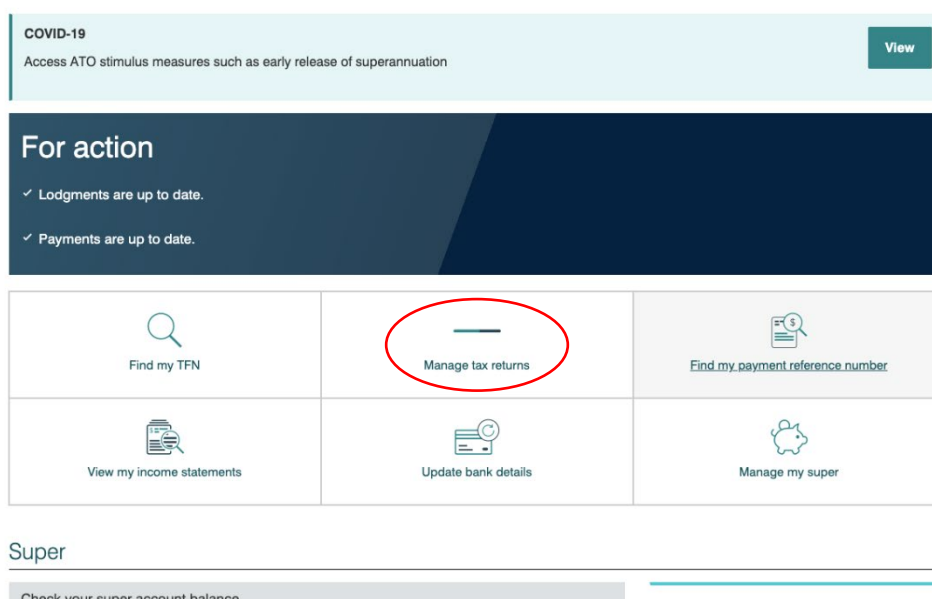




dAIS Means Test — FAQs & Scenarios



1. Where do I find my Tax Return and Notice of Assessment documents?

You can find your Tax Return and Notice of Assessment documents on the my.gov.au website. Once you have logged in, click on the “Manage tax returns”.



On the following page, click on tab called “History” and then you will see each financial year listed and there is a link to “View details” (your Australian tax return) or “Notice of assessment”. Remember, you are calculating your annual after tax income based on Option 1 (i.e., average annual after tax income for the last four financial years ended 30 June) you will need to provide your Notice of Assessment documents for the past four financial years that being 2018/19, 2019/20, 2020/21 and 2021/22 (if all available).

Income tax

Assessment	Status	Outcome ?	
Amended	Issued	<input type="text"/>	View details Notice of assessment 
Original	Issued	<input type="text"/>	View details Notice of assessment 



2. What if I did not lodge any tax return over the four year period because I am low income earner?

If you did not lodge a tax return for the past four years, refer to “Scenario 1” in this document. If you received a government pension or support payments during the financial years audited, please provide a copy of the support letter.

3. What does ‘after tax income’ mean?

After tax income = Adjusted taxable income – Assessable tax payable – Previous dAIS/DAS grants – Discretionary grants issued by the Australian Sports Foundation (ASF) arising from philanthropic donations, where:

- Adjusted taxable income = Taxable income for the financial year (as per the Notice of Assessment) + Additional income received during that financial year NOT reported in the Australian tax return, including but not limited to:
 - Athlete cash payments from NSOs
 - Athlete cash payments from the AOC/APC
 - Cash scholarships from SIS/SAS
 - Domestic player contracts (cash only)
 - Overseas player contracts (cash only, post tax)
 - Other foreign income (post tax)
 - Tax-free pensions or benefits
 - Sponsorship and endorsement fees
 - Reported fringe benefit amounts
 - Salary sacrificed superannuation amounts
 - Total net investment losses
- Assessable tax payable is as per the Notice of Assessment.
- Previous dAIS/DAS grants are deducted ONLY if they were reported as income in the Australian tax return.
- Discretionary grants issued by the ASF arising from philanthropic donations are deducted ONLY if they were reported as income in the Australian tax return.

4. With the two options of determining my annual after tax income for the dAIS means test (averaged over last four financial years or projected income for the current financial year), do I have to advise the AIS which option I use in each dAIS round? And can I change the option in the next round?

