

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part IVAAA 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, this Determination applies to years commencing both before and after its date of issue. However, this Determination does 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 the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

Taxation Determination

Income tax: how are laundry expense claims for work clothes calculated and substantiated for the purposes of subsection 51(1) and section 82KZB of the *Income Tax Assessment Act 1936*?

1. Any claim for home laundry expenses of work clothes will only be allowable as a deduction under subsection 51(1) if the clothing in question qualifies as a corporate uniform (including uniforms /wardrobe as defined in subsection 51AL), is specifically protective in nature or relates to expenditure on laundry associated with a proven claim for excessive expenditure on clothing. The maintenance of ordinary conventional clothing used in the workplace is personal or private in nature, and home laundry expenses on this type of clothing are not an allowable deduction under subsection 51(1).

2. In 1985, Income Tax Ruling IT 2165 (which applied only to the income year 1984/85) set upper limits (generally at \$120) for unvouched subsection 51(1) deductions for allowable laundry expenditure for various occupations. With the introduction of the substantiation provisions, this practice is discontinued and subject to the few exceptions set out in the *Income Tax Assessment Act 1936* unsubstantiated expenses are not allowable as deductions.

3. Home laundry expense claims must be based on the taxpayer's actual usage pattern. Income Tax Ruling IT 2452 recommends a diary detailing the extent to which laundry appliances, detergents etc are actually used in the laundering of eligible work clothes for a one month period as sufficient to establish the pattern of yearly use of laundry appliances, detergents etc. in the home laundering of eligible clothing.

4. Each issue of Taxpack provides an updated electricity expense reference table for the calculation of this expense. Washing powder expenses are calculated with reference to the usage diary and total expenditure for the year. The claim is equal to that proportion, as established by the usage diary, of the total expenses substantiated for the year which relate to the home laundering of the eligible clothing. It is important to note that although not specifically stated in IT 2452, receipts for cleaning agents must be kept in relation to expenditure for the **whole** year, and not just the month of the diary.

5. Under section 82KZB, claims for home laundry expenses must be substantiated where the total of work related expenses exceeds the \$300 threshold. Receipts for all washing powders and the like, purchased during the whole financial year, must be kept to substantiate the total of this expense. Alternatively, diary entries of such purchases may be made, provided each individual

purchase is no more than \$10, and the total of work related expense diary entries does not exceed \$200 (subsection 82KU(6) and subsection 82KU(7))

6. As with all substantiation documents, section 82KZA and subsection 82KT(1) require that these records be retained by the taxpayer for three years and six months from the date of lodgment of the income tax return.

Examples

1. A, an office worker, washes his conventional work clothes at home. He is unable to claim home laundry expenses, as it is not in respect of eligible clothing.

2. B, a waitress, washes her employer-provided conventional black and white clothing at home. She is unable to claim home laundry expenses, as the clothing is conventional in nature, and is not a corporate uniform.

3. C, a chef, receives a laundry allowance for the protective clothes he wears and washes at home. Together with other work related claims of more than \$300, he claims a deduction for home laundry equal to the amount of the laundry allowance received from his employer. He has not kept a diary for one month nor any receipts for home laundry for the year. Without these documents, he is not entitled to a deduction for home laundry.

4. D, a bank employee, washes her corporate uniform at home. She has kept a diary for one month in which she details the extent to which laundry appliances, detergents etc are actually used in the laundering of her corporate uniform. She holds receipts which show how much she spent on cleaning agents in the year. Using her 1993 Taxpack, and her one month diary pattern, she calculates her claims as follows for the year ended 30 June 1993:

Electricity expense:

washing machine	2 uniform washes/week x \$0.03 x 48 weeks	= \$ 2.88
clothes dryer	1 hour x \$0.25 x 48 weeks	= \$12.00
steam iron	2 hours x \$0.10 x 48 weeks	= <u>\$ 9.60</u>
		<u>\$ 24.48</u>

Washing powders expense:

Receipts for the year total \$392.82. Her diary indicates that one out of every three washes relates to her uniform. Therefore the claim is calculated as :

$$\$392.82 / 3 = \underline{\$130.94}$$

$$\text{Therefore, her total home laundry expense claim is : } \$24.48 + \$130.94 = \underline{\$155.42}$$

Commissioner of Taxation

9/12/93

FOI INDEX DETAIL: Reference No. I 1216694

Previously issued as Draft TD 93/D127

Related Determinations: TD 92/157

Related Rulings: IT 2452; IT 2641

Subject Ref: laundry; substantiation

Legislative Ref: ITAA 51(1); ITAA 82KT(1); ITAA 82KU(6); ITAA 82KU(7); ITAA 82KZA; ITAA 82KZB

Case Ref:

ATO Ref: NEW TD32

ISSN 1038 - 8982