

AUSTRALIAN TAXATION OFFICE
REVIEW OF PLAYERS TAXATION AFFAIRS



The ATO's Compliance Program for 2011/2012 indicated that they would be looking at:

"A number of highly-paid professions, including those from..... football codes".

As part of that Review, the AFL Players' Association together with Dominion Private Clients met with senior personnel from the ATO to discuss the impact this would have on AFLPA members.

The ATO wanted to understand our industry and ensure that if there are any tax issues the industry has that affects Players, the ATO want to work with the AFLPA in resolving any of those issues.

The ATO recognised that our Tax Brief was a good document to assist Players understand and comply with their income tax obligations.

The ATO also recognised that there are issues the industry has concerning the tax deductibility of private health insurance costs, fitness expenses and supplements that may ultimately result in Court action to resolve those contentious issues.

We are working towards clarifying these issues for our members.

ATO Focus

The ATO confirmed the focus of its Review under the Compliance Program will be to consider whether there are any significant tax compliance issues within the Player Group generally.

The ATO recognised the strict governance principles of the AFL concerning Player incomes through the regulation of a salary cap. This includes Players' salaries as well as payment from sponsors that are approved by the respective Clubs.

The compliance issues the ATO will focus on include ensuring all income earned by players is included in their tax returns. As well as playing income, this will cover non-playing types of income such as:

- Bank account interest
- Dividends
- Capital gains
- Rental income
- Appearance fees or endorsement from sources outside the Club approved sponsors

The ATO intends to look at Player/Agents as well as Players managed by those Agents as part of their review.

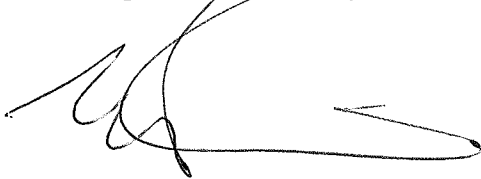
Tax Check

The ATO collects data from employers (including football clubs), investment bodies such as banks, other government agencies and other third parties concerning income (including interest and dividend information) and certain expenses (including some medical expenses). Tax Agents may be able to download this information via a 'pre-filling report' from the ATO Tax Agent Portal.

Your Tax Agent would then be able to cross check that information against the amounts disclosed in your personal Tax Return to ensure there are no discrepancies between your records and the ATO's. We recommend that you ask your Tax Agent to check whether a pre-filling report is available for you. You can then confirm amounts have been properly accounted for and resolve any differences between your records and data the ATO has received from other organisations. The pre-filling service may also be available to individuals who prepare their own tax returns using the ATO's online tax preparation and lodgement software *e-tax*.

It is important to note that if a report is available it reflects the data held by the ATO on the date the report is downloaded. It is still your responsibility to ensure you declare all your assessable income, whether or not it is reflected in the pre-filling report. We recommend that you review your personal tax position to ensure that you are not aware of any non-playing receipts or other income that have been omitted from your Tax Return in error. If you do discover any omitted amounts, we recommend that you consult with your Tax Adviser with a view of making a voluntary disclosure to the ATO and thereby, significantly reduce any exposure to penalty.

If you have any questions concerning the ATO's audit activity, please contact John Hogan of the AFL Players' Association.

A handwritten signature in black ink, appearing to read 'Matthew Finnis', with a long horizontal flourish extending to the right.

Matthew Finnis
CHIEF EXECUTIVE OFFICER