

TD 94/67 - Income tax: is the cost of subscriptions to representative associations paid by pensioners or self funded retirees an allowable deduction under subsection 51(1) of the Income Tax Assessment Act 1936 (the Act)?

⚠ This cover sheet is provided for information only. It does not form part of *TD 94/67 - Income tax: is the cost of subscriptions to representative associations paid by pensioners or self funded retirees an allowable deduction under subsection 51(1) of the Income Tax Assessment Act 1936 (the Act)?*

⚠ This document has changed over time. This is a consolidated version of the ruling which was published on *28 July 1994*

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: is the cost of subscriptions to representative associations paid by pensioners or self funded retirees an allowable deduction under subsection 51(1) of the *Income Tax Assessment Act 1936* (the Act)?

1. Yes. Provided the representative association's services have a direct nexus with the derivation of the member's assessable income.
2. In considering a claim under subsection 51(1), regard must be given to the objects and activities of each particular association. Subscriptions paid to a representative association whose activities can be shown to be incidental and relevant to the gaining of the member's assessable income would be deductible. An example of such activities would be where an association is primarily established to provide investment or taxation information to members.
3. However, a subscription paid to an association established primarily to influence public opinion on matters unconnected with the derivation of its members' assessable income would not qualify for a deduction. Similarly, subscriptions to an association set up to represent to Government the political beliefs of its members would not qualify for a deduction under subsection 51(1).
4. Alternatively, where a deduction under subsection 51(1) is not available, a deduction for periodical subscriptions should be considered under subsection 73(3). A deduction under subsection 73(3) is limited to \$42 per annum in respect of each subscription.

Example 1:

John Smith is a retired accountant and is in receipt of a pension. He pays an annual subscription of \$20 to an Accountants' Association. The Association issues monthly newsletters to its members in which it provides advice on recent changes to accounting standards and general advice on accounting matters. John's subscription to the Association is not deductible under subsection 51(1) as there is no direct nexus between the payment of the subscription and the earning of his pension income. However, John may seek a deduction under subsection 73(3) even though the payment is unrelated to the derivation of his pension income.

Example 2:

Bill Watts has retired and is in receipt of income from investments. He pays an annual subscription of \$50 to an Association whose object is to obtain government benefits for self funded or independent retirees. The Association lobbies government on behalf of its members and issues monthly newsletters advising of its progress and of other matters of interest to members. Bill's subscription to the Association is not deductible under subsection 51(1) as there is no direct nexus between the payment of the subscription and the earning of his investment income. However, Bill may seek a deduction under subsection 73(3) for \$42 even though the payment is unrelated to the derivation of his income.

Example 3:

Jane Doe is a retired pensioner and derives income from a superannuation pension and her investments. She pays an annual subscription of \$55 to an Independent Retirees' Association. The Association issues a monthly magazine to its members in which it advises them of financial market conditions, financial rights, all recent tax law changes and provides general advice and non financial assistance to its members. Jane is thus kept well abreast of the current changes and developments in the financial market and to the taxation law which may affect her investments. Jane's subscription of \$55 is deductible under subsection 51(1) as there is a direct nexus between the subscription and her investment income.

Commissioner of Taxation

28/7/94

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Related Determinations:

Related Rulings: IT 2016, IT2184, IT 2416

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