



# Factory workers 2009-10

## Introduction

*Factory workers* is a simple summary of [Taxation Ruling TR 95/12 – Income tax: employee factory workers – allowances, reimbursements and work-related deductions](#). This ruling provides information on tax deductions specifically for employee factory workers.

This guide explains the claims you can and cannot make by looking at the common expenses you might incur as a factory worker. It also includes information about some changes to the tax laws that have occurred since the ruling was issued – for example, capital allowances. It will help you to work out what claims you can make.

Use this guide with *TaxPack* to get your deduction claims right. When you sign your tax return, you are declaring that everything you have told us is true and that you have or you can get the written evidence you need to prove your claims. You are responsible for this proof even if you use a registered tax agent.

## Publications and services

To find out how to get a publication referred to in this guide and for information about our other services, see [More information](#).

## Income

*TaxPack* questions 1–12 and *TaxPack supplement* questions 13–24 deal with income. This section of the guide tells you how to include allowances, reimbursements, reportable fringe benefits and reportable employer superannuation contributions on your tax return.

## Allowances

Factory workers commonly get the following:

- motor vehicle allowances (based on a cents-per-kilometre basis)
- tool allowances.

You cannot claim a deduction against allowances you receive for work that might be considered unpleasant, special or dangerous.

If any allowance is shown as a separate amount on your payment summary, include it as income at item 2 on your tax return.

Remember – you cannot automatically claim a deduction just because you received an allowance. Read questions D1 to D5 in *TaxPack* to work out if you can claim a deduction.

## Reimbursements

If your employer or any other person reimburses you for expenses you have actually incurred, the payment is called a reimbursement. Generally, you do not include a reimbursement as part of your income so you cannot claim the expense as a deduction.

However, if you receive a reimbursement for car expenses – worked out by reference to the distance travelled by the car – or an allowance for car expenses, you must show the amount of the reimbursement or allowance as income at item 2 on your tax return.

You may be able to claim car expenses in these circumstances. For guidance on the rules relating to deductions for car expenses, read [Car expenses](#).

## Reportable fringe benefits

If your employer provides certain fringe benefits exceeding \$2,000 to you or your relatives, your employer is required to report the total grossed-up amount on your payment summary. You do not include this amount in your total income or loss amount and you do not pay income tax or Medicare levy on it. However, the total will be used in determining certain surcharges, deductions, tax offsets and other government benefits. Read question IT1 in *TaxPack* for more information on reportable fringe benefits.

## Reportable employer superannuation contributions

If your employer makes reportable employer superannuation contributions on your behalf, your employer is required to report the total amount on your payment summary. You do not include this amount in your total income or loss amount and you do not pay income tax or Medicare levy on it. However, the total will be used in determining your eligibility for some tax offsets, Medicare levy surcharge, the government super co-contribution and other government benefits. Read question IT2 in *TaxPack* for more information on reportable employer super contributions.

## Work-related deductions

*TaxPack* questions D1 to D5 deal with work-related deductions.

You can claim deductions for the work-related expenses you incurred while doing your job.

The basic rules for claiming deductions are explained in *TaxPack* – see the information pages at the beginning of the deductions section. Remember:

- If you are claiming a deduction for a work-related expense for which you received an allowance, include the amount of the allowance at item 2 on your tax return.
- If you incur an expense for both work and private purposes, you can claim a deduction only for the work-related portion of your expense.
- If your work-related expense includes an amount of goods and services tax (GST), the GST is part of the total expense and is therefore part of your deduction.

The remainder of this guide covers the common work-related expenses incurred by factory workers and whether they can be claimed as work-related deductions. It will help you to answer the work-related deduction questions in *TaxPack*.

## Car expenses

Did you have any car expenses relating to your work as an employee?

There are four ways to work out your car expenses. Question D1 in *TaxPack* explains the methods and tells you what records you need to prove your claim.



### Note

Include the work-related cost of using taxis, short-term car hire, parking fees and tolls at item D2 on your tax return (see [Travel expenses](#)).