Athletes are required to advise the ASC in each dAIS round which Option they used to determine their annual after tax income for the dAIS means test. When an athlete is randomly selected for the means testing audit, the athlete will need to provide evidence for the selected option in meeting the means test.

Athletes can select different options year on year, depending upon which option gives them the most favourable outcome under the dAIS means test.



5. Do I have to include dAIS grant in my tax return lodgement?

The Australian Taxation Office (ATO) has issued a class tax ruling for dAIS grant payments. The ruling states that dAIS grants received by an athlete from the ASC are not assessable income for the purposes of section 6-5 or section 6-10 of the *Income Tax Assessment Act 1997*, provided that the athlete is not carrying on a business as a sportsperson. The [dAIS class tax ruling CR2021/100](#) is available on the ATO website.

6. For tax purposes, should I register sport as a business? If I don't register sport as a business, does it mean that I don't need to include all my sports income/payments in my tax return lodgement?

This is a question of fact and circumstance. You will need to discuss this with your accountant or financial advisor, however the following are indicators of carrying on a business:

- a) whether the activity has a significant commercial purpose or character; this indicator comprises many aspects of the other indicators;
- b) whether the taxpayer has more than just an intention to engage in business;
- c) whether the taxpayer has a purpose of profit as well as a prospect of profit from the activity;
- d) whether there is repetition and regularity of the activity;
- e) whether the activity is of the same kind and carried on in a similar manner to that of the ordinary trade in that line of business;
- f) whether the activity is planned, organised and carried on in a businesslike manner such that it is directed at making a profit;
- g) the size, scale and permanency of the activity; and
- h) whether the activity is better described as a hobby or a form of recreation.

If you are not carrying on your sporting pursuit as a business and it is merely a private pursuit, it is likely that any income derived from that activity would not be included in your tax return.

7. Why do I have to include my overseas income into the means test?

The dAIS means test includes athletes' income from all sources. Your overseas income will be required for the means test checklist, if it has not been included in your Australian Taxation Return.

8. For my overseas/foreign income, what conversion rate should I use? At the time of earning the income or at the time of completing this means test checklist?

You should use the conversion rate at the time of earning the income.

9. Do I have to include living allowance and meal allowance from my NSO, State/Territory Institute/Academy of Sport or my sponsors into the means test checklist? How about sporting equipment, playing uniform and gear provided by the NSOs, the Institutes/Academies or sponsors?



You only need to include the direct cash payments (excluding allowances such as meals, living or accommodation) as financial support from NSO, State/Territory Institute/Academy of Sport or your sponsors for the dAIS means test. Non-cash support such as sporting equipment, playing uniform and gear, does not need to be included in the means test.

10. Why is government pension included in the means test?

The dAIS means test includes athletes' income from all sources. Tax free pensions and benefits include any non-taxable pensions or benefits you might receive from the Department of Human Services. This can include payments such as Disability Support Pension, Carers Payment and Wife Pension, but not Family Tax Benefit, Child Care Benefit or Child Care Rebate.

11. What is involved in a dAIS financial audit? What do I need to do and what are my rights and obligations? What is the consequence if I fail the financial audit.

dAIS financial audits will be undertaken during each dAIS funding cycle to ensure accurate financial information has been used in determining whether an athlete meets the dAIS means testing criteria.

For each audit cycle, athletes will be randomly selected by the ASC to be included in the audit. These athletes will be requested to provide additional documentation to support the financial information used as a basis for the means test.

The audits and additional information requested will be in accordance with the dAIS Athlete Agreement, under which athletes have agreed to provide any information requested by ASC.

Where audited athletes are found to have provided incorrect information or do not satisfying the means test, ASC will take appropriate action in accordance with the athlete agreement. This may include requiring the athlete to repay funds provided under the dAIS scheme.



Scenarios

The following scenarios are fictitious. They should be read as broad guidance only. If you are uncertain of your situation and/or how to complete the dAIS means test checklist, you should seek financial and/or taxation advice.

Scenarios 1 and 2 are for the means test option of determining the annual after-tax income based on the average after tax income over the past four financial years.

Scenario 3 covers both options including the option of using projected after-tax income for the current financial year and shows how the athlete selects the option that gives the most favourable outcome under the means test.

