# *TD 98/D2 - Income tax: is a deduction allowable to complying superannuation funds under section 279 of the Income Tax Assessment Act 1936 , for insurance premiums attributable to the provision of benefits for members in the event of temporary disability longer than two years?*

This cover sheet is provided for information only. It does not form part of *TD 98/D2 - Income tax: is a deduction allowable to complying superannuation funds under section 279 of the Income Tax Assessment Act 1936 , for insurance premiums attributable to the provision of benefits for members in the event of temporary disability longer than two years?*

This document has been finalised by TD 98/27.

Generated on: 2 June 2026, 09:00:28 PM

Australian Taxation Office

Taxation Determination **TD 98/D2**



**Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.**

# Draft Taxation Determination

## Income tax: is a deduction allowable to complying superannuation funds under section 279 of the *Income Tax Assessment Act 1936*, for insurance premiums attributable to the provision of benefits for members in the event of temporary disability longer than two years?

1. No. A deduction is not allowable under the *Income Tax Assessment Act 1936* (ITAA) for premiums for income payments during periods of temporary disability longer than two years, to the extent that those premiums relate to benefits for the period beyond two years.

2. A deduction is allowed under section 279 for complying superannuation funds for so much of any insurance premiums paid as is attributable to the provision of death or disability benefits.

3. Death or disability benefit, as defined in subsection 267(1) of the ITAA, means a benefit provided in the event of the death, or the permanent or temporary disability, of the member. A temporary disability benefit, when the member is unable to perform the normal duties of the member's employment, must not exceed two years, or such longer period as may be approved by the Insurance and Superannuation Commissioner for the purposes of section 62 of the *Superannuation Industry (Supervision) Act 1993*, or by the Commissioner of Taxation. Neither Commissioner has issued such an approval.

***Example***

*4. A superannuation fund offers benefits for members in the event of death, or permanent or temporary disability. Temporary disability benefits are payable for the period of the disability. The superannuation fund has insured against its liability for death or disability benefits.*

*5. The superannuation fund is allowed a deduction for so much of the insurance premium as is attributable to the provision of benefits in the event of death or permanent disability, and so much as is attributable to the provision of benefits in the event of temporary disability for a period not exceeding two years. However, the superannuation fund cannot deduct premiums paid for an insurance policy to the extent that the premium relates to benefits for temporary disability for the period beyond two years.*

**Your comments**

6. If you want to comment on this draft Determination, please send your comments by **Friday 6 March 1998** to:

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**Commissioner of Taxation**
4 February 1998

FOI INDEX DETAIL: Reference No.
Related Determinations:
Related Rulings:
Subject Ref: accident and disability insurance; salary continuance; superannuation funds; temporary disability
Legislative Ref: ITAA36 267(1); ITAA36 279; SISA 62
Case Ref:
ATO Ref: NAT 98/521-0

ISSN 1038 - 8982