



Mr Sam Korsriporn
Materials Australia
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PARKVILLE VIC 3052

Our reference: MEI/TOW/6081907
Contact officer: Marie Cusumano
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3 September 2008

Dear Mr Korsriporn

Taxation Advice
For your information

Subject: Work related expenses - subscriptions - retirees

In response to your request for advice dated 15 July 2008, we offer the following advice.

We regret any inconvenience caused by the delay in processing your request.

Subscriptions to professional associations

Section 8-1 of the *Income Tax Assessment Act 1997* (ITAA 1997) allows a deduction for a loss or outgoing to the extent that it is incurred in gaining or producing assessable income except where it is of a capital, private or domestic nature.

Subscriptions to trade, business or professional associations are generally deductible under section 8-1 of the ITAA 1997 where the association's services have a direct connection with the earning of a person's assessable income.

However where a person retires and is no longer earning assessable income in their profession but wishes to remain a member to a professional association, a deduction is not allowable under section 8-1 of the ITAA 1997.

In these situations a deduction is allowable under section 25-55 of the ITAA 1997. Section 25-55 of the ITAA 1997 allows a deduction for a payment for membership of a trade, business or professional association. \$42 is the maximum amount that can be deducted under this section for the payments that a person makes in the income year to any one association. Therefore if a retired person pays more than \$42 to a professional association for membership, the deduction is limited to \$42. If a person pays less than \$42 for membership a deduction for the actual amount paid is allowable.

Taxation Ruling TR 2000/7 provides more details in relation to the deductibility of subscriptions paid by individuals to professional associations. Paragraphs 6, 8, 9 and

40 of TR 2000/7 are relevant in relation to the above. A copy of this ruling is enclosed for your information.

Relevant Taxation provisions:

Income Tax Assessment Act 1997 Section 8-1.
Income Tax Assessment Act 1997 Section 25-55.

This advice provides you with the following level of protection:

Interest and penalty protection

You can rely on this advice to provide you with protection from interest and penalties in the way explained below.

If the advice turns out to be incorrect and you underpay your tax as a result, you will not have to pay a penalty. Nor will you have to pay interest on the underpayment provided you reasonably relied on the advice in good faith. However, even if you don't have to pay a penalty or interest, you will have to pay the correct amount of tax.

More information

If you have any questions or need to discuss any aspect of your case, please phone:

- Marie Cusumano on 07-4753 7509, or
- for the cost of a local call, **13 28 69** between 8:00am and 5:00pm and ask for Marie Cusumano on extension 37509.

Please have your case number 6081907 ready so we can quickly access your case details.

Yours sincerely

Erin Holland
Deputy Commissioner of Taxation


Per
(Marie Cusumano)