Show the cost of travel for self-education at item D4 on your tax return (see [Self-education expenses](#)).

Remember – if your employer reimbursed your car expenses calculated by reference to the distance travelled by the car, include the amount you received at item 2 on your tax return, even if you cannot claim a deduction for these expenses.

## Types of travel for which you can claim car expenses

You can claim a deduction for the cost of using your car for work-related travel if:

- you travel directly between two separate workplaces because you have two different employers – for example, you have a second job
- you travel for work-related purposes from your normal workplace to an alternative workplace and back to your normal workplace or directly home – for example, if you need to go from the factory to the head office for a meeting, or
- you travel between two workplaces or between a workplace and a place of business – for example, between two of your employer's factories or warehouses.

You cannot claim a deduction for the cost of travelling to another workplace for a social function.

You can claim a deduction for the cost of using your car to travel between home and work if:

- you have to carry bulky tools or equipment that you use for work and there is no secure area for storing your tools or equipment at work
- your home is a base of employment – you start your work at home and travel to a workplace to continue the work, or
- you travel from your home to an alternative workplace for work activities and then to your normal workplace or directly home – for example, if you go from home to a warehouse to pick up supplies and then to your factory or normal workplace.

You cannot claim a deduction for the cost of using your car to travel between your home and work:

- if the travel is a normal trip between your home and your workplace – it is a private expense even if you do small tasks on your way to or from work such as picking up your employer's mail, or
- just because you are on shift work, on call or there is no public transport available.

## Motor vehicle provided by your employer or any other person

You cannot claim a deduction for car expenses if your employer or any other person provides a car for you and you do not pay for any of the running costs.

You cannot claim a deduction for any expenses you incur for the direct operation of a car that your employer provides and that you or your relatives

use privately at any time, even if the expenses are work related. Such expenses form part of the valuation of the car for fringe benefits tax purposes.

## T ravel expenses

Did you have any travel expenses relating to your work as an employee?

You can claim the work-related cost of using vehicles other than cars as well as parking fees and tolls at item D2

You also claim work-related costs associated with taxis or short-term car hire at this item.

You cannot claim costs met by your employer or costs that are reimbursed – see [Reimbursements](#).



### Note

Include the cost of travel for self-education at item D4 on your tax return (see [Self-education expenses](#)).

Read question D2 in *TaxPack* for rules relating to travel expenses and what evidence you need to be able to claim these expenses. However, it is important to note:

- If you travel in the course of your work and take a relative with you, you can claim a deduction only for your own expenses.
- If you are claiming travel expenses and you receive a travel allowance from your employer, you must show the allowance at item 2 on your tax return. For more information, see [Taxation Determination TD 2009/15 - Income tax: what are the reasonable travel and overtime meal allowance expense amounts for 2009-10 income year?](#) A new determination is issued each income year. This determination should be read together with [Taxation Ruling TR 2004/6 – Income tax: substantiation exception for reasonable travel and overtime meal allowance expenses](#).
- You cannot claim the cost of meals incurred during a normal working day that does not involve an overnight stay, even if you receive a travel allowance.

## C lothing expenses

Did you have any uniform, occupation-specific clothing, protective clothing, laundry or dry-cleaning expenses that relate to your work as an employee?

Claim work-related clothing expenses at item D3 on your tax return.

You cannot claim a deduction for the cost of purchasing or cleaning conventional or ordinary clothing worn at work, even if your employer tells you to wear them, as it is a private expense. This includes expenditure by employee factory workers on:

- clothing worn for medical reasons (for example, support stockings)
- conventional clothing that is damaged at work, and
- everyday footwear (for example, dress shoes, casual shoes or joggers).

If you received an allowance from your employer for clothing, uniforms, laundry or dry-cleaning, show the amount at item 2 on your tax return. You cannot automatically claim a deduction just because you received a clothing, uniform, laundry or dry-cleaning allowance from your employer.

You cannot claim costs met by your employer or costs that are reimbursed –see [Reimbursements](#).

You can claim a deduction for the cost of buying, renting, repairing and cleaning certain work-related uniforms, occupation-specific clothing or protective clothing.

