


IT 318 - Speech therapy treatment and related expenditure

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TAXATION RULING NO. IT 318

SPEECH THERAPY TREATMENT AND RELATED EXPENDITURE

F.O.I. EMBARGO: May be released

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1070335	CONCESSIONAL REBATES	82F
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FACTS Consideration was given to the circumstances in which expenditure on speech therapy treatment and equipment qualified as an allowable deduction for income tax purposes.

RULING 2. In certain circumstances expenditure on speech therapy treatment is deductible as "medical expenses" under section 82F of the Income Tax Assessment Act. Briefly, this section authorises the deduction of medical expenses incurred by a taxpayer in respect of himself, wife, children under 21 years and other dependants in respect of whom he is entitled to a dependants maintenance deduction. "Medical expenses" to the extent relevant for the purposes of this ruling, is defined as follows in section 82F(3):-

"Medical expenses means payments -

- (a) to a legally qualified medical practitioner, nurse or chemist, or a public or private hospital, in respect of an illness or operation;
- (b) ...
- (c) ...
- (d) for therapeutic treatment administered by direction of a legally qualified medical practitioner;
- (e) in respect of an artificial limb (or part of a limb), artificial eye or hearing aid;
- (f) in respect of a medical or surgical appliance (not otherwise specified in this definition) prescribed by a legally qualified medical practitioner;
- (g) ...
- (h) ...
- (i) ...

3. Payments for speech therapy treatment would be allowable in accordance with this provision in any case where a

legally qualified medical practitioner has referred a patient for treatment or for diagnostic examination and subsequent treatment by a speech therapist.

4. In addition to the cost of speech therapy treatment, expenditure on speech therapy equipment may qualify as "medical expenses". Claims by taxpayers may refer to particular items of equipment and some of the more common items and their uses include:-

Types of Equipment

- (a) Auditory Trainer - Literally, a very powerful hearing aid. Used in speech therapy clinics, schools for deaf children and by children of normal hearing with poor ability to discriminate sound.
- (b) Language Master - Basically, short lengths of tape, the principle of the section of tape being similar to a tape recorder. Used in speech therapy clinics, remedial classes in schools and by some special schools.

Language Programmes and Kits

- (a) Distar - Boxed graded programme devised for remedial work.
- (b) Peabody Language Development Kits - Remedial programmes designed for the atypical child.

5. The "auditory trainer" is essentially similar to a conventional hearing aid and, on this understanding, would be within the scope of the definition of "medical expenses" the remaining items are, however, basically aids to learning rather than "medical or surgical appliances" and, accordingly, expenditure on these items is not considered to be allowable as medical expenses.

6. Section 82J of the Act, which authorises deductions for expenses incurred in respect of the full-time education at a school, college or university, or from a tutor, of the taxpayer's children or dependants under 25 years of age, will also be relevant. In view of the fundamental relationship between spoken English and the educational programme of our schools, it is accepted that expenditure incurred in obtaining speech therapy treatment for a child of school age can qualify as education expenses. Deductible expenditure would include expenditure on equipment used, such as that outlined, in this ruling, travelling expenses in obtaining treatment and the cost of treatment. Any amount deductible as medical expenses, however, would not also be treated as education expenses.

COMMISSIONER OF TAXATION