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SLOPES - Income Tax Exemption and Sporting Clubs - ATO self assessment guide - General reminder

SLOPES <slopes.au@gmail.com>
Bcc: frank.zipfinger@gmail.com

15 November 2015 at 18:51

Dear SLOPES Members

We regularly remind Clubs of the need to be vigilant regarding their activities and record keeping if they are want to maintain their income tax exemption status.

The main purpose of this email is to bring to your attention a guide provided by the ATO which allows Clubs to self assess "*if their club is exempt from income tax as a society, association or club established for the encouragement of a game or sport*".

See this link for the guide: <https://www.ato.gov.au/Non-profit/your-organisation/in-detail/income-tax/Income-tax-exemption-and-sporting-clubs/>

The starting point as per the guide is that "*If your club is not exempt from income tax, it is taxable*".

The guide goes on to say:

You should self-assess your club's status each year. You should also do this when there are major changes to your club's structure or activities.

It is also important that you review your club's status as part of your governance processes to ensure your club still meets the requirements for exemption.

You need to remember that income tax exemption is not necessarily permanent. The growth of your club, changes in its constitution, focus and activities can alter the character of your club.

For more background, see this material issued by Clubs Australia: http://taxwatch.org.au/ssl/CMS/files_cms/246_treasury-nfp-tax-reforms-submission-final.pdf

Finally, the following is taken from the President's Report circulated with the material for the upcoming AGM next Monday night:

SLOPES reminds all Members of the importance of continually taking actions to support retention of the exemption from income tax through the "ENCOURAGEMENT OF SPORT".

SLOPES has appointed a Committee Member (Bill Coombes – slopes.au@gmail.com) to work on an encouragement program to promote and assist Clubs in their thinking.

We strongly recommend that each Club appoint one of its committee as their "Sports Encouragement' Officer" to do the same.

On our SLOPES website there is a dedicated section with useful information and links to other organisations which can assist you to promote sport within your Club. Clubs actually do a lot to encourage sport but they often do not think about it that way – nor sometimes do they keep records of their activities. Participation in The Perisher Cup is an example (the 62nd such Cup was run in 2014). As are the School Events Week and promotion of it in the Clubs. Another example is recording the hours of ski and snowboard instructions – paid and unpaid – each week engaged in by lodge users: it is useful for weekly club captain's reports to keep a record of these hours.

Please take this topic seriously as you never know when it might emerge as an issue for your Club.

Set out below are 2 earlier SLOPES emails from 2011 on this topic.

Regards

Frank Zipfinger
President

SLOPES

From: **SLOPES** <slopes.au@gmail.com>
Date: 11 August 2011 at 11:52
Subject: SLOPES - Income Tax Exemption and Sporting Clubs - MUST READ
To:

Dear Members

You will recall our email of 2 March 2011 (see below) on this topic.

This is an issue of major importance and Clubs need to be very active around it.

To assist you, attached is a document which collects in one place information and websites regarding alpine sports activities.

Regards

Frank Zipfinger
President
SLOPES

----- Forwarded message -----

From: **Bert Sheridan** <bertsheridan@optusnet.com.au>
Date: 2 March 2011 17:01
Subject: SLOPES - Income Tax Exemption and Sporting Clubs - MUST READ
To:

Dear SLOPES Members and Associates,

Attached for your information is a new publication (current January 2011) issued by the Australian Taxation Office titled "Income tax exemption and sporting clubs".

It is described as a "Guide for office bearers of non-profit clubs".

SLOPES has no reason to believe that that our Members are being looked at in any special way in this context.

You will be aware from past SLOPES President's Reports and statements made at our Annual General Meeting about the ongoing currency of this tax issue - and the importance of the issue to every Member Club that is seeking to be exempt from income taxation relying on the exemption which applies to **CLUBS WHOSE MAIN PURPOSE IS THE ENCOURAGEMENT OF SPORT**.

This publication is a timely - and very useful - reminder of the elements that are relevant to the exemption and the types of issues that are either essential in the case of some elements and persuasive in the case of other elements.

SLOPES encourages all Members to read this Guide carefully and to take action on issues where necessary.

NOTE: this is not a matter which should be deferred. And, as the Guide notes, it is a matter that should be reviewed (including at Board level) at least annually by each taxpayer seeking to rely on the exemption.

We point out that the Guide is a publication of the ATO and so can be expected to put a particular view on issues that might be considered 'grey'.

Despite that, SLOPES' view is that it is prudent to circulate the Guide (given it is a new publication which is on point) - recognising that it represents the ATO's views on the tax status of sporting clubs, but clearly every case is very dependent on the particular founding documents and the actual activities being conducted.