### Compulsory uniforms

A compulsory uniform is a set of clothing that, worn together, identifies you as an employee of an organisation having a strictly enforced policy that makes it compulsory for you to wear the uniform while at work.

You may be able to claim a deduction for shoes, socks and stockings if they are an essential part of a distinctive compulsory uniform, the characteristics of which – colour, style, type – are specified in your employer's uniform policy. Wearing of the uniform must be consistently enforced. If your employer requires you to wear a distinctive uniform but does not consistently enforce the wearing of the uniform, the design of the uniform must be registered before you can claim a deduction (see [Non-compulsory uniforms or corporate wardrobe](#)).

### Single items of compulsory clothing

You may be able to claim for a single item of distinctive clothing, such as a jumper or tie, if it is compulsory for you to wear it at work. Generally, clothing is distinctive if it has the employer's logo permanently attached and the clothing is not available to the general public.

## Non-compulsory uniforms or corporate wardrobe

If your employer requires or encourages you to wear a distinctive uniform or corporate wardrobe but does not consistently enforce the wearing of it, you can claim a deduction for the cost of the clothing only if the design of the clothing is registered. If you wear a non-compulsory uniform or corporate wardrobe, you cannot claim for stockings, socks or shoes as these items cannot be registered as part of a non-compulsory uniform. Your employer can tell you if your non-compulsory uniform or corporate wardrobe is registered.

## Protective clothing

You can claim a deduction for the cost of buying, hiring, replacing or maintaining protective clothing. Protective clothing is clothing that you wear to protect yourself from the risk of illness or injury posed by your income-earning activities or the environment in which you are required to carry them out – for example, steel-capped boots, heavy duty aprons and vests, waterproof gear or gloves. You can also claim a deduction for the cost of clothing that you use at work to protect your ordinary clothes from soiling or damage – for example, overalls. For more information, see [Taxation Ruling TR 2003/16 – Income tax: deductibility of protective items](#).

## Laundry and dry-cleaning

You can claim a deduction for the cost of laundering and dry-cleaning work clothes that are eligible according to the relevant category described on this page – compulsory uniforms, single items of compulsory clothing, non-compulsory uniforms or corporate wardrobe, and protective clothing. For example, you can claim a deduction for cleaning a shirt with the company logo on it that your employer provides and that you must wear at work.

You can claim laundry expenses for washing, drying or ironing such work clothes, including laundromat expenses. If your claim for laundry expenses is \$150 or less, you do not need written evidence – you may use a reasonable basis to work out your claim.

If you claim a deduction for laundry expenses that is more than \$150 and your total claim for work-related expenses – other than car, meal allowance, award transport allowance and travel allowance expenses – exceeds \$300, you need written evidence for the total claim. You can claim the cost of dry-cleaning work clothes if you have kept written evidence to substantiate your claim. You do not need written evidence if your total claim for work-related expenses is \$300 or less.

# Self-education expenses

Did you have any self-education expenses relating to your work as an employee?

Claim self-education expenses at item D4 on your tax return.



### Note

The costs you incur in attending seminars, conferences, education workshops or training courses that are sufficiently connected to your work activities are claimed at item D5 – see [Other expenses](#).

Self-education expenses are expenses related to a prescribed course of education provided by a school, college, university or other place of education. The course must be undertaken to gain a formal qualification for use in carrying on a profession, business or trade or in the course of employment. You can claim a deduction for the cost of self-education if there is a direct connection between your self-education and your work activities at the time the expense was incurred.

Self-education expenses are not deductible if your study is designed to get you:

- a job
- a new job, or
- income from a new income-earning activity.

For example, you can claim the cost of attending a technical college to undertake an apprenticeship course but you cannot claim the costs of doing a language course. You cannot claim a deduction for the cost of self-education if your employer or any other person reimbursed you the costs.

Self-education expenses can include textbooks, stationery, student union fees, course fees, certain travel expenses and the decline in value of equipment (see [Capital allowances](#)) to the extent they are used for self-education purposes.

