

INLAND REVENUE BOARD OF REVIEW DECISIONS

Case No. BR 12/75

Board of Review :

L. J. D'Almada Remedios, *Chairman*, Charles A. Ching, Ho Sai-chu, & J. G. Oliver,
Members.

19th December 1975.

Salaries Tax—membership subscriptions to professional societies—expenses incurred in the purchase of journals and books relating to taxpayer's work—whether deductible in ascertaining net chargeable income.

The appellant held a teaching post in an educational institution and was required by his terms of service to carry out research work. In order to keep himself abreast of developments in his field of work he subscribed to a few professional societies of his calling and incurred expenses in subscribing to journals and in the purchase of books relating to his work. On the assessment of salaries tax payable by him the appellant claimed that the subscriptions to professional societies and the expenses incurred for journals and books were allowable deductions in ascertaining his net chargeable income under section 12(1)(b) (now section 12(1)(a)) of the Inland Revenue Ordinance. On appeal.

Decision: Appeal dismissed.

Appellant in person.

Chan Kam-cheong for the Commissioner of Inland Revenue.

Reasons :

The Appellant is a lecturer in a University. In respect of Salaries Tax for the year of assessment 1973/74 he claims deductions for : —

(a)	subscriptions to professional societies	\$1,108.00
(b)	other subscriptions for journals	\$ 162.00
(c)	books	\$ 475.00,

these being expenses relating to his work to keep him abreast of developments in the field in which he lectures as is required and expected of him in the performance of his duties.

Although it may be desirable for the Appellant to be a member of professional societies of his calling, it is conceded that membership of these societies is not a pre-requisite of his employment and for that reason we are unable to say that the subscriptions paid were incurred in the production of assessable income which is an element

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that must be established to qualify as a deduction under section 12(1)(*b*) of the Inland Revenue Ordinance (Cap. 112).

Claims (*b*) and (*c*) may be conveniently grouped together. They relate to expenses for journals and books which, on the evidence, we accept were reasonably incurred by him as he is required by his terms of service to be engaged in research work. Clearly, the Appellant is expected to keep his finger on the pulse of progress in the field of his lectures and he says that these expenses were necessary for him to keep his job.

Unfortunately, we must agree with the Commissioner's representative when he points out that these expenses are of a capital nature and, as such, are not allowable deductions under section 12(1)(*b*). For the reasons we have given, although our sympathies are with the Appellant, we are left with no alternative but to dismiss the appeal.