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.

Taxation Determination TD 93/D60

FOI Status: draft only - for comment

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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.

Legislative Ref: ITAA 51AH

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