You cannot claim costs met by your employer or costs that are reimbursed – see [Reimbursements](#).

In certain circumstances you may have to reduce your deduction for self-education expenses by \$250. However, you may have other types of expenses – some of which are not deductible – that can be offset against the \$250 before you have to reduce the amount you can claim.

Read question D4 in *TaxPack* for more information on self-education expenses.



# ther expenses

Did you have any other expenses relating to your work as an employee?

Here is a list of other expenses commonly incurred by factory workers. Read question D5 in *TaxPack* for more information about the deductibility of these expenses. You cannot claim costs met by your employer or costs that are reimbursed – see [Reimbursements](#).

## Answering machines, mobile phones, pagers and other telecommunications equipment

For information about claiming deductions for the decline in value of answering machines, mobile phones, pagers and other telecommunications equipment, see [Capital allowances](#).

### Capital allowances

You can claim a deduction – called a capital allowance – for the decline in value of equipment used for work. If the equipment is also used for private purposes, you cannot claim a deduction for that part of the decline in value.

You cannot claim a deduction if the equipment is supplied by your employer or any other person.

Generally, the amount of your deduction depends on the effective life of the equipment.

### Equipment costing \$300 or less

If you purchased equipment costing \$300 or less and you use it mainly for work, you can claim an immediate deduction for the work-related portion of the cost.

You cannot claim an immediate deduction if:

- the equipment is part of a set that you buy in the same income year and the total cost of the set is more than \$300 (the set rule), or
- the equipment is one of a number of identical or substantially identical items you buy in an income year and the total cost of the items is more than \$300 (the multiples rule).

### Low-value pool

There is also an option to pool equipment costing less than \$1,000 and equipment written down to less than \$1,000 under the diminishing value method. A deduction for the decline in value of equipment in such a low-value pool is worked out by a single calculation using set rates.

For more information on claiming a deduction for a low-value pool, read question D6 in *TaxPack* and make your claim at item D6 on your tax return.

Equipment for which you may be able to claim a capital allowance includes:

- answering machines, telephones, facsimile machines, mobile phones, pagers and other telecommunications equipment
- tools and equipment.

For more information about claiming deductions for the decline in value of equipment, read the [Guide to depreciating assets 2009–10](#).

### Child care

You cannot claim a deduction for child care expenses. These are private expenses even if you need to pay for child care to go to work.

### Drivers licence

You cannot claim a deduction for the cost of getting or renewing your drivers licence as it is a private expense.

### Fines

You cannot claim a deduction for fines imposed under a law of the Commonwealth, a state, a territory, a foreign country or by a court – for example, a fine you received if you were caught speeding when driving between jobs.

### First aid courses

You can claim a deduction for the cost of first aid training courses if you, as a designated first aid person, are required to undertake first aid training to assist in emergency work situations.

### Glasses and contact lenses

You cannot claim a deduction for the cost of buying prescription glasses or contact lenses as it is a private expense relating to a personal medical condition. You may claim the cost of protective sunglasses if you are required to work outdoors and as a result are exposed to risk of eye damage from sunlight – see [Sunglasses, sunhats and sunscreens](#).

## Insurance of tools and equipment

You can claim a deduction for the cost of insuring your tools and equipment to the extent that you use them for work.

## Interest costs

You can claim the cost of interest on money borrowed to purchase work-related equipment. If the equipment was also used for private purposes, you cannot claim a deduction for that part of the interest.

## Licences and certificates

You can claim a deduction for the annual cost of renewing your work-related licences and certificates. You cannot claim for the cost of getting your initial licence or certificate.

## Meals

You cannot claim a deduction for the cost of meals eaten during a normal working day as it is a private expense, even if you receive an allowance to cover the meal expense. For information about claiming deductions for the cost of meals eaten during overtime, see [Overtime meals](#).

## Newspapers

You cannot claim a deduction for the cost of newspapers as it is a private expense.

