


# ***IT 2491 - Income tax : payments made for political purposes***

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TAXATION RULING NO. IT 2491

INCOME TAX : PAYMENTS MADE FOR POLITICAL PURPOSES

F.O.I. EMBARGO: May be released

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REFERENCE NO: SUBJECT REFS: LEGISLAT. REFS:

I 1010757 POLITICAL ACTIVITIES 51(1)  
FIGHTING FUNDS

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PREAMBLE A question was recently asked as to whether expenditure incurred on certain advertising qualified as a tax deduction. The question arose following a proposal by a State Government to ban tobacco advertising. There was a suggestion that the tobacco industry might mount an advertising campaign designed specifically to defeat the State Government proposal. The taxation question concerned the deductibility, under subsection 51(1) of the Income Tax Assessment Act, of contributions by tobacco firms to an industry fund to be used to finance the campaign.

RULING 2. The advice from this Office was that the contributions by tobacco firms to the industry fund were not deductible under subsection 51(1). Such contributions relate to the preservation of the right to advertise - which is part of the profit yielding structure - rather than to the promotion of a company's products and thus are not deductible, being of a capital nature (Sun Newspapers Ltd & Associated Newspapers Ltd v FCT (1938) 61 CLR 337).

COMMISSIONER OF TAXATION  
28 July 1988