


TD 93/D16 - Fringe benefits tax: is a benefit provided by a sporting club for medical/hospital expenses arising from injuries suffered by a player during training or playing exempt from fringe benefits tax?

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This document has been finalised by TD 93/64.

Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.

Draft Taxation Determination

Fringe benefits tax: is a benefit provided by a sporting club for medical/hospital expenses arising from injuries suffered by a player during training or playing exempt from fringe benefits tax?

1. Yes. Where a benefit is provided by a sporting club for medical/hospital expenses arising from injuries suffered by a player during training or playing, and that benefit is provided under a workers' compensation law, it is exempt from fringe benefits tax (FBT) under section 58J of the *Fringe Benefits Tax Assessment Act 1986*.
2. Where a player's employment is not covered by a workers' compensation law, an exemption applies if the benefit is reasonable having regard to the facts of the case.
3. In some cases, a doctor's fee is more than the amount a player can claim as a rebate from Medicare and/or a private health fund. If the sporting club pays the difference, it is known as a "medical gap payment." Generally, we consider this type of benefit to be reasonable in terms of section 58J and is exempt from FBT.

Example:

John, who is employed by sporting club Z as a player, breaks an arm during a training session. He is not covered by any workers' compensation law. The total medical expense bill for the treatment of the injury is \$2,000. However, John can only claim a total of \$1,800 in rebates from Medicare and his private health fund.

Sporting club Z pays the difference of \$200. This medical gap payment is exempt from FBT.

Commissioner of Taxation

04/02/93

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