



Working out your club's income tax status

This worksheet has been designed for use by sporting societies, associations and clubs to self-assess their income tax status.

We recommend that you assess your club's status each year and complete a separate worksheet for each year. You should also review when there has been a major change in structure or activities.

WHAT YOU WILL NEED

For the year of assessment, you will need the following information as it applied in that year:

- your club's constituent or governing documents such as its memorandum and articles of association, constitution, rules or charter
- information about your club's activities, finances, plans, advertisements and history.

Check that you are using documents applicable to the year of assessment when completing this worksheet.

HOW TO USE THIS WORKSHEET

To complete this worksheet, you will need to answer the questions in the order provided.

If you need help or a question tells you that your club is not exempt, you can contact us on **1300 130 248**. We can provide advice in working out your club's status and help with applying for a private ruling.

Once you have worked out your club's income tax status, you do not need to apply to the ATO to have it confirmed.

Keep this worksheet with your club's records. It will show why and how you arrived at the decision of your club's income tax status and help future office bearers.

Your assessment will apply only to the year for which you have completed this worksheet. For another year, get another copy of the worksheet and complete it in terms of your club's facts and circumstances for that year.

If your club operates through several entities, complete this worksheet for each entity.

1 Full name of your club

2 Australian business number (ABN)

--	--	--	--	--	--	--	--	--	--	--

3 Year of income

--	--	--	--

4 Reason for review

Annual review

Change in circumstances

Other: please specify

5 Is your club a charity?

No Go to question 6.

Yes Do not continue this worksheet.

Sporting clubs that are charities include:

- a club wholly integrated in a school or university and furthering its educational aims
- a club that primarily uses a game to help rehabilitate the sick, and
- a club that primarily uses a sport to relieve disability.

There is an endorsement process for charities to be exempt from income tax.

6 Is your club a non-profit entity?

No Your club is not income tax exempt.

Yes Go to question 7.

The ATO accepts a club as being non-profit where, by operation of law or by its constituent documents the club is prevented from distributing its profits or assets among members while the club is operating and on its winding-up. The club's actions must be consistent with the prohibition.

An entity for these purposes includes a corporation, unincorporated association, a trust or a partnership.

7 Is your club a society, association or club?

No Your club is not exempt as a non-profit sporting club.

Yes Go to question 8.

Society, association or club is not defined in the tax law and takes the ordinary meaning of the words. It has been accepted as referring to a voluntary organisation having members associated together for a common or shared purpose.

8 Did your club meet at least one of the 'three tests'?

No Your club is not income tax exempt.

Yes Go to question 9.

Sporting clubs that are not charities must pass one of the following three tests to be exempt from income tax:

- physical presence in Australia test
- deductible gift recipient test, or
- prescribed by law test.

Notes

Sports and activities

The tax law requires that exempt sports organisations be established for the main purpose of encouraging a game, sport or animal racing.

Evidence of being established for this encouragement is provided by your club's constituent documents. You will most likely find this in the 'objects' clause or 'purposes' clause of the constituent document. The word 'encourage' or 'encouragement' might be used, but other words like 'advance', 'foster', 'further' or 'promote' might be used with a similar intention.

Your club must demonstrate by reference to its activities in the year of income that its main purpose is the encouragement of a game or sport. Evidence of your club's activities may be found in the minutes of meetings and resolutions of your club's board or committees, the club's business plans, material promoting the club's activities, and published reports about the club, such as its annual report.

9 Do your club's constituent documents include an object or purpose being the encouragement of a game, sport or animal racing?

No Your club may not be exempt as a non-profit sporting club. Contact us on **1300 130 248** for help with applying for a public ruling.

Yes Go to question 10.

Your club's constituent documents may specify a particular game, sport or animal racing, or they may merely state as one of the club's objects, the encouragement of a games, sports or animal racing.

Note the games or sports your club encourages below.

10 Does your club actively encourage its games, sports or racing?

No Your club may not be exempt as a non-profit sporting club. Contact us on **1300 130 248** for help with applying for a public ruling.

Yes Go to question 11.

A significant feature of a tax exempt sporting club is that the club actively encourages its games, sports or animal racing. Encouragement can be directly carrying on activities or supporting them less directly.

Note your club’s encouragement of its games, sports or animal racing below.

Notes

11 Did your club conduct or provide at least one of the following in the relevant year?

- bar or dining facilities for extended periods
- significant gaming and recreational facilities
- holiday and other temporary accommodation
- other business activities.

No Go to question 12.

Yes Go to Schedule for multiple purpose clubs on the next page.

