



MEDIA RELEASE

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TAXPAYERS BEWARE: DEDUCTION RIGHTS AT STAKE

With the shifting sands on tax reform and the GST debate wavering, talk of losing work related deductions is a genuine threat to taxpayers' rights, according to the Institute of Public Accountants (IPA).

The House of Representatives Economic Committee is currently investigating trading tax deductions for lower tax rates and is due to report at the end of February.

"While a reduction in personal income tax is an attractive proposition to most people, it will not compensate the majority for the loss in having the right to claim legitimate work related deductions," said IPA chief executive officer, Andrew Conway.

"Under such a proposal, up to nine million Australian taxpayers would lose their existing ability to claim deductions relating to expenses incurred in earning their income; a fundamental entitlement under our tax system.

"And employees should not be under the false assumption that employers will pick up the slack. Most businesses in Australia are small businesses who can ill afford to fund the shortfall.

"Small businesses in particular will be affected where an employee chooses not to buy tools of trade, such as mobile phones and laptops, because they will no longer be able to claim them as a legitimate deduction.

"Loss of essential tools of trade will lead to further deterioration of Australia's already declining productivity.

"Taxpayers may not be aware that self-education expenses are a component of work related deductions. Any talk of losing the ability to claim a deduction for self-education is contrary to the Government's push for innovation," said Mr Conway.

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About the Institute of Public Accountants

The IPA, formed in 1923, is one of Australia's three legally recognised professional accounting bodies. In late 2014, the IPA acquired the Institute of Financial Accountants in the UK and formed the IPA Group, with more than with more than 35,000 members and students in over 65 countries. The IPA is a member of the International Federation of Accountants, the Accounting Professional and Ethical Standards Board and the Confederation of Asian and Pacific Accountants. The IPA was recognised in 2012 as Australia's most innovative accounting organisation and listed in the top 20 in the 2012 *BRW* Most Innovative Companies List.