

IT 2154 - Income tax: expenses incurred in implementing affirmative action for women programs

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TAXATION RULING NO. IT 2154

EXPENSES INCURRED IN IMPLEMENTING AFFIRMATIVE ACTION
FOR WOMEN PROGRAMS

F.O.I. EMBARGO: May be released

REF

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F.O.I. INDEX DETAIL

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PREAMBLE

Affirmative Action is an umbrella term for a very wide range of programs undertaken by organisations to achieve equal employment opportunities for women. These programs can range from systematically reviewing all employment practices to ensure that they do not directly or indirectly discriminate against women, to introducing special programs to encourage women to apply for a wider range of jobs within the organisation. Affirmative Action Programs are a way of ensuring that an organisation's employment practices, in particular, recruitment, selection and promotion, will be based on the individual merit and fitness of applicants and employees for specific jobs, without regard to factors such as sex or marital status.

2. The following list gives some indication of the activities that an organisation may have to carry out in order to implement successfully an affirmative action program for women:

Statistical analysis of the organisation's workforce with forward estimates;

Internal communication about the requirements of affirmative action legislation and the effect of that legislation on the organisation;

Review of personnel practices and policies to determine especially where systemic discrimination against women is occurring;

Setting forward estimates for the operation of an Affirmative Action Program;

Consultation with other organisations, e.g. trade unions;

Employment of staff to run the Program;

Changing advertising styles to reflect implementation of the Program;

Training of new personnel and retraining of personnel already employed by the organisation;

Production of an annual report as part of the monitoring and evaluation of the Program.

RULING

3. It is accepted that the costs incurred by an employer in implementing an Affirmative Action Program would qualify for deduction under the provisions of sub-section 51(1) to the extent that the expenditure is not of capital or of a capital, private or domestic nature nor incurred in the gaining or producing of exempt income. To the extent that expenditure on plant or articles is involved, the deduction will be allowed by way of depreciation.

4. Where an employer is a life assurance company the provisions of Division 8 of the Income Tax Assessment Act must be taken into account. Section 113 limits the income tax deduction for expenses of general management of a life assurance company to the amount incurred in gaining or producing the assessable income of the life assurance company. Sub-section 113(3) excludes from general management expenditure -

- (a) of a capital nature;
- (b) exclusively incurred in gaining or producing assessable income;
- (c) exclusively incurred in gaining or producing income that is not assessable income.

5. For the purposes of Division 8, it is considered that the costs incurred in implementing an Affirmative Action for Women Program would fall into the category of general management expenditure and would be deductible to the extent permitted by section 113.

COMMISSIONER OF TAXATION

19 April 1985

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