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Private & Confidential

Manager,
Regulatory Reform Unit
The Treasury
Langton Crescent
PARKES ACT 2600

By email – regulatoryreform@treasury.gov.au

16 December 2016

Dear Sir / Madam

Review of the Register of Approved Occupational Clothing and Related Tax Deductions

The Workwear Group ('WWG') appreciates the opportunity to provide a submission on the Treasury consultation / discussion paper "Review of the Register of Approved Occupational Clothing and related tax deductions", which was released for public comment in November 2016.

WWG recommends that Treasury adopt Option 2, as outlined in the consultation / discussion paper, specifically to "re-write the Guidelines with a view to reducing the regulatory burden".

Our reasons for advocating this option are as follows:

- It continues to uphold existing taxation policy whereby only expenses incurred in earning assessable income can be deducted by the employee
- It permits employers to maintain their existing uniform programs, which are essential for businesses in marketing themselves and promoting employee engagement
- It also reduces the regulatory burden on employers in managing their non-compulsory work clothing requirements
- It also would further support the textiles / clothing industry, in particular workwear / uniform suppliers such as the Workwear Group (which is part of the Wesfarmers group)

Should Option 2 be considered unviable, WWG would prefer Option 1, "retain the status quo and remake the current Guidelines".

WWG has concerns with Option 3, "rely on general operation of the taxation law as it relates to deductibility, as implementing this option would:

- Introduce ambiguity for employers as to whether their uniform meets the general deductibility requirements, which will also represent an administrative burden
- Also introduce ambiguity for employees, who will need to solicit taxation advice to ensure that their uniforms are deductible

Whilst WWG understands that Option 4, "deny all tax deductions for non-compulsory work uniforms", was included in the consultation paper for completeness, we submit our opposition to this option as it would:

- Introduce significant additional cost to employers and employees to maintain their existing uniform programs
- Materially impact the textiles / clothing industry, in particular workwear / uniform suppliers such as the Workwear Group (which is part of the Wesfarmers group)

We trust that Treasury will give serious consideration to the recommendations and concerns raised both by Workwear Group, other Australian workwear / uniform suppliers, and also employers that rely on uniforms to promote their businesses.

Should you wish to discuss WWG's submission in greater detail, please do not hesitate to contact me on (03) 9621 7555.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'David Lam', with a stylized flourish extending to the right.

David Lam
Head of Industrial Direct & Customer Service
Workwear Group | Wesfarmers Industrial & Safety