

IT 260 - Contributions to mortality funds controlled by trade unions

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TAXATION RULING NO. IT 260

CONTRIBUTIONS TO MORTALITY FUNDS CONTROLLED BY TRADE
UNIONS

F.O.I. EMBARGO: May be released

REF

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SICKNESS AND ACCIDENT

159R

BENEFITS

82H

MORTUARY BENEFITS

DEATH BENEFITS

CONCESSIONAL EXPENDITURE

FACTS

The question has arisen whether contributions by a member to a trade union mortality fund of the type ruled in CITCM 500 as coming within section 160(2)(f)(ii) of the 1945 Assessment Act (section 82H(1)(b)(i) of the 1974 Act) now qualify for deduction.

RULING

2. Section 82H(IG), introduced in 1973, prohibits the allowance of a deduction for payments on or after 1 January 1973 to a superannuation, sustentation, widow's or orphan's fund unless the income of the fund is exempt from tax under sections 23(e), 23(jaa), 23(ja) or 23F, or section 79 applies to the fund. As a general rule, trade union mortality or sickness funds do not meet these conditions.

3. Upon re-examination of the question in the light of extensions in the scope of section 82H since CITCM 500, it has been decided that, as a matter of policy, payments made by members to mortality funds controlled by trade unions, to the extent that they cover mortuary or death benefits, or sickness and accident benefits, may now be accepted as qualifying for deduction under section 82H(1)(a)(i) in lieu of section 82H(1)(b)(i). The effect of this ruling, of course, is that the deductibility in respect of such payments will continue unaffected by section 82H(IG).

COMMISSIONER OF TAXATION