IT 2062 - Special levies paid by employees to a trade union or professional association

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TAXATION RULING NO. IT 2062

SPECIAL LEVIES PAID BY EMPLOYEES TO A TRADE UNION OR PROFESSIONAL ASSOCIATION

F.O.I. EMBARGO: May be released

REF H.O. REF: J35/15 P5 F300 DATE OF EFFECT:

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1115282	LEVIES	51
	TRADE UNIONS	73
	PROFESSIONAL ASSOCIATION	

OTHER RULINGS ON TOPIC IT 298, IT 299, IT 327, IT 2016

PREAMBLE This office has recently been asked to consider whether an income tax deduction is allowable for compulsory levies imposed by a trade union to assist families of workers suffering financial difficulties as a result of employees being on strike or having been laid off by their employers.

RULING 2. As previous Income Tax Rulings illustrate, where levies are paid by employees to a trade union or professional association it is necessary to have regard to the purposes for which the payments are made in order to determine whether they satisfy the terms of sub-section 51(1). It is not decisive that the levies may be compulsory. What is important is the connection between the payment of the levy and the activities by which the assessable income of the employee is produced.

3. Levies made specifically to assist families of employees suffering financial difficulties as a result of employees being on strike or having been laid off by their employers are not considered to be allowable deductions under sub-section 51(1) - they are not sufficiently connected with the activities by which the assessable income is produced to meet the requirements of the sub-section.

COMMISSIONER OF TAXATION

24 October 1983