


IT 238 - Locust fighting fund - deduction for contributions

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TAXATION RULING NO. IT 238

LOCUST FIGHTING FUND - DEDUCTION FOR CONTRIBUTIONS

F.O.I. EMBARGO: May be released

REF

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PEST CONTROL

51(1)

LOCUST FIGHTING FUND

78(1)(a)

PREAMBLE

The Queensland Grain Growers Association has established a locust fighting fund as part of its campaign against the spur-throated locust, and has requested a ruling as to whether donations to the fund would be tax deductible. The funds raised will be used for the purchase of chemicals and for the spraying of locusts in their breeding grounds, as control by this method is considered more effective than to await arrival of the locusts on the growers' properties. The work involved will be organised under the supervision of the Department of Primary Industries and will be subject to Government subsidy.

RULING

2. No deduction is allowable under section 78(1)(a) in respect of gifts made to the fund. However, where a taxpayer is engaged in a business of farming crops which are or could be subject to damage by the spur-throated locusts, a deduction is allowable under section 51(1) on the basis that the expenditure is incurred in gaining or producing assessable income.

COMMISSIONER OF TAXATION