maintains an interest in these general requirements and, from time to time

as the occasion demands, reports to members in its journal "Taxpayer". Furthermore, as recent editions of the journal illustrate the Association reports to its members on changes in the sales tax law and on a wide variety of State duties and charges, e.g. N.S.W. stamp duty, Victorian land tax, the new financial duties legislation operating in Victoria and New South Wales, etc.

5. Familiarity with all these matters is as much part and parcel of the income producing activities of the self-employed professional person without employees and the investor as it is of any other business activity. For these reasons it has been decided that subscriptions to Taxpayers' Associations by investors and self-employed professional persons without employees are allowable as deductions under section 51(1) or section 73(2). To this extent CITCM 798 is modified.

COMMISSIONER OF TAXATION
8 February 1983