To be eligible for the exemption, your club’s main purpose must be to encourage a game or sport. Difficulties can arise if a club conducts other activities, particularly extensive social or commercial activities.

12 Is the main purpose of your club the encouragement of a game, sport or animal racing?

No Your club is not exempt as a non-profit sporting club. Contact us on **1300 130 248** for help with applying for a public ruling.

Yes You have self-assessed that your club is exempt from income tax.

To be eligible for the exemption, your club’s main purpose must be to encourage a game, sport or animal racing. If your club’s main purpose is providing social amenities and licensed club facilities to its members or the carrying on of some other enterprise, the exemption does not apply.

If your club’s non-sporting activities are minor compared to its sporting activities and it satisfies the other requirements for exemption, answer yes to this question.

Once you have completed this worksheet you should sign it and keep it with your organisation’s other records.

Name of person conducting review

Position held

Signature

You MUST SIGN here

Date

Day	Month	Year
<input style="width: 20px; height: 20px;" type="text"/>	<input style="width: 20px; height: 20px;" type="text"/>	<input style="width: 20px; height: 20px;" type="text"/>

Approval by Board/Committee/Trustee

SCHEDULE FOR MULTIPLE PURPOSE CLUBS

If your club conducts significant non-sporting activities it is necessary to review your club's features to identify if the club has as its main purpose the encouragement of a game or sport. You may need to refer to the following information:

- your club's constituent documents
- resolutions of the committee or of the persons controlling your club's direction
- minutes of meetings of that committee or of those persons
- the club's business plans
- promotional material concerning the club's activities, and
- published reports about the club, such as its annual report.

This schedule is provided as a guide to compile information necessary to weigh the sporting and non-sporting features of your club.

When you have completed this schedule:

- If you are satisfied that your club's main purpose is the encouragement of sport, go to question 12.
- If you are satisfied that your club's main purpose is not the encouragement of sport, or you need further assistance, contact us on **1300 130 248**.

1 Year of income

2 History

Provide a brief history of your club

3 Non-sporting activities

Describe your club's non-sporting activities and other facilities – bars, restaurants, poker machines, function rooms, non-sport use of gymnasiums and fitness centres, clubhouse car parking, holiday accommodation including any operations conducted by contractors on club premises.

Notes

4 Financial comparison – sporting and non-sporting

Complete the schedule below to compare the extent of your club's sporting and non-sporting activities. It is for comparison purposes only. A precise allocation of amounts is not required. However, you should note any assumptions made.

Schedule of activities	Revenue \$,000	Expenses \$,000	Value of Assets \$,000	Salary \$,000
<i>Non-sporting activities</i>				
Bar trading				
Poker machines				
Keno, TAB				
Dining facilities				
Entertainment				
Holiday accommodation				
Membership subscriptions and expenses				
Other operations				
Capital expenditure				
Grants to other clubs				
Total non-sport items				
<i>Sporting activities</i>				
Provision of facilities				
Teams and competitors				
Coordinating competitions				
Provision of equipment				
Game day sales				
Other operations				
Capital expenditure				
Grants to other clubs				
Membership subscriptions and expenses				
Total sport items				
<i>Other activities</i>				
Total				

5 Your club's sporting features

Complete this schedule to help you in weighing your club's features.

Sporting activities conducted

List your club's sports and the encouragement provided.

--

Extent of sporting activities

Describe the extent of the encouragement provided – include for example: number of teams, nature of competition, facilities provided, supporter base.

--

Use of surplus funds

Does your club have a policy for the application of its surplus or profits? If so, describe it below.

--

How did your club apply its surplus? – include both sporting and non-sporting use of funds.

--

Constitution

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?

Member participation

What is your club's total membership?

How many members participate in the sport (or sports) your club encourages, including regular supporters?

Control

Review your club's rules regarding membership of the governing body as they appear in its constituent or governing document. Is there a requirement for members of the club's board to be participants in or concerned with the encouragement of the game or sport?

List the members of the club's board and note whether they are participants in or concerned with the encouragement of the game or sport (as distinct from day-to-day management of the club).

Voting

Review your club's rules for voting at meetings as they appear in its constituent or governing document. Are some voting rights restricted to sporting members? If so, list these.

Promotion

Does the club promote itself to patrons and the public mainly as a sporting club and do its advertisements and publicity emphasise the sporting activities over the social activities?

Proximity

Describe the location of the clubhouse and the club's sporting facilities (both leased and owned).

Clubhouse

Describe sporting memorabilia displayed in the clubhouse.