



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”.

The screenshot shows the my.gov.au dashboard. At the top, there is a COVID-19 banner with a 'View' button. Below that is a 'For action' section with two checkmarks: 'Lodgments are up to date.' and 'Payments are up to date.'. The main dashboard area contains six tiles: 'Find my TFN', 'Manage tax returns' (circled in red), 'Find my payment reference number', 'View my income statements', 'Update bank details', and 'Manage my super'. Below the dashboard is a 'Super' section with a 'Check your super account balance' button.

On the following page, click on tab called “History” and then you will see next to each financial year there is a link to “View details” (your Australian tax return) or “Notice of assessment”. Remember, you need to provide your 2015/16, 2016/17, 2017/18, 2018/19 and 2019/20 documents (if all available).

The screenshot shows the 'Income tax' history page. It has two tabs: 'Not lodged' and 'History'. Below the tabs is a header for '2019-20 Individual' with an 'Amend >' button. The main content is a table with three columns: 'Assessment', 'Status', and 'Outcome'. The table has two rows. The first row is for an 'Amended' assessment with a status of 'Issued'. The second row is for an 'Original' assessment with a status of 'Issued'. In both rows, the 'Outcome' column contains links for 'View details' and 'Notice of assessment', which are circled in red. There are also dropdown arrows in the 'Outcome' column.

Assessment	Status	Outcome
Amended	Issued	View details Notice of assessment
Original	Issued	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 any tax return for the past four years, refer to “Scenario 1” in this document. If you received government pension or support payments in 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 AIS in each dAIS round which option they use to determine their annual after tax income for the dAIS means test. When an athlete is selected for the means testing audit, the athlete needs to provide evidence for the selected option in meeting the means test.

Athletes can select different option in different dAIS round which gives them the most favourable outcome under the means test.

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

The Australian Taxation Office (ATO) has issued a class ruling for dAIS. The ruling states that grants received by an athlete under dAIS 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 ruling is available on the ATO website (www.ato.gov.au).

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 tax 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 Tax 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?

For financial support from NSO, State/Territory Institute/Academy of Sport or your sponsors, for the dAIS means test, you only need to include the unacquitted direct cash payments only, excluding the allowances, such as meals, living or accommodation. 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 are any non-taxable pensions or benefits you might receive from the Department of Human Services. This can include payments such as Disability Support Pension, Carer Payment and Wife Pension, but not Family Tax Benefit, Child Care Benefit or Child Care Rebate.

11. What is involved in the 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.

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

For each audit cycle, a proportion of funding athletes will be selected by the ASC to be subject to an 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 athletes audited 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. She is a university student. In addition to studying demand, the physiological demands of her event means that she cannot work while training at the level required to be world class. Her sources of income 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 any tax return for the past four years because she did not do 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. Her average after tax income in the past four financial years is under \$70,000 per annum. She satisfies the dAIS means test and is eligible for a full dAIS allocation (Band A 100%)

Income Source		2015-16	2016-17	2017-18	2018-19
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 potential athlete and was a medallist in 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. His other income sources include dAIS, grants from the Australian Olympic Committee and scholarships from State Institute of Sport. His NSO does not provide any cash payments to him.



He has received tax free government benefits of child care rebate for the past four years. He does not have fringe benefits, but has received reportable employer superannuation contributions as per his annual payment summaries provided by his employer.

Mark's dAIS Means Test calculation will be as follows. Even though he has received child care 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). His average after tax income in the past four financial years is under \$70,000 per annum. He satisfies the dAIS means test and is eligible for a full dAIS allocation (Band A 100%)

Income Source		2015-16	2016-17	2017-18	2018-19
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	\$10,000	\$10,000	\$10,000	\$10,000
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?	<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	\$46,980	\$47,455	\$47,218	\$47,673
	Average after tax income (per annum)	\$47,331.50			

Scenario 3

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

She is a skilful and experienced player and was spotted by an overseas club in 2015 for a two years contract. She returned to Australia after the contract finished and has joined a domestic club to