Scenario 1

Nicole is a podium athlete who won a medal at the last World Championships. However, her sport is not a high-profile sport, and it is generally difficult for even top athletes to attract sporting income from sponsorships or endorsement fees. Nicole is a full-time university student. In addition to the demand of full time studying, the physiological demand of her event means that she cannot work while training at the level required to be world class. Nicole's income sources are dAIS, grants from the Australian Olympic Committee and scholarships from State Institute of Sport. Her NSO does not provide any cash payments to her.

Nicole did not lodge a tax return for the past four years because she did not undertake any paid work during this period.

Nicole's dAIS Means Test calculation will be as follows. Her dAIS/DAS grants received in the past four years do not need to be included in the means test. Nicole's average after tax income in the past four financial years is under \$70,000 per annum. Nicole satisfies the dAIS means test and is eligible for a full dAIS allocation (Band A 100%)

Income Source		2018-19	2019-20	2020-21	2021-22
1	Taxable income as per your ATO Notice of Assessment	0	0	0	0
PLUS: The income items below if they have <u>NOT</u> been included in your Australian Tax Return Lodgement:					
2	Support cash payments from your National Sporting Organisation	0	0	0	0
3	Support cash payments from the Australian Olympic Committee, Australian Paralympic Committee or Australian Commonwealth Games Association	\$20,000	\$20,000	\$20,000	\$30,000
4	Scholarships (cash only) from your State/Territory Institute/Academy of Sport	\$5,000	\$5,000	\$5,000	\$7,500
5	Domestic player/athlete contract (cash only)	0	0	0	0



6	Overseas player/athlete contract (cash only, post tax)	0	0	0	0
7	Other foreign income (post tax)	0	0	0	0
8	Sponsorship and endorsement fees (cash only)	0	0	0	0
ADD:					
9	Tax free government pensions and benefits	0	0	0	0
10	Reportable fringe benefit amounts	0	0	0	0
11	Reportable employer superannuation contributions	0	0	0	0
12	Total net investment loss	0	0	0	0
MINUS:					
13	Assessed Tax Payable as per your ATO Notice Of Assessment	0	0	0	0
Was any previous ASC dAIS/DAS grants received included as gross income in your Australian Tax Return Lodgement?		<i>If YES: Please enter your dAIS/DAS grant received in each financial year in item 14. If NO: Please enter \$0 in item 14.</i>			
14	dAIS/DAS grants received from the ASC [only if this has been included in Gross Income in your Australian Tax Return Lodgement]	0	0	0	0
Did you receive any discretionary grants issued by the Australian Sports Foundation arising from philanthropic donations that were included as gross income in your Australian Tax Return Lodgement?		<i>If YES: Please enter the amounts in each financial year in item 15. If NO: Please enter \$0 in item 15.</i>			
15	Discretionary grants issued by the ASF arising from philanthropic donations [only if this has been included in Gross Income in your Australian Tax Return Lodgement]	0	0	0	0
After tax income		\$25,000	\$25,000	\$25,000	\$37,500
Average after tax income (per annum)		\$28,125			

Scenario 2

Mark is a Podium Ready athlete and finished 5th at the last World Championships. He is married and has two young children. To support himself in sport and his family, he has a part-time job. Mark's other sources of income include dAIS and scholarships from State Institute of Sport. Mark's NSO does not provide any cash payments to him.



Mark has received a tax-free government childcare rebate benefit for the past four years. Mark does not have any fringe benefits tax however has received reportable employer superannuation contributions as per his annual payment summary provided by his employer.

Mark's dAIS Means Test calculation will be as follows. Even though he has received a childcare rebate for the past four years, this does not need to be included in the means test checklist (refer to Checklist Guidance notes, tax-free pensions and benefits that need to be added back onto the checklists are Disability Support Pension, Carer Payment and Wife Pension). Mark's average after tax income in the past four financial years is under \$70,000 per annum. Mark satisfies the dAIS means test and is eligible for a full dAIS allocation (Band A 100%).

