



TD 92/136 - Income tax: can weekly income foregone by employees on the Training and Skills (TASK) program be considered an education expense and, therefore, an allowable deduction under subsection 51(1) of the Income Tax Assessment Act 1936?

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 This document has changed over time. This is a consolidated version of the ruling which was published on *30 July 1992*

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part 4VAAA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, the Determination applies to transactions entered into both before and after its date of issue.

Taxation Determination

Income tax: can weekly income foregone by employees on the Training and Skills (TASK) program be considered an education expense and, therefore, an allowable deduction under subsection 51(1) of the *Income Tax Assessment Act 1936*?

1. No. According to information held by this Office, a trainee who participates in the TASK program receives 80% of the trainee's normal weekly earnings. This variation to normal wage rates is set down in an industrial agreement. The employee foregoes the remaining 20% of normal weekly earnings. The 20% of income foregone is an opportunity cost for participating in the program. It is not, however, an actual outgoing or loss incurred by the employee and for this reason is not deductible. Correspondingly, whilst participating on the TASK program, the employee is assessed only on 80% of normal weekly earnings.

2. In general terms, self education expenses of an employee may, subject to other legislative restrictions, be fully deductible under subsection 51(1) if they have the necessary connection with the production of the employee's assessable income. A tax deduction under this subsection is only allowed if there is an actual 'loss' or 'outgoing' and, even then, the loss or outgoing is only deductible to the extent to which it is incurred in gaining or producing assessable income.

Commissioner of Taxation

30/07/92

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