

Category B players of WAFL clubs – taxation of match payments

Payments you receive – what you need to know

This fact sheet provides guidance on the taxation implications if you play Australian Rules Football (Football) as a 'Category B player' for a club associated with or governed by the West Australian Football League (WAFL).

This fact sheet does not apply if:

- you are contracted under a standard WAFL playing contract as a 'Category A player'
- you play, or intend to play Football as a career, profession, or business (including on a part-time basis)
- you routinely play at the senior level along with Category A players
- you are seeking to profit from playing Football
- your involvement in the club or WAFL is more than a private recreational pursuit or hobby pursued for pleasure or recreation, or
- you are employed or otherwise contracted in any other capacity to provide a service to the club or WAFL.

Background

The WAFL is a not-for-profit incorporated association established to govern and promote the sport of Football in Western Australia and encourage Football generally. WAFL administers and supports all forms of Football including, but not limited to, the league competition and local community, women's, junior and school Football.

Each club in the WAFL has 'Category A players' and 'Category B players'. Category B players play for a particular club for the season and may play at a senior level, reserve level, community level, or combination of levels.

A Category B player is not engaged pursuant to a standard WAFL playing contract (Category A). Games at the senior level are first filled by Category A players and supplemented by Category B players if and as needed.

Typically, a Football season incorporates 16 to 22 rounds played between April and September with the top 5 teams playing off in a finals series culminating in a grand final.

Some Category B players are not paid. Where Category B players are paid the amount payable is determined in accordance with WAFL policy.

The match payments are to encourage members of the community to participate in local Football competitions by subsidising the costs associated with participation. The match payments are intended to assist with covering costs incurred by Category B players in playing Football and are not relied on to meet other daily expenses.

Category B players must meet basic standards, comply with WAFL rules, and provide a general declaration in respect of their acceptance as a Category B player. These standards and rules cover anti-racial behaviour and conduct for example. Category B players are not required to meet the same standards as Category A players in respect of training, playing expectations or diet.

Category B players do not receive:

- match payments if they do not play
- a sign on bonus or any other incentive payment
- payment for pre-season training
- payment for training sessions during the season, or
- payment for attending club functions.

Each club supplies each Category B player with:

- a uniform, and
- a limited amount of strapping, first aid equipment and onsite medical attention.

Each Category B player is responsible for their own:

- football boots, mouthguard and other personal safety equipment
- health or medical insurance and other expenses
- gym membership
- training equipment at home
- laundry
- dietary and vitamin supplements
- travel costs, and
- any other costs or expenses they incur in playing Football.

Are match payments taxable?

No. Your involvement in the club (or WAFL) as a Category B player is a private recreational pursuit or hobby rather than an income-producing activity. This means that any match payment made to you as a Category B player is not income and does not need to be included in your tax return.

Can I claim a deduction for my Football expenses?

No. Any expenses or costs incurred by you in relation to your participation or involvement in the club (or WAFL) as a Category B player are private expenses and you cannot claim a deduction for them.

Does pay as you go withholding apply?

No. The club is not required to withhold tax from your match payments.

Where there is no pay as you go (PAYG) withholding, there is no requirement for your club to provide payment summaries or income statements to you or report the amounts they pay to you.

PAYG withholding would apply if you become a Category A player or if your involvement is or becomes more than a private recreational pursuit or hobby pursued for pleasure or recreation.

What is a private recreational pursuit or hobby?

A private recreational pursuit is a social or personal pursuit of a non-commercial nature for pleasure or recreation. A hobby is a spare time activity or pastime pursued for pleasure or recreation. The receipts you receive for a private recreational pursuit or hobby are not intended to, nor do they usually cover expenses.

In working out whether you are participating in a private recreational pursuit or hobby, you need to consider your commitment in terms of the number of games played, the amount and purpose of payments received, the reasons for participation and the level of sporting competition.

The following factors would indicate the payment is not subject to taxation:

- The payment is not the product of any employment, services you provide, or business activity.
- You are not under any formal obligation or arrangement relating to your attendance, performance, or remuneration (including allowances).

- It is evident that the activity is motivated by personal pleasure, and you do not intend to make a living or profit from it.
- The activity is carried out on a small scale in a non-commercial way.
- The activity is not carried out in a planned or organised way (for example, you do not keep records).
- Your intention is to carry on a hobby or recreational pursuit and your behaviour supports this.

Example

Michael commences tertiary studies and would like to play Football to keep fit. He joins his local WAFL club as a Category B player. The Category B player contract he signs provides that the club will pay him match payments for games he plays for the club, with these payments assisting to cover the costs incurred in playing for the club.

The club supplies one uniform (top, shorts and socks) to Michael who is responsible for all other expenses relating to playing Football with the club. Michael uses his own transport to and from games and incurs (at his own expense) the cost of football boots, mouthguard, petrol, food, laundry, and insurance.

Michael enjoys being part of a vibrant Football community and values the skills he will develop. The match payments he receives contribute to, but do not cover, his out-of-pocket expenses relating to playing Football with the club. Michael is not under an obligation to train or play a game each week and is free to advise that he does not wish to play if and as he chooses. Michael does not receive a match payment if he does not play.

Michael's activities are regarded as a private recreational pursuit or hobby. Although paid in a regular periodic manner, the remuneration is not intended to reward him for his services. Although he can rely on being paid, he cannot rely on the remuneration to meet his day-to-day living expenses. Michael's participation is primarily motivated by his personal interest in the sport and his desire to share this with fellow participants. The non-commercial nature of his participation means the remuneration he receives is not included in his assessable income for income tax purposes.

More information

For more information:

- see Taxation Ruling [TR 1999/17](#) *Income tax: sportspeople - receipts and other benefits obtained from involvement in sport*
- call the ATO on 13 28 61

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