

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 30 May – 1 June 2006

Question: bet 147

Topic: Deductibility of subscriptions payments report

Hansard Page: E68 – E74

Senator WATSON asked:

I understand there was a further examination into the deductibility of subscription payments, and that review was conducted by the tax office, in circumstances where retired professionals wish to continue their association with their professional associations, by continuing the payment of subscription and being involved in voluntary activities with their professional association. Could you tell me the status of that deductibility?

Mr D'Ascenzo—I am not personally aware of that review. It sounds to me like it is a question that would be in connection with the earning of assessable income. Other than that, I am not sure where it is at. Perhaps I can take that on notice and provide a report, unless any of my colleagues have any better knowledge of that?

Answer:

Under the general deduction provision of the *Income Tax Assessment Act 1997*, membership fees to professional associations are deductible provided the association's services have a direct connection with the earning of the taxpayer's assessable income.

Where a payment for membership of a trade, business or professional association is not deductible under the general deduction provisions, a deduction of up to \$42 is allowable under a specific provision of the income tax legislation.

The Australian Taxation Office and the Department of Treasury are not aware of a review of any of these provisions in relation to retired professionals.