



Australian Government
Australian Taxation Office

Adult industry workers - claiming work-related expenses

- <http://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Deductions-for-specific-industries-and-occupations/Adult-industry-workers---claiming-work-related-expenses/>
- Last modified: 07 Feb 2014
- QC 18626

Adult industry workers – claiming work-related expenses

Overview

How to work out which common work-related expenses you can claim and whether you are eligible to claim them.



Terms we use

When we say:

- **you**, we mean you as an adult industry worker
- **sole operator** or **independent contractor**, we mean that you work for yourself, or contract your services to others – for example, as an escort, stripper or dancer
- **tax deduction**, we mean money spent supporting your work, which can then be used to reduce your assessable income and the amount of tax you pay.

When you can make a claim

- <http://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Deductions-for-specific-industries-and-occupations/Adult-industry-workers---claiming-work-related-expenses/?page=2>
- Last modified: 07 Feb 2014
- QC 18626

In most situations, you can claim a deduction for a work-related expense as long as your claim meets all of the following conditions:

- you incurred the expense in doing your job
- the expense is not private – for example, travel from home to work and from work to home is generally not deductible, and
- you can show you incurred the expense by producing receipts or other written evidence, unless an

exception applies.



You can claim everything you purchase from a sex shop for work.

If you are a sole operator in the adult industry, you pay the same income tax and are entitled to the same deductions as people who earn a wage or salary. You are a sole operator if you:

- do not collect a wage
- are unlikely to employ staff, and
- are considered to carry on a business.

Common expenses for adult industry workers

- <http://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Deductions-for-specific-industries-and-occupations/Adult-industry-workers---claiming-work-related-expenses/?page=3>
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- QC 18626

Advertising

You can claim a deduction for the total cost of advertising your business in the adult industry.

Child care

You may be eligible to claim the child care rebate. You cannot claim a deduction for child care expenses.



Find out more

Information about the child care rebate payments, contact the Family Assistance Office (FAO):

- visit www.familyassist.gov.au <<http://www.familyassist.gov.au/>>
- phone **13 61 50**.

Clothing

You can only claim a deduction for the cost of clothing you use solely for earning income, including costumes and lingerie. You cannot claim a deduction for items such as dresses, skirts, blouses, trousers, shirts and shoes for everyday use.

**Get it done**

Information about how to claim your clothing expenses, refer to [Work-related uniform expenses calculator](#).

Consumables

You can claim a deduction for consumable items you use solely for earning income, including condoms, lubricants, gels, oils and tissues.

Cosmetics and hair care

You can claim a deduction for stage make-up and products you use for removing stage make-up. Some brands of make-up sold in department stores are considered stage make-up, and some stage make-up stores sell make-up that is not grease-paint based. In both of these cases, you can claim the costs of this make-up. You cannot claim a deduction for the cost of general hairdressing and make-up or beauty treatments.

Dance lessons

You can claim a tax deduction for the cost of classes you take to maintain your existing dance skills or to learn new dance skills.

Fitness

You cannot claim a tax deduction for the cost of maintaining your general fitness and body shape.

Motor vehicles

You can claim your motor vehicle expenses if you use your motor vehicle in the course of operating your business – for example, to travel from client to client. Unless you use your home as a place of business, you generally cannot claim the cost of travel between your home and place of work.

**Get it done**

Information about how to claim your motor vehicle expenses, refer to [Work-related car expenses](#).

Phones

If you operate your business from home and you maintain only one telephone – mobile or landline – you can claim part of your telephone rental and the cost of your business phone calls.

If you use your phone – mobile or landline – solely for business (this would usually be a second phone) you can claim a deduction for its expenses.

If you use a phone for both business and private calls, you can claim a deduction for business calls and part of the rental costs. Use the following formula to work out the percentage of phone rental expenses you can claim:

$$\frac{\text{Number of business calls you made and received} \times 100}{\text{Number of total calls made and received}}$$

You can identify business calls from an itemised phone account. If you do not have an itemised account, you can keep a record for a representative four-week period to work out a pattern of business calls for the entire year (provided you have a regular pattern of use throughout the year).

You cannot claim:

- installation or connection costs
- expenses incurred for the early cancellation of a mobile phone contract (these are not an allowable deduction because they are not incurred in gaining assessable income and are of a capital nature)
- cost of an unlisted telephone number.

