

# Tax deductibility of CLOTHING

**T**he tax deductibility of clothing is a topic that often confuses taxpayers, as the rules are specific and nuanced.

However, the ATO sets clear guidelines on when clothing expenses can be claimed as tax deductions, and understanding these rules is essential for individuals and businesses seeking to maximise their tax benefits while remaining compliant.

As a broad principle, the ATO allows deductions for expenses that are directly related to earning assessable income, but excludes categories of expenditure which are regarded as being of a private or domestic nature – which clothing *prima-facie* falls into.

Generally, the ATO takes the view that clothing expenses are deductible if the clothing is:

- » **Occupation-specific:** The clothing must be uniquely associated with a particular profession or occupation and not suitable for everyday wear.
- » **Protective:** The clothing must provide a necessary level of protection against workplace hazards.
- » **Compulsory:** The clothing must be a compulsory uniform with a logo or design that identifies the wearer as an employee of a specific organisation.
- » **Registered with the ATO's Industry Clothing Register:** Non-compulsory uniforms must be included on this register to qualify for deductions.

Conversely, conventional clothing (eg, business suits, or general workwear) is typically not deductible, even if required by an employer, unless it meets one of the above criteria.

It is also important to note that taxpayers can claim expenses for laundering, dry cleaning, or repairing work-related clothing where the cost of purchasing is deductible. The ATO provides a standard rate of \$1 per load for work-related clothing washed separately, or 50 cents per load if mixed with other laundry. Alternatively, taxpayers can claim actual expenses if they keep receipts and can substantiate the costs.

And of course, to claim clothing deductions, taxpayers must maintain proper records, such as receipts or invoices for purchases and evidence of laundry expenses. Additionally, taxpayers must demonstrate that the clothing is used primarily for work purposes. For example, if protective clothing is also worn outside of work, only the work-related portion of the expense may be deductible.

By way of example, consider a construction worker who purchases steel-capped boots for \$150. These boots are deductible as protective clothing, and the worker can also claim laundry costs for cleaning them. Conversely, a corporate employee who buys a \$500 suit for client meetings cannot claim a deduction, as the suit is conventional clothing. A flight attendant required to wear a branded uniform with the airline's logo can claim the cost of the uniform and its maintenance, as it is a compulsory uniform.

The tax deductibility of clothing in Australia is governed by strict ATO guidelines, focusing on occupation-specific clothing, protective gear, and compulsory or registered non-compulsory uniforms. Taxpayers must ensure that their claims meet these criteria and are supported by proper documentation.

So, always consult with us first for personalised advice to ensure compliance with current regulations. 💰



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