

Big Law

ABL takes on 50-year-old tax precedent

Mid-tier firm Arnold Bloch Leibler is involved in a significant legal challenge aimed at overturning a longstanding tax precedent that prevents families from claiming childcare expenses as a tax deduction.

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A longstanding tax ruling that prevents families from claiming childcare as a deductible work expense is being challenged in a test case brought by Arnold Bloch Leibler, with the firm hoping the matter will reach the High Court.

ABL is running the case pro bono, representing several litigants from diverse family and employment backgrounds in an effort to prompt Australia's highest court to revisit a decision made five decades ago.

This matter is being led side by side by Paul Sokolowski, head of ABL's tax practice, and newly promoted senior associate Eileen Liu.

Liu emphasised the importance of challenging the existing precedent, noting that the *Income Tax Assessment Act* has not kept pace with the evolving realities of the modern workforce.



"Unlike a generation or two ago, many families now require two incomes to survive, and the *Income Tax Assessment Act* has not kept pace with this reality," she said

"It's a privilege to get to work on a matter that has the potential to remove one of the biggest obstacles to women participating in the workforce."

Eileen Liu, a finalist in the 2025 Lawyers Weekly 30 Under 30 Awards for Taxation, joined the firm six years ago and is among 16 lawyers recently promoted to senior associate across various practice groups, [as reported earlier this month](#).

The mid-tier firm shared that the timing of Liu's promotion – part of a record round of internal advancements at the firm – coincided with Sokolowski's 25th year as a partner with the firm.

Sokolowski believes the childcare deductibility case shines a spotlight on outdated reasoning that continues to influence major aspects of tax law.

"It doesn't pass the politicians' pub test. One of the arguments put to the High Court 50 years ago – unsuccessfully – was that having someone look after your child actually makes an employee more efficient. And that's precisely what deductibility, the principle, should be based on," Sokolowski said.

Grace Robbie