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## ***IT 54 - Expenditure incurred by professional footballers***

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TAXATION RULING NO. IT 54

EXPENDITURE INCURRED BY PROFESSIONAL FOOTBALLERS

F.O.I. EMBARGO: May be released

REF

N.O. REF: 78/3787 F57

DATE OF EFFECT:

B.O. REF:

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F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1100585	PROFESSIONAL FOOTBALLERS TRAINING CLOTHES SQUASH FEES AFTER GAME EXPENSES TREATMENT OF INJURIES	51(1)

PREAMBLE OTHER RULINGS ON TOPIC: IT 112 (Travel expenditure)  
An examination was made of the treatment of items of expenditure of professional footballers relating specifically to;

- (i) replacement of training clothes;
- (ii) squash fees;
- (iii) after game expenses;
- (iv) appearance at functions; and
- (v) medical expenses for the treatment of football injuries.

RULING Replacement of Training Clothes

2. It was suggested by representatives of players in the code that expenditure will be incurred on such items as football jumpers, T shirts, shorts and shoes. While this may be the case in some isolated instances, it is understood that the majority of players are supplied with all necessary clothing and equipment, either by the club itself or sporting firms and advertisers to which the club is tied under contract. However, it is now accepted that claims for such clothing would be allowable under section 51(1), provided the taxpayer actually incurred that expense and can demonstrate that the garments were used principally in the course of his professional sporting activity. Claims by players who are unable to satisfy both conditions should be disallowed.

3. The decision in 77 ATC Case J3; 21 CTBR(NS) Case 25, is, of course, relevant to any considerations in this regard. The Board, as you are aware, upheld a claim by the taxpayer, a professional footballer under contract, that the expenditure he had incurred in playing squash at the direction of his coach was an allowable deduction under section 51(1). That decision, however, is not seen as "carte blanche" for other professional players to obtain a deduction; although they may readily

demonstrate that they have incurred expenditure in playing squash.

4. Claims in this regard will be allowed in circumstances only where it has been clearly demonstrated that the game (squash) was played as part of a regular and programmed training schedule, drawn up and directed by the team's coach. It would be expected that the direction would be passed on to players through the club secretary. It is not sufficient that the playing of squash be an express condition of employment before a deduction will be allowed; it must be an intergrated part of that employment.

#### After Game Expenses

5. It is considered that activities of this nature are designed principally to attract supporters and well-wishers to the respective social clubs. This, in turn, would actually increase any profits of that club. Accordingly, any nexus between the derivation of assessable income by the player and his attendance at those functions is too remote for acceptance of a claim that the expenditure was incurred as part of his employment. Before any such claim is allowed, the player is to be required to document his claim, and then show that the expenditure was either for this own private purpose not for the benefit of a social club.

#### Appearances at Functions

6. Expenditure ancillary to that referred to in the preceding paragraph includes outgoings incurred in travelling to those functions. Again, the same conditions would have to be met before a deduction will be allowed. It is expected, however, that expenditure of this nature would be reimbursed to the player in some manner.

#### Medical Expenses

7. The proposition has been put that expenditure incurred on medical treatment for injuries sustained while playing should be deductible under the provisions of section 51(1) and not be treated as rebatable concessional expenditure in terms of section 159P of the Act.

8. However, claims by a professional footballer for a deduction under section 51(1) for medical expenses incurred in the treatment of injuries sustained while playing should continue to be disallowed as private or domestic expenditure. The amount incurred may be treated as rebatable concessional expenditure in terms of section 159P.

COMMISSIONER OF TAXATION