

Fact sheet: Fines and deductibility

Fines and their deductibility

Fines are generally regarded as non-deductible on public policy grounds.

Even so, there has been some case law which seems to indicate that fines may be deductible if there is a sufficient relationship between the fines and the income earning process.

However, the Inland Revenue Department has issued a draft interpretation statement, reiterating that fines and penalties are not deductible in any circumstances.

This could be said to be the definitive word on the issue. Consequently, it is unlikely you would be granted a deduction for your fine.

Last reviewed on 16 June 2016

Important: Clients should not act solely on the basis of the material contained in this article. Items herein are general comments only and do not constitute nor convey advice per se. Changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. This article is issued as a helpful guide to our clients and for their private information. Therefore it should be regarded as confidential and should not be made available to any person without our prior approval.