

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

TREASURY

Australian Taxation Office

Additional Budget Estimates 20 February 2008

Question **AET 10**
Topic: **Deductibility of donations to political parties**
Hansard Page: **Written question on notice**

Senator Coonan asked:

Given Part 12 of Taxation Ruling 2000/7 states “The following levies and contributions are not allowable deductions under section 8-1 of the Act (a) payments to, or assist, a political party...”, are there any circumstances in which a payment by a union member to a trade union primarily to assist a political party’s electoral prospects would be a disallowable deduction?

Answer:

The issue raised in Senator Coonan’s question is addressed within the *Taxation Ruling TR 2000/7 Income tax: subscriptions, joining fees, levies and contributions paid to associations by individuals*.

Taxation Ruling TR 2000/7 sets out the Commissioner’s interpretation of the law in regards to these payments. Paragraphs 42 to 47 provide an explanation of paragraph 12 of the Ruling. In particular paragraph 44 states:

44. By comparison, a levy made specifically to assist a political party or to provide overseas relief would be quite unrelated to the derivation of the member's assessable income and is not an allowable deduction to the member under section 8-1 of the Act, even if the member personally made the contribution to a political party or provided overseas relief.

Therefore, there could be circumstances in which a payment made by a union member to a trade union would not be an allowable deduction. However, it would depend on the particular circumstances of any given case.