

GOOD NEWS: Tax Office confirms your handbag may be tax deductible.

Ladies, what better excuse do you need for a little retail therapy?

Gents, at least what she spends may be tax deductible!!!

Handbags used for work purposes have now been confirmed as an item that can be claimed as a tax deduction.

The news comes after the Australian Financial Review exposed handbags as being not tax-deductible as they were considered a 'private expense'.

But in a world where 'handbags' or 'manbags' are often large enough to carry laptops and other business equipment, the confirmation verifies our advice that, as usual, the ATO has been wrongly interpreting its own legislation.

Assistant Tax Commissioner Graham Whyte has confirmed with us the opportunity for claims to be made on handbags.

He advised us "You can claim a deduction for assets that are predominantly used for work purposes, such as bags and satchels used to carry work papers or electronic devices, to the extent that such items are used for work purposes".

Work purposes are however, difficult to prove outright.

If you wish to claim a bag, you will need to keep a record of what you are placing in it. That may involve keeping a log or diary for a period.

If you are carrying work items to and from work, like that laptop, work papers and minor personal items, then you may be able to claim a deduction for the cost of a handbag or manbag,

As to whether that top of the line, diamond studded and gold inlaid \$500,000 Gucci one-off will be fully deductible, it will depend on the purpose and usage of the bag.

Men v women? The only difference we see is that one bag is called a 'handbag' and the other a 'satchel/briefcase'.

The confirmation may be in, but before you rush off with fistfuls of plastic, platinum or cash, just be aware that the ATO can & do challenge claims. So remember to **call Brad on 02 4655 7263** first.