The GOLDEN RULE of course is: **if in doubt, seek expert advice from your tax adviser in relation to your particular facts.**

SLOPES, of course, is not in a position to provide such expert advice: our role is to raise and emphasise the importance of the issues and encourage all Member Clubs to take a diligent and prudent approach to them.

With that background, certain issues from the Guide worth highlighting are:

Mutual dealings - page 2

It is noted here that a "mutual dealings" approach is an alternative way to run a club's tax arrangements. While correct as a statement of principle, there are extensive accounting and record keeping complications which can make this a difficult and expensive option to adopt.

Entity - page 5

An entity for the purposes of income tax exemption as a tax exempt sporting club includes a corporation, unincorporated association, a trust or a partnership.

Non-profit - page 5

The following does not prevent a club from being non-profit:

- benefits received by members communally as members, such as use of club's facilities

Examples – games or sports - page 7

The list includes:

- snow sports including bobsled, luge, skiing, ski-jumping and snow boarding

Encouragement of sport - page 7

See the lists of direct and indirect examples on these pages and note:

- providing or operating the venue for a game or sport

Main purpose - page 8

To be eligible for the exemption in the year of income, the club's MAIN PURPOSE in that year must be the encouragement of a sport.

In assessing this, the ATO will look at the club's constituent documents AND the club's activities in the year of income. Club records will be very important here!

Note:

Other club records which will help indicate your club's activities and purpose include:

- resolutions made by the persons controlling your club, such as the board, committee or directors
- minutes of meetings of the board, committee or directors
- business plans
- promotional material concerning your club's activities, and
- published reports about the club, such as its annual report.

Difficulties in working out main purpose - page 10

These can arise if a club conducts both sporting and non-sporting activities and the non-sporting activities are not incidental or ancillary to the sporting activities

- owning temporary accommodation available to members and non-members for holiday rental.

On this issue, Boards should consider recording in their minutes and other relevant documents that members are encouraged first, and gaps may then be filled in.

Constitution - pages 5 and 8

Review your club's objects in its constituent or governing document. Do the objects emphasise that the club's main purpose is to encourage a game or sport? Does the club operate in accordance with those documents?

As the Guide says, this is the first thing to get right.

SLOPES has previously recommended to all clubs that they appoint a Board member whose role it is in particular to co-ordinate the activities of the club around promoting sport.

This ATO Guide is a timely reminder to do just that - and also a reminder to get expert advice on your particular position if you have any doubts on it.

That said, despite the understandable concerns which arise when 'taxation' is mentioned, clubs which follow the Guidelines diligently and effectively should feel comfortable with their situation.

5/6/2017

Gmail - SLOPES - Income Tax Exemption and Sporting Clubs - ATO self assessment guide - General reminder

Genuine SPORTING clubs, as defined, are entitled to the exemption and have been exempted for many years. If the ATO takes a different attitude with your club, please contact SLOPES as soon as possible to discuss.

Regards

Frank Zipfinger
President
SLOPES



Encouragement of sport - SLOPES 25 July 11.doc

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ALPINE SPORTS ACTIVITIES

The Australian Taxation Office (ATO) allows for non profit sporting clubs to be exempt from income tax as long as they meet the tax exempt requirements for the promotion and encouragement of sport. The ATO handbook can be found at the following link:

http://www.ato.gov.au/nonprofit/distributor.aspx?menuid=0&doc=/content/29074.htm&page=3#P17_2122

The Committee and Members of the SLOPES Organisation are committed to encouraging all forms of alpine sports in the NSW Snowy Mountain region, from skiing and boarding in winter to bushwalking and angling in summer. We will keep members updated with sporting activities, competitions and alpine race opportunities via links from our web page.

Perisher Blue Masters.

Perisher's Winter Sports Club (WSC) conducts a variety of season long programs specially designed for enthusiasts to develop and progress their snow riding skills. The program caters for kids three years and over to adults who are interested in recreational skiing through to racing and boarding competitions. Information on the program can be found at the following web site:

www.perisher.com.au/wsc/index.php

NSW Snow Sports.

NSW Snow Sports is the Peak Body and State Sporting Organisation for Snowsports in NSW. Their website provides information on membership as well as events calendars and race results, particularly for the annual Interschools Championships competition. Details can be found at:

www.nswsnowsports.com.au

Perisher Cup.

The Perisher Cup was initiated by the NSW Ski Association in the early 1950's and is now conducted by Perisher Blue, with assistance from Cooma Ski Club. The event is a team activity with four participants, each of whom competes in three events: Cross Country 4X2 klm relay, a Giant Slalom and the best of three jumps. Details on how to enter will be available on:

<http://www.perisher.com.au/events/index.php>

Gateway to Sport.

A comprehensive guide to sporting activities in NSW can also be found at the following web site:

www.dsr.nsw.gov.au