


TR 95/17A - Addendum - Income tax: employee work-related deductions of the Australian Defence Force

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Addendum: Income tax: employee work-related deductions of employees of the Australian Defence Force

*This Addendum forms part of the Ruling and, to the extent that it is capable of being a 'public ruling' in terms of Part IVAAA of the **Taxation Administration Act 1953**, it is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Ruling is a public ruling and how it is binding on the Commissioner.*

Taxation Ruling TR 95/17 is amended as follows:

1. **Paragraph 17**

After 'Child Education Allowance', insert 'Deployment Allowance'.

2. **Paragraph 24**

Insert before the subparagraph entitled ***Computers and software***:

'Expenditure on shoes, socks and stockings may give rise to a deduction where these items form an integral part of a compulsory and distinctive uniform, the components of which are set out by the employer in its expressed uniform policy or guidelines. The employer's uniform policy or guidelines should stipulate the characteristics of the shoes, socks and stockings that qualify them as being a distinctive part of the compulsory uniform, e.g., colour, style, type, etc. The wearing of the uniform must also be strictly and consistently enforced with breaches of the uniform policy giving rise to disciplinary action. These latter factors reflect the fact that image is of critical importance to the particular employer (paragraph 56A; also see Taxation Ruling TR 96/16).'

3. **Paragraph 53**

Add at the end:

'Military service uniforms worn by ADF members are compulsory uniforms and are not considered to be occupation specific clothing.'

4. **After paragraph 56**

Insert:

'56A. Expenditure on shoes, socks and stockings is essentially of a private nature and, even when these items are worn at the request of the employer, their cost will only be deductible in limited circumstances. To qualify for deduction, the items must firstly form an integral part of a distinctive and compulsory uniform the components of which are set out by the employer in its expressed uniform policy or guidelines (see paragraphs 54 and 55). In addition, the employer's uniform policy or guidelines should stipulate the characteristics of the shoes, socks and stockings that qualify them as being a distinctive part of the compulsory uniform, e.g., colour, style, type, etc. The wearing of the uniform must also be strictly and consistently enforced, with breaches of the uniform policy giving rise to disciplinary action. It is only in strict compulsory uniform regimes that expenditure on shoes, socks and stockings is likely to be regarded as work-related rather than private in nature (see Taxation Ruling TR 96/16).'

5. **Paragraph 59**

Omit the paragraph; substitute:

'59. Expenditure on a military uniform is an allowable deduction. We consider that a military uniform includes such items as military white, blue or khaki shirts with rank or other embellishments; standard matching trousers; regulation jumpers and jackets; official mess uniform; hats or caps with rank or other embellishments; Service Dress shoes; Service handbags and clutch bags; socks and stockings; and camouflage shirts and trousers. However, it does not include items or accessories of a conventional nature, e.g., underwear, ordinary fashion shoes, hair accessories or T-shirts.'

6. Paragraph 60

Add at the end:

'A deduction is not allowable for the costs of shoes, short socks or stockings worn as part of a non-compulsory uniform. The 'Approved Occupational Clothing Guidelines' under section 51AL preclude the registration of these items as part of a non-compulsory uniform.'

7. Paragraph 73

Omit the paragraph; substitute:

'73. Generally, the cost of stockings is not an allowable deduction as the expense is considered to be private in nature and not incurred in gaining or producing assessable income. Where stockings form an integral part of a distinctive and compulsory military uniform, whose characteristics are set out in a uniform policy or guidelines, and where the wearing of the uniform is strictly and consistently enforced, a female ADF member may claim the cost of the stockings as an allowable deduction (see paragraph 56A and Taxation Ruling TR 96/16).

8. Paragraphs 74 and 75

Omit the paragraphs.

9. Paragraph 80

Omit the paragraph; substitute:

'80. **Example:** Greg receives a Uniform Maintenance Allowance of \$500. He purchases compulsory military uniform items such as shirts and trousers costing \$120, and also purchases Service Dress shoes (\$45), underwear (\$30), and khaki socks (\$10) from the Army stores.

The cost of dry cleaning his uniform shirts and trousers is \$135. Greg must include \$500 as income in his taxation return, and provided appropriate written evidence is kept, he is entitled to a deduction of \$310 (i.e., uniform - \$120, laundering of uniform - \$135, socks - \$10 and Service Dress shoes - \$45). He cannot claim a deduction for the purchase or laundering of underwear.'

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10. After paragraph 119

Insert:

'119A. **Example:** John is a member of the Special Air Services Regiment (SAS). He is paid to maintain the very highest level of fitness. To maintain his fitness level, John's fitness program includes weight training three times a week at a city gymnasium. His costs for attending the gymnasium such as gymnasium fees, transport costs, protective sports shoes, shorts and T-shirts expenses are allowable deductions (paragraphs 120 to 124).'

11. Paragraph 120

Omit 'Paragraphs 62 to 68'; substitute 'Paragraphs 62 to 68, 71 and 72'.

Commissioner of Taxation

5 June 1996

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