

Student entitled to deductions against Youth Allowance

Editor: The following case was a surprising success for the taxpayer, and the decision runs completely contrary to the ATO's published position in TR98/9 and Tax Pack.

The ATO's response remains to be seen, but we will keep all of our clients with self-education expenses updated.

The Federal Court has held that a student taxpayer who received Youth Allowance was entitled to a deduction for the expenses she incurred in pursuing a teaching degree, as she incurred them in the gaining or producing of her assessable income (being the Youth Allowance).

The Court basically held that, in order for the taxpayer to receive the Youth Allowance, she had to satisfy the requirements set out in the *Social Security Act 1991* (i.e., generally to undertake full-time study throughout the relevant period), which required her to spend money (on such things as student administration fees and text books), so those outgoings were incurred in gaining or producing her assessable income.

