

## Checklist of employment-related deductions

This checklist contains a general list of general and specific employment-related deductions and should be used as a guide only. The results may vary depending on individual circumstances. The individual must also hold the relevant written evidence where required.

Also, how much of the expense is allowed as a tax deduction will depend on the extent the expenses are incurred in earning the person's assessable income.

| Tax deductible?  |     |
|--|-----|
| Admission fees: For lawyers and other professionals. Disallowed as capital cost.   | No  |
| Airport lounge membership: Deductions to the extent used for work-related purposes.  | Yes |
| Annual practising certificate: Applies to professional persons and other contractors who must pay an annual fee to practice in their chosen field.   | Yes |
| Bank charges: Deductions are allowed if account earns interest. Not private transaction fees.  | Yes |
| Bribes to government officials and foreign government officials: Also exclude from the cost base and reduced cost base of CGT assets and cost of depreciating assets.  | No  |
| Briefcase: If used for work and/or business purposes the cost is fully deductible if \$300 or less. If more than \$300, it must be depreciated.  | Yes |
| Calculators and electronic organisers: If used for work and/or business purposes the cost is fully deductible if \$300 or less. If more than \$300, it must be depreciated.  | Yes |
| Car: See <i>Travel</i> .   |     |
| Child care fees  | No  |
| Cleaning: Of protective clothing and uniforms – see <i>Laundry</i> .   | Yes |
| Clothing, uniforms and footwear <ul style="list-style-type: none"> <li>• Compulsory uniform: Uniform must be unique and particular to an organisation (eg corporate uniform).</li> <li>• Non-compulsory uniform: If on a register kept by the Department of Industry, Science and Tourism.</li> <li>• Occupational specific: The clothing identifies a particular trade, vocation or profession (eg chefs and nurses).</li> <li>• Protective: Must be used to protect the person or their conventional clothing. May include sunscreen.</li> </ul> | Yes |
| Club membership fees   | No  |
| Coaching classes: Allowed to performing artists to maintain existing skills or obtain related skills.  | Yes |
| Computers and software: Software is deductible if it costs less than \$300, otherwise deductible over 2.5 years. Except in-house developed software which is over five years (four years before 1 July 2015)   | Yes |
| Conferences, seminars and training courses: Allowed if designed to maintain or increase employee's knowledge, skills or ability.   | Yes |
| Conventional clothing  | No  |
| Depreciation: Tools, equipment, and plant used for work purposes for each item costing more than \$300. Items costing \$300 or less are deductible outright in the year of acquisition.  | Yes |
| Donations: See <i>Gifts</i> .  |     |
| Driver's licence: Cost of acquiring and renewing.  | No  |
| Dry cleaning: Allowed if the cost of the clothing is also deductible. See also <i>Laundry</i> .  | Yes |
| Election expenses of candidates: No limit for Federal, State and Territory. Limit of \$1,000 for local government.   | Yes |
| Employment agreements: Existing employer (see TR 2000/5). Not available for new business/employer.   | Yes |
| Entertainment expenses   | No  |
| Fines: Imposed by court, or under law of Commonwealth, State, Territory or foreign country (s26-5).  | No  |
| First Aid course: Provided it is directly related to employment or business activities.  | Yes |
| Gaming licence: Hospitality and gaming industry.   | Yes |
| Gifts of \$2 or more (see from 13.800): If made to approved "deductible gift recipient" body or fund. See ato.gov.au for a full list. Gifts to clients are deductible if employees can demonstrate a direct connection with earning assessable income.   | Yes |

| <b>Tax deductible?</b>   |                        |
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| Glasses and contact lenses (prescribed): Deductible if “protective clothing”.  | No                     |
| Glasses and goggles: Protective only.  | Yes                    |
| Grooming   | No                     |
| HELP/HECS repayments   | No                     |
| Home office expenses: Utility expenses (for example, heat, light, power and depreciation on depreciating assets). (Remember “shortcut method” if applicable)<br>Occupancy expenses: For example, rent, insurance, rates and land tax.<br>Deductible only to the extent that home or study is used for income-producing purposes.                     | Yes                    |
| Income continuance insurance: Allowed only if the proceeds are assessable.   | Yes                    |
| Insurance – sickness or accident: When benefits would be assessable income.  | Yes                    |
| Interest: Allowed if money borrowed for work-related purposes or to finance income earning assets. Interest paid on underpayment of tax (eg general interest charge) is deductible.<br>Fines and administrative penalties are not deductible. Interest on capital protected loans deductible except for non-deductible capital protection component. | Yes                    |
| Internet and computer equipment: Expenses allowed to the extent incurred in deriving individual’s work-related income, carrying on a business or earning investment income (eg share investing).   | Yes                    |
| Laundry and maintenance: Allowed if the cost of clothing is allowable (see Work related clothing). Reasonable claims of laundry expenses up to \$150 do not need to be substantiated (see <i>Laundry</i> ).  | Yes                    |
| Legal expenses: Renewal of existing employment contract.   | Yes                    |
| Meals <ul style="list-style-type: none"> <li>• Eaten during normal working day.</li> <li>• Meals acquired when travelling overnight for work-related purpose.</li> <li>• Meals when travelling (not overnight).</li> <li>• Overtime meals: If allowance received under award.</li> </ul>   | No<br>Yes<br>No<br>Yes |
| Medical examination: Only if from the referral of a work-related business licence.   | Yes                    |
| Motor vehicle expenses: See <i>Travel expenses</i> .   |                        |
| Newspapers: Claims may be allowed in limited cases if the publication is directly related to income-producing activities.  | No                     |
| Overtime meal expenses: Only if award overtime meal allowance received.  | Yes                    |
| Parking fees and tolls: Includes bridge and road tolls (but not fines) paid while travelling for work-related purposes.  | Yes                    |
| Photographs (performing arts – with income producing purpose) <ul style="list-style-type: none"> <li>• Cost of maintaining portfolio.</li> <li>• Cost of preparing portfolio.</li> </ul>   | Yes<br>No              |
| Practising certificate: Applies to professional employees.   | Yes                    |
| Prepaid expenditure for tax shelter arrangements: They must be spread over the period in which the services are provided.  | Yes                    |
| Prepaid expenses: Non-business individuals and SBE taxpayers claim is fully deductible if services are to be performed in period not exceeding 12 months.<br>All other taxpayers must apportion claim over the period of service.  | Yes                    |
| Professional association and membership fees: Maximum of \$42 if no longer gaining assessable income from that profession. Up front joining fees are generally capital in nature so would not be deductible under s8-1. Annual deductions may also be available in the same year under s8-1 where the criteria are satisfied – s25-55.               | Yes                    |
| Professional library (books, CDs, videos etc) Established library (depreciation allowed) <ul style="list-style-type: none"> <li>• New books: Full claim if cost \$300 or less (includes a set if total cost is \$300 or less).</li> <li>• New books: Depreciation if cost over \$300 (includes a set if total cost is more than \$300).</li> </ul>   | Yes<br>Yes<br>Yes      |
| Protective equipment: Includes harnesses, goggles, safety glasses, breathing masks, helmets, boots. Claims for sunscreens, sunglasses and wet weather gear allowed if used to provide protection from natural environment.   | Yes                    |
| Removal and relocation costs If paid by the employer, may be exempt from FBT, but deductible.  | No                     |
| Repairs (income producing property/or work-related equipment).   | Yes                    |

