

This Determination, to the extent that it is capable of being a 'public ruling' in terms of Part IVA of the *Taxation Administration Act 1953*, is a public ruling for the purposes of that Part. Taxation Ruling TR 92/1 explains when a Determination is a public ruling and how it is binding on the Commissioner. Unless otherwise stated, this Determination applies to years commencing both before and after its date of issue. However, this Determination does not apply to taxpayers to the extent that it conflicts with the terms of a settlement of a dispute agreed to before the date of issue of the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

Taxation Determination

Fringe benefits tax: is a payment 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 made by a sporting club for medical/hospital expenses arising from injuries suffered by a player during training or playing, and that benefit is made under a workers' compensation law, it is exempt from fringe benefits tax (FBT) under subparagraph 58J(1)(b)(i) of the *Fringe Benefits Tax Assessment Act 1986*.
2. Where a player's employment is not covered by a workers' compensation law, an exemption also applies under subparagraph 58J(1)(b)(ii) 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 the benefit is exempt from FBT.

Note: Taxation Ruling MT2032 provides guidelines as to the circumstances in which players are to be treated as employees for FBT purposes.

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 adds up to \$2000. However, John can only claim a total of \$1800 by way of 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
08/04/93

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