

IT 262 - Education expenses - excursions by school children



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TAXATION RULING NO. IT 262

EDUCATION EXPENSES - EXCURSIONS BY SCHOOL CHILDREN

F.O.I. EMBARGO: May be released

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CONCESSIONAL REBATES

82J

EDUCATIONAL EXPENSES

159T

SCHOOL EXCURSIONS

OTHER RULINGS ON TOPIC:

IT 264

FACTS

Consideration has been given to the treatment of claims for expenses incurred by parents in meeting the costs of school excursions.

RULING

2. In the interpretation of a provision such as section 82J, borderline cases inevitably arise. Questions of degree have to be determined by going back to the words used by the legislature in the section, and considering them in the context in which they appear in the Income Tax Assessment Act and in the light of the precedents established by the decided cases. It is not practicable to substitute, for this approach, the automatic application of tests not provided for in the Act such as whether the trip took place in term or whether it was to an overseas country. These are not determining factors but rather straws in the wind which have to be taken into account, along with all the surrounding circumstances of the particular case, in deciding whether it falls on one side of the borderline or the other.

3. The concept of expenditure that is necessarily incurred in connection with full-time education is broadly expressed but it gives the Commissioner an opportunity to allow claims which are really part of the cost of sending a child to school while refusing to allow those claims which, in the Commissioner's judgment, fall on the other side of the line - expenses which, although having some relationship to school, are really part of the private expenses of maintaining a family. Thus we have no trouble in accepting that prescribed textbooks are deductible, and even non-prescribed books if they are directly and specifically bought to assist the child with his studies. On the other hand, the cost of major encyclopaedias, while they may also help the child at times with his school work, is not deductible because the connection with the child's full-time studies is too remote. The process of deciding what is in and what is out is necessarily somewhat arbitrary at times but, generally speaking, the rulings that have been laid down produce fair results and have been accepted.

4. Similar questions of degree arise in connection with school excursions. If children are asked (and expected) to bring a bus fare to school to pay for a class visit to a museum or to a site which illustrates geological features, there would be no hesitation in accepting that this expenditure, if made by a parent, is necessarily incurred in connection with the child's full-time education. The words "necessarily incurred" in section 82J do not mean that expenditure must be unavoidable - they have the same meaning as in section 51. All that is necessary is that the expenditure should be of a kind that it is reasonably appropriate for the parent to expend in connection with his child's full-time education at a school, college or university.

5. These guidelines were applied in considering three cases where reference to a Taxation Board of Review was sought. In one case the excursion by the child was confined to Victoria and the Murray River area, the visits were to places related to the geography curriculum of the child's classes, the excursion took place during term and was approved by the Education Department. There was no doubt at all that the Board of Review would have allowed the expenditure under section 82J. The other two cases were clearly borderline. The children were taken much further than would have been necessary to merely illustrate or complement school instruction. These trips had some of the elements of a grand tour and a holiday. If, in addition to all the surrounding circumstances, they had taken place in vacation time, it was felt that the expenditure should be disallowed. The disallowance would have been defended before the Board on the ground that, when all the surrounding circumstances of the case were taken into account, the connection between the trip and the child's full-time education at a school was too remote.

6. It follows that claims in respect of overseas trips should generally be disallowed. Generally speaking, claims for expenditure on interstate trips should also be disallowed if they occur outside school term. If a trip is taken within term, the fact that the Education Department has permitted the children to suspend their studies would, in itself, raise at least a presumption that the trip was undertaken for school purposes. On the other hand, if it emerged that the impetus for the trip came from an enthusiastic parents' association rather than from the teachers, this would tend to support the contrary conclusion.

7. Where the trips take place during vacation but teachers supervise and the children visit places relevant to their education, on an overall view, it would seem reasonable to assume that the aim was to assist the children with their studies rather than to give them a holiday. It may therefore be accepted that section 82J applies in these circumstances.

8. These are only general guidelines, of course. The over-riding consideration is whether, on balance, it appears that the dominant purpose of the excursion was to help the child with his full-time studies or to give him a holiday with his class which might have some incidentally beneficial effects in

relation to his education, but which would be too remote to satisfy section 82J.

COMMISSIONER OF TAXATION