Tools and equipment

You can claim the cost of replacing or repairing equipment (such as fetish equipment), adult novelties (such as vibrators), and other items you use in your work. You cannot claim the full cost of such items in the year you purchased them because they are classified as capital expenses. However, these can be depreciated or 'written down' over their effective life. Under the simplified depreciation rules, you can immediately depreciate the total cost of capital items you purchase for less than \$1,000 if **both** of the following apply:

- you operate a small business
- you have elected to use the small business entity provisions.

Tax agent fees

You can claim a deduction for costs you incur to:

- prepare income tax returns and activity statements
- object or appeal against an assessment
- get professional tax advice from a registered tax agent, barrister or a solicitor.

If you pay someone to help you complete and lodge your tax return, we recommend you use a registered tax agent. Only a registered tax agent can charge a fee to prepare and lodge your tax return, and you can only claim that fee as a tax deduction if the tax agent is registered.



Find out more

To find out if a tax agent is registered, contact the Tax Practitioners Board:

- visit www.tpb.gov.au <<http://www.tpb.gov.au/>>
- phone **1300 362 829**.

Claiming your 'place of business' expenses

- <http://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Deductions-for-specific-industries-and-occupations/Adult-industry-workers---claiming-work-related-expenses/?page=4>
- Last modified: 07 Feb 2014
- QC 18626

Home office

If you work from home, you can claim a deduction for the additional expenses you incur to run your office or room for business purposes.

This can include electricity and cleaning costs, and part of the decline in value (depreciation) of equipment and fittings.

If you own your home and use an area as a place of business, you can also claim a deduction for part of your rates, mortgage interest and other expenses. However, capital gains tax will apply when you sell your home.

The following factors can help you decide whether the area of your home you use has the character of a 'place of business'. The area needs to be:

- clearly identifiable as a place of business
- not readily suitable or adaptable for use for private or domestic purposes in association with the home generally
- used exclusively or almost exclusively for carrying on a business
- used regularly for visits of clients or customers.

If you rent your home, you can also claim a portion of your rent as a business expense. You can also claim a portion of your electricity and water.



Get it done

Information about how to claim your home office expenses, refer to [Home office expenses calculator](#).

Separate premises

If you maintain separate premises that you use solely for work, you can claim a deduction for all the expenses you incur in maintaining those premises. You can also claim a deduction for casual rental of work premises, such as 'room only' or hourly rental costs.



Find out more

Information on place of business expenses, refer to [Home-based business](#).

Records you must keep

Depending on your circumstances, you may need to keep receipts of your work-related expenses for which you intend to claim an income tax deduction. You don't need receipts if your work-related expenses are \$300 or less, but you must be able to show the deduction relates to your income and how you calculated the amount you claimed.

If you claim more than \$300 for work-related expenses, you need to keep written records as evidence of the whole amount, not just the amount over \$300. The \$300 does not include claims for car, meal allowance and travel allowance expenses – there are special written evidence rules for these claims. We accept a wide range of documents as written records of your claim, including:

- paper or electronic copies of documents such as invoices, receipts or delivery notes
- statements from financial institutions, such as credit card statements
- BPAY® receipt numbers
- pay as you go payment summaries
- warranty documents.

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You need to keep your written evidence of work-related expenses for five years from the due date for lodging your tax return. If you lodge your return after the due date, the five years start from this later date.

As a sole operator, you must complete an income tax return to report your income and claim your tax deductions for each income year. You can lodge your tax return:

- on paper using *TaxPack*
- using [e-tax](#), our online lodgment service
- through a registered tax agent.

What to read or do next

- <http://www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Deductions-for-specific-industries-and-occupations/Adult-industry-workers---claiming-work-related-expenses/?page=5>
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For more information about claiming work-related expenses and how tax applies to the adult industry, refer to:

- [GST and the sex industry - questions and answers](#) (NAT 5932)
- [Keeping your tax records](#)

You can also phone us on:

- **13 28 66** for general business enquiries or to arrange an advisory visit from a tax officer
- **13 10 20** for superannuation enquiries
- **13 28 61** for personal tax enquiries.



Our operators are discreet and will protect your privacy.

If you do not speak English well and need help from us, phone the Translating and Interpreting Service on **13 14 50**.

If you are deaf, or have a hearing or speech impairment, phone us through the National Relay Service (NRS) on the numbers listed below:

- TTY users – phone **13 36 77** and ask for the ATO number you need
- Speak and Listen (speech-to-speech relay) users – phone **1300 555 727** and ask for the ATO number you need
- internet relay users – connect to the NRS on www.relayservice.com.au <<http://www.relayservice.com.au/>> and ask for the ATO number you need.

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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