IT 2153 - Income tax : exempt income - societies, associations or clubs established for the purpose of contesting the defence of the America's cup

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TAXATION RULING NO. IT 2153

INCOME TAX : EXEMPT INCOME - SOCIETIES, ASSOCIATIONS OR CLUBS ESTABLISHED FOR THE PURPOSE OF CONTESTING THE DEFENCE OF THE AMERICA'S CUP

F.O.I. EMBARGO: May be released

REF H.O. REF: 84/2028-9 DATE OF EFFECT: IMMEDIATE

B.O. REF: DATE ORIG. MEMO ISSUED:

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1174827	EXEMPT INCOME - AMERICA'S CUP CHALLENGE SYNDICATES - YACHTING CLUBS	23(g)

PREAMBLE A ruling has been requested as to whether income of a proposed club to be formed for the purpose of mounting a challenge for the right to defend the America's Cup is exempt income within the terms of paragraph 23(g). The question at issue was whether deep sea yachting is an athletic game or athletic sport in which human beings are the sole participants.

FACTS 2. The proposed club is to be formed by a syndicate of interested persons for the purpose of building a yacht and challenging for the right to defend the America's Cup in 1987. Funds are to be raised from sponsorship which carries with it the right to use the club's logo. Further funds will be raised by the sale of car stickers, etc. As far as can be ascertained the club will not be engaging in normal commercial operations.

RULING 3. It has long been accepted that the use of the yacht does not disqualify the sport of sailing from the exemption provided by sub-paragraph 23(g)(iii). However, it is not accepted that motor yacht clubs come within the terms of the exemption (cf. Case L37 11 T.B.R.D. 213, Case 78 9 CTBR(NS) 521).

4. Provided the club is established for the purpose of entering a challenger for the right to defend the America's Cup and it otherwise complies with the requirements of sub-paragraph 23(g)(iii), it will be accepted as a club established for the encouragement or promotion of an athletic sport.

5. The fact that such a club enters into income producing arrangements such as the sale of souvenir type goods, e.g. car stickers, or grants rights to use a logo in exchange for corporate sponsorship, will not prevent this ruling applying if the club retains its non-profit status. Where the income producing activities go beyond these types of transactions the matter is to be referred to Head Office for direction.

COMMISSIONER OF TAXATION
10 April 1985

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