

RELEVANT FACTS

Since his middle school times, Mr. Cal's son has been a prospect of the NBA. This year, the son joined college, and he is now a freshman and under NCAA he has been classified as an amateur. Cal bought special clothing, equipment's, camp and a personal trainer in order to increase his son skills. All these purchases and expenses cost him \$14,000.

SPECIFIC ISSUE

Mr. Cal wants to know if he can deduct all these items upon the payment of tax.

CONCLUSIONS

When calculating for the total payable tax that portion of the money spent on the son's personal property and effects should be added back as they are subjected to tax. The costs incurred on hiring a personal trainer should also be added back as these are disallowable expenses.

SUPPORT

As the code allows a deduction from taxation of the expenditure on

personal effects, expenses that are incurred for professional usage purposes are subjected to tax. Code 201-242 section 224 states that, "all the expenditures for the personal effects are exempted from tax. However, personal effects do not include those things that are purchased for resale, generation of revenue or anything connected with profession, trade or business." However upon proper registration procedures, the expenses incurred for the personal trainer for the son can be deducted. This deduction is allowable because the trainer will also be deducted of his/her taxes that will lead to double taxation if Cal is also deducted. However, this has to follow some specific rules and procedures.

Mr. Cal has to present all his explanations and documents to the department for verifications and be cleared of the personal trainer expenses and be allowed for tax purposes. In the case of Braille editions versus the office cleaner, the ruling 75-318 stated that there are no deductions allowances given to individuals on the purchase of the tools for their profession or for the aim of using them to generate income.

In its efforts to protect the taxpayers and make sure that they do not incur double taxation, IRS has formed a clause where money in the form of payment passes from one person to the other. The end person who is the new owner of the money is the one who will incur the tax deductions. As it is the mandate of the government to encourage children to develop their personal careers in schools and colleges, Cal's son is classified as an amateur player, and this means that this is his profession and is subjected to payments and the amateur club he will be paying him.

Purchase of personal effects for professional training or career development activities is regarded as investment in a personal context and perspective. Cal's son despite going to college to acquire knowledge in books, he will be undertaking career based activity of which he has been interested in since he was I a child.

Because the money paid to the trainer is not like school fees paid in college or high school, the trainer will be deducted tax from his/her income of will relieve Cal. Were it to be the normal school requirements that every student being admitted was purchasing and required to carry to school, Cal would have been allowed or be exempted them from taxation. However, these are special requirements for the son himself and not mandatory in the school requirements. According to the logic of the case, Cal has to pay for the tax of the expenses he incurred on his son. If he wants to deduct on the fees salary paid to the trainer, he should apply to the IRS and be shown up to what limits his deductions will go.