TD 93/D60 - Income tax: is an employee entitled to a deduction for work-related expenses reimbursed by his or her employer?

This cover sheet is provided for information only. It does not form part of *TD 93/D60 - Income tax: is an employee entitled to a deduction for work-related expenses reimbursed by his or her employer?*

This document has been finalised by TD 93/145.

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 an employee entitled to a deduction for work-related expenses reimbursed by his or her employer?

1. No. An employee is not entitled to an income tax deduction for that part of an expense that is reimbursed.

2. Where an employee is reimbursed for deductible work-related expenses and the reimbursed amount is not included in the employee's assessable income, section 51AH of the *Income Tax Assessment Act 1936* applies to reduce the amount of the expense allowed or allowable as a deduction to the employee by the amount of the reimbursement payment. However, section 51AH does not apply to reduce a deduction for depreciation (see Draft TD 93/D59).

Examples:

1. Employee Y is a member of a work-related professional association and pays an annual membership fee of $200. Y's employer reimburses her for the full amount of the fee. The deductible amount of the membership fee would be reduced to nil.

2. Employee Z pays an annual membership fee of $200 to a work-related professional association. Z is reimbursed $50 of the fee by his employer. Z would be entitled to a deduction for the unreimbursed amount i.e $150.

Commissioner of Taxation
04/03/93

FOI INDEX DETAIL: Reference No.
Related Determinations: Draft TD92/D59
Related Rulings:
Subject Ref: employment-related expense; reimbursement; work-related expenses.
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