Income Source		2017-18	2018-19	2019-20	2020-21
1	Taxable income as per your ATO Notice of Assessment	\$35,000	\$35,500	\$36,000	\$36,500
PLUS: The income items below if they have <u>NOT</u> been included in your Australian Tax Return Lodgement:					
2	Support cash payments from your National Sporting Organisation	0	0	0	0
3	Support cash payments from the Australian Olympic Committee, Australian Paralympic Committee or Australian Commonwealth Games Association	0	0	0	0
4	Scholarships (cash only) from your State/Territory Institute/Academy of Sport	\$3,000	\$3,000	\$3,000	\$3,000
5	Domestic player/athlete contract (cash only)	0	0	0	0
6	Overseas player/athlete contract (cash only, post tax)	0	0	0	0
7	Other foreign income (post tax)	0	0	0	0
8	Sponsorship and endorsement fees (cash only)	0	0	0	0
ADD:					
9	Tax free government pensions and benefits	0	0	0	0
10	Reportable fringe benefit amounts	0	0	0	0
11	Reportable employer superannuation contributions	\$1,500	\$1,550	\$1,600	\$1,650
12	Total net investment loss	0	0	0	0
MINUS:					



13	Assessed Tax Payable as per your ATO Notice Of Assessment	\$2,520	\$2,595	\$3,382	\$3,477
	Was any previous ASC dAIS/DAS grants received included as gross income in your Australian Tax Return Lodgement?	If YES : Please enter your dAIS/DAS grant received in each financial year in item 14. If NO : Please enter \$0 in item 14.			
14	dAIS/DAS grants received from the ASC [only if this has been included in Gross Income in your Australian Tax Return Lodgement]	0	0	0	0
	Did you receive any discretionary grants issued by the Australian Sports Foundation arising from philanthropic donations that were included as gross income in your Australian Tax Return Lodgement?	If YES : Please enter the amounts in each financial year in item 15. If NO : Please enter \$0 in item 15.			
15	Discretionary grants issued by the ASF arising from philanthropic donations [only if this has been included in Gross Income in your Australian Tax Return Lodgement]	0	0	0	0
	After tax income	\$36,980	\$37,455	\$37,218	\$37,673
	Average after tax income (per annum)	\$37,331.50			

Scenario 3

Melissa is the captain of a team sport which attained gold in the last Olympics and silver at the last World Championships. Her sport is high-profile and has attracted many corporate sponsors. Melissa also has her own personal sponsorship.

Melissa is a skilful and experienced player and was spotted by an overseas club in 2017 for a two-year contract. She returned to Australia after the contract finished and joined a domestic club to play in the domestic league.

Melissa is a full-time athlete and has registered sport as a business. Her other sources of income are dAIS, grants from the Australian Olympic Committee and scholarships from her State Institute of Sport. She has a signed player agreement with her NSO and received cash payments and meal and living allowances under this agreement.

With her annual tax return, Melissa has reported income from all sports sources including dAIS and other sports grants received. She also reported deductible expenses in her tax return for expenses associated with training, competition, sporting gear and apparel.

Melissa purchased an investment property in May 2020 and declared the rental income she received in her 2020/21 tax return.



Melissa's dAIS Means Test calculation will be as follows. Given she has already included all her sports income, including sports grants and sponsorships in her tax return, she does not need to include most of the add-back income items in the checklist. However, Melissa did not include the income she received from her overseas player contract in her tax return and therefore must add it back into her checklist. She must also add back the net investment loss from her investment property.

Since Melissa is regarding her sport as a business, the dAIS Tax Class Ruling will not apply in her case. Therefore, her dAIS grant is not tax exempt, and Melissa will need to declare the income received from her dAIS grant in her tax return. On the checklist, Melissa can deduct the dAIS grants she received over the past four years as she has included them as income in her tax return.

If Melissa calculates her annual income using Option 1 (average after tax income over the past four financial years), Melissa's average after tax income will be \$83,327 and puts her into Income Band C. Using this Option Melissa would only be eligible for a 50% dAIS allocation.

If Melissa calculates her annual income using Option 2 (Projected after tax income for the current financial year) and predicts her after tax income for 2021/22 to be the same as 2020/21 (i.e., \$66,270), Melissa will be in Income Band A and be entitled to a full allocation of the dAIS grant (100%).