## Overtime meals

You may be able to claim a deduction for overtime meal expenses you incurred if you received an overtime meal allowance from your employer which was paid under an industrial law, award or agreement. To claim a deduction, you will need written evidence if your claim per meal is more than the rate stated in *TaxPack* for overtime meals. You can only claim for overtime meal expenses incurred on those occasions when you worked overtime and you received an overtime meal allowance for that overtime. Amounts received as overtime meal allowance must be included as income at item 2 on your tax return.

If you have received an award overtime meal allowance not shown on a payment summary, you may choose not to include the allowance as income at item 2 on your tax return and not claim a deduction, as long as the allowance does not exceed the Commissioner's reasonable allowance amounts and you have fully expended it.

An amount for overtime meals that has been folded in as part of your normal salary and wage income is not considered to be an overtime meal allowance.

For more information, see [Taxation Determination TD 2009/15 - Income tax: what are the reasonable travel and overtime meal allowance expense amounts for 2009-10 income year?](#) This determination should be read together with [Taxation Ruling TR 2004/6 - Income tax: substantiation exception for reasonable travel and overtime meal allowance expenses](#).

## Protective equipment

You can claim a deduction for the cost of protective items such as safety helmets, safety glasses, goggles and breathing masks.

## Radios, cassette players and walkmans

You cannot claim a deduction for the cost of these items even if you listen to music at work.

## Removal and relocation

You cannot claim a deduction for the cost involved in taking up a transfer in an existing employment or taking up new employment with a different employer.

## Seminars, conferences and training courses

You can claim a deduction for the cost of attending seminars, conferences and training courses that are sufficiently connected to your work activities.

## Stationery

You can claim a deduction for the cost of street directories, logbooks, diaries, pens and other stationery to the extent that you use them for work.

## Sunglasses, sunhats and sunscreens

You can claim a deduction for the cost of sunglasses, sunhats and sunscreen lotions if the nature of your work requires you to work in the sun for all or part of the day and you use these items to protect yourself from the sun while at work.

## Technical or professional publications

You can claim a deduction for the cost of journals, periodicals and magazines that have a content specifically related to your employment as a factory worker.

## Telephone calls, telephone rental and connection costs

You can claim a deduction for the cost of work-related telephone calls.

You can claim a deduction for your telephone rental if you can show that you are on call or are regularly required to telephone your employer while you are away from your workplace. If you also use your telephone for private purposes, you must apportion the cost of telephone rental between work-related and private use.

You cannot claim a deduction for the cost of connecting a telephone, mobile phone, pager or any other telecommunications equipment as it is a capital expense.

You cannot claim a deduction for the cost of an unlisted telephone number (silent number) as it is a private expense.

## Tools and equipment

For information about claiming deductions for the decline in value of tools and equipment used for work, see [Capital allowances](#).

## Repairs

You can claim a deduction for the cost of repairing tools and equipment for work. If the tools or equipment were also used for private purposes, you cannot claim a deduction for that part of the repair cost.

## Union and professional association fees

You can claim a deduction for these fees. If the amount you paid is shown on your payment summary, you can use it to prove your claim. You can claim a deduction for a levy paid in certain circumstances – for example, to protect the interests of members and their jobs.

You cannot claim a deduction for:

- joining fees, or
- levies or other amounts you paid to assist families of employees suffering financial difficulties as a result of employees being on strike or having been laid off.



### Remember:

- Make sure you write down all your income on your tax return – include any benefits you received from the government, any income from a second job and any interest you received from a bank, building society or credit union.
- Sign your tax return. It is your responsibility to make sure your tax return is correct even if you use a registered tax agent.
- Keep all the records you need to prove your deduction claims. *TaxPack* tells you which records you need, and how long you need to keep them.
- Ask for more help if you need it – ask your registered tax agent or phone us.