| <b>Tax deductible?</b>  |  |
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| Self-education costs: Claims for fees, books, travel (see below) and equipment etc allowed if there is a direct connection between the course and the person's income earning activities.<br>No claim for the first \$250 if course is undertaken at school or other educational institution and the course confers a qualification. However, that first \$250 can be offset against private expenses, eg travel, child minding fees, etc.  | Yes  |
| Seminars Including conference and training courses if sufficiently connected to work activities.  | Yes  |
| Social functions  | No   |
| Stationery (diaries, log books etc.)  | Yes  |
| Subscriptions <ul style="list-style-type: none"> <li>• Publications If a direct connection between publication and income earned by taxpayer.</li> <li>• Sports clubs.</li> </ul>   | Yes<br>No  |
| Sun protection Claims for sunglasses, hats and sunscreen allowed for taxpayers who work outside.  | Yes  |
| Superannuation contributions: From 1 July 2017 the requirement that you derive less than 10% of your income from employment sources has been abolished and regardless of your employment arrangement you may be able to claim a tax deduction. Those aged 65 to 74 will still need to meet the work test in order to be eligible to make a contribution and claim a tax deduction. The Government has announced that, from 1 July 2020, it will allow voluntary superannuation contributions to be made by individuals aged 65 and 66 without having to meet the work test.<br>No deduction is available for interest on borrowed monies used to finance deductible personal superannuation contributions.  | Yes  |
| Supreme Court library fees Applies to barristers and solicitors if paid on annual basis.  | Yes  |
| Tax agent fees (deduction can be claimed in the income year the expense is incurred). <ul style="list-style-type: none"> <li>• Travel and accommodation expenses if for travel to a tax agent or other recognised tax adviser for tax advice, have returns prepared, be present at audit or object against an assessment.</li> <li>• Cost of other incidentals if incurred in having tax return prepared, lodging an objection or appeal or defending an audit.</li> </ul>  | Yes  |
| Technical and professional publications   | Yes  |
| Telephones and other telecommunications equipment (including mobiles, pagers and beepers.)<br>Cost of telephone calls (related to work purposes). <ul style="list-style-type: none"> <li>• Installation or connection.</li> <li>• Rental charges (if "on call" or required to use on regular basis).</li> <li>• Silent telephone number.</li> </ul>   | Yes<br>No<br>Yes<br>No   |
| Tools (work related only) If cost is \$300 or less. <ul style="list-style-type: none"> <li>• If cost more than \$300, the amount would be depreciable, and the amount deductible equals to the decline in value).</li> </ul>  | Yes  |
| Trauma insurance If benefits capital in nature.   | No   |
| Travel expenses Including public transport, motor vehicles and motor cycles, fares, accommodation, meals and incidentals. <ul style="list-style-type: none"> <li>• Travel between home and work.</li> <li>• Where employee has no usual place of employment (eg travelling salesperson).</li> <li>• If "on call".</li> <li>• If actually working before leaving home (eg doctor giving instructions over phone from home. Note that this applies in limited circumstances only).</li> <li>• Must transport bulky equipment (eg builder with bulky tools) and have no secure lockup provided at work site</li> <li>• Travel from home (which is a place of business) to usual place of employment.</li> <li>• Travel from home to alternate work place (for work-related purposes) and return to normal work place (or directly home).</li> <li>• Travel between normal work place and alternate place of employment (or place of business) and return (or directly home).</li> <li>• Travel between two work places.</li> <li>• Travel in course of employment: See Substantiation rules.</li> <li>• Travel accompanied by relative (may be allowed if relative is also performing work-related duties).</li> </ul> | No<br>Yes<br>No<br>Yes<br>Yes<br>No<br>Yes<br>Yes<br>Yes<br>No |
| Union and professional association fees   | Yes  |
| Vaccinations  | No   |
| Watch: Unless job specific such as a nurse's job watch.   | No   |