Income Source		2017-18	2018-19	2019-20	2020-21
1	Taxable income as per your ATO Notice of Assessment	\$80,000	\$50,000	\$50,000	\$90,000
PLUS: The income items below if they have <u>NOT</u> been included in your Australian Tax Return Lodgement:					
2	Support cash payments from your National Sporting Organisation	0	0	0	0
3	Support cash payments from the Australian Olympic Committee, Australian Paralympic Committee or Australian Commonwealth Games Association	0	0	0	0
4	Scholarships (cash only) from your State/Territory Institute/Academy of Sport	0	0	0	0
5	Domestic player/athlete contract (cash only)	0	0	0	0
6	Overseas player/athlete contract (cash only, post tax)	0	\$85,000	\$85,000	0
7	Other foreign income (post tax)	0	0	0	0
8	Sponsorship and endorsement fees (cash only)	0	0	0	0
ADD:					
9	Tax free government pensions and benefits	0	0	0	0



10	Reportable fringe benefit amounts	0	0	0	0
11	Reportable employer superannuation contributions	0	0	0	0
12	Total net investment loss	0	0	0	\$10,000
MINUS:					
13	Assessed Tax Payable as per your ATO Notice Of Assessment	\$9,111	\$3,340	\$3,510	\$6,230
	Was any previous ASC dAIS/DAS grants received included as gross income in your Australian Tax Return Lodgement?	<i>If YES: Please enter your dAIS/DAS grant received in each financial year in item 14. If NO: Please enter \$0 in item 14.</i>			
14	dAIS/DAS grants received from the ASC [only if this has been included in Gross Income in your Australian Tax Return Lodgement]	\$20,000	\$20,000	\$27,000	\$27,500
	Did you receive any discretionary grants issued by the Australian Sports Foundation arising from philanthropic donations that were included as gross income in your Australian Tax Return Lodgement?	<i>If YES: Please enter the amounts in each financial year in item 15. If NO: Please enter \$0 in item 15.</i>			
15	Discretionary grants issued by the ASF arising from philanthropic donations [only if this has been included in Gross Income in your Australian Tax Return Lodgement]	0	0	0	0
	After tax income	\$50,889	\$111,660	\$104,490	\$66,270
	Average after tax income (per annum)	\$83,327.50			

Scenario 4

Jake is a high-profile athlete who attained a silver medal in the Tokyo Olympics, and he has been playing overseas for many years. He signed a professional contract overseas for the 2022 season, but due to Covid-19, his contract was cut short in March, and he returned to Australia, accepting a small contract (\$35,000) to play in the domestic league, starting in August 2022.

Jake is eligible to receive dAIS for the financial year 2022/23 and he has been nominated by his NSO in November 2022 for a \$20,000 payment.

He sits down with his accountant to work out which of the two income calculation options is more favourable to him for the upcoming round. His average four-year historical after-tax income is as below:



	2018-19	2019-20	2020-21	2021-22
After tax income	\$80,000	\$85,000	\$100,000	\$105,000
Average after tax income (per annum)	\$92,500			

Using the average after-tax income method, he would fall into “Band D”, but when he looks at the projected income for the year, he realises that, because of the smaller domestic contract he signed, he would have a projected income for FY22/23 of \$77,000, which qualifies him for Band B.

Therefore, Jake claims his dAIS Grant and informs the AIS that he falls in Band B. He is eligible to receive 75% of the full amount, \$15,000.

In January 2023, he accepts an offer to go and play overseas and signs a 6-months contract for \$50,000.

In April 2023, the AIS contacts Jake to confirm his correct income band before processing the second payment of his grant. When assessing his situation, he realises his projected income for FY22/23 is now \$86,000, due to the bigger contract he signed mid-season.

The new projected income places him in Band C, still more favourable than the average four-year annual after-tax income Band D.

Jake informs the AIS that he falls in Band C for the year. The AIS will adjust the second payment based on this information.

Jake's situation for dAIS 2022/23	Band as per average four-year after-tax income	Band as per projected income	Nominal amount	Eligible total amount for the year	Amount for payment	Effective payment
Payment 1	Band D	Band B	\$20,000	\$15,000	50% of the \$15,000 eligible total = \$7,500	\$7,500
Payment 2	Band D	Band C		Now updated to \$10,000 after review of the income Band	Payment 2 as updated total due (\$10,000) minus Payment 1 (\$7,500)	\$2,500
Total	Band D	Band C	\$20,000	\$10,000		\$10,000