## More information

### Internet

- For general tax information and up-to-date and comprehensive information about deductions, visit [www.ato.gov.au](http://www.ato.gov.au)

### Publications

Publications referred to in this guide are:

- [Guide to depreciating assets 2009-10](#)
- [Taxation Determination TD 2009/15 - Income tax: what are the reasonable travel and overtime meal allowance expense amounts for 2009-10 income year?](#)
- [Taxation Ruling TR 95/15 – Income tax: employee factory workers – allowances, reimbursements and work-related deductions](#)
- [Taxation Ruling TR 2003/16 – Income tax: deductibility of protective items](#)
- [Taxation Ruling TR 2004/6 – Income tax: substantiation exception for reasonable travel and overtime meal allowance expenses](#)
- [TaxPack 2010](#)
- [TaxPack supplement 2010](#)
- [Taxpayers' charter – what you need to know.](#)

To get any publication referred to in this guide:

- visit our website at [www.ato.gov.au/publications](http://www.ato.gov.au/publications) for publications, taxation rulings, practice statements and forms
- phone our Publications Distribution Service on 1300 720 092, or
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## Infolines

We can offer a more personalised service if you provide your tax file number (TFN).

- Individual 13 28 61  
Individual income tax and general personal tax enquiries, including capital gains tax
- Business 13 28 66  
Information about business income tax, fringe benefits tax (FBT), fuel tax credits (FTC), goods and services tax (GST), pay as you go (PAYG) and activity statements, including lodgment and payment, accounts and business registration (including Australian business number and tax file number), and dividend and royalty withholding tax.
- Superannuation 13 10 20

## Other services

Translating and Interpreting Service 13 14 50

If you do not speak English well and need help from the Australian Taxation Office (ATO), phone the Translating and Interpreting Service.

Hearing or speech impairment

If you are deaf or have a hearing or speech impairment, you can phone us through the National Relay Service (NRS).

- TTY users, phone 13 36 77 and ask for the ATO number you need. If you need to contact an ATO 1800 free call number, phone 1800 555 677 and ask for the ATO number you need.
- Speak and Listen (speech to speech relay) users, phone 1300 555 727 and ask for the ATO number you need. If you need to contact an ATO 1800 free call number, phone 1800 555 727 and ask for the ATO number you need.
- Internet relay users, connect to the NRS (<http://www.relayservice.com.au/>) and ask for the ATO number you need.

## Why not lodge online using e-tax?

- *E-tax* is our free online tax preparation and lodgment software
- *E-tax* is secure, user friendly, and you can access your individual information using the pre-filling service
- Most refunds are issued within 14 days
- For more information, visit our website at [www.ato.gov.au/etax](http://www.ato.gov.au/etax)

## Feedback

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As this is a publications area only, any tax matters will be passed on to a technical area; alternatively, you can phone our Individual Infoline on 13 28 61 for help.

## How self-assessment affects you

Self-assessment means the ATO uses the information you give on your tax return and any related schedules and forms to work out your refund or tax liability. We do not take any responsibility for checking the accuracy of the details you provide, although our system automatically checks the arithmetic.

Although we do not check the accuracy of your tax return at the time of processing, at a later date we may examine the details more thoroughly by reviewing specific parts, or by conducting an audit of your tax affairs. We also have a number of audit programs that are designed to continually check for missing, inaccurate or incomplete information.

## What are your responsibilities?

It is your responsibility to lodge a tax return that is signed, complete and correct. Even if someone else – including a tax agent – helps you to prepare your tax return and any related schedules, you are still legally responsible for the accuracy of your information.

## What if you lodge an incorrect tax return?

If you become aware that your tax return is incorrect, you must contact us straight away.

## Initiatives to complement self-assessment

There are a number of systems and entitlements that complement self-assessment, including:

- the private ruling system (see below)
- the amendment system (if you find you have left something out of your tax return)
- your entitlement to interest on early payment or over-payment of a tax debt.

## Do you need to ask for a private ruling?

If you are uncertain about how a tax law applies to your personal tax affairs, you can ask for a private ruling. To do this, complete a [Private ruling application form \(not for tax professionals\)](#) (NAT 13742), or contact us.

Lodge your tax return by the due date, even if you are waiting for the response to your application. You may need to request an amendment to your tax return once you have received the private ruling.

We publish all private rulings on our website. (Before we publish we edit the text to remove information that would identify you.)

Last Modified: Tuesday, 29 June 2010

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## Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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