


# ***TR 2000/5A1 - Addendum - Income tax and fringe benefits tax: costs incurred in preparing and administering employment agreements***

 This cover sheet is provided for information only. It does not form part of *TR 2000/5A1 - Addendum - Income tax and fringe benefits tax: costs incurred in preparing and administering employment agreements*

 View the [consolidated version](#) for this notice.



# Addendum

---

## Taxation Ruling

### Income tax and fringe benefits tax: costs incurred in preparing and administering employment agreements

This Addendum amends Taxation Ruling TR 2000/5 to highlight that the ruling does not apply to an employee whose employment activities form part of a business that the employee carries on.

#### **TR 2000/5 is amended as follows:**

##### **1. Paragraph 1**

Insert:

1A. This Ruling does not consider the application of section 8-1 of the Act to the costs incurred by an employee in preparing and administering an employment agreement that forms part of a business being carried on by the employee. The High Court held in *Spriggs v. Federal Commissioner of Taxation*; *Riddell v. Federal Commissioner of Taxation* (2009) 239 CLR 1; [2009] HCA 22 that each professional football player carried on a business of commercially exploiting their sporting prowess and associated celebrity, which included playing activities undertaken as an employee. The Court confirmed that the fees paid by each player to a manager to negotiate a new playing contract were an allowable deduction in the circumstances where:

- each business was well established and conducted in a commercial and business-like way;
- the player was not exclusively an employee;
- there was a synergy between the various income producing activities of the player; and
- the conduct of each business was anticipated in the framework provided by the playing contracts and the competition rules.

## 2. Case references

Insert:

*Spriggs v. Federal Commissioner of Taxation; Riddell v. Federal Commissioner of Taxation* (2009) 239 CLR 1; [2009] HCA 22

This Addendum applies on and from 18 June 2009.

---

**Commissioner of Taxation**

2 March 2011

---

ATO references

NO: 1-2D8OY3S

ISSN: 1039-0731

ATOlaw topic: Fringe Benefits Tax ~~Expense payment fringe benefits  
Income Tax ~~ Deductions ~~ expenses incurred by  
employer for employees  
Fringe Benefits Tax ~~ Employer fringe benefits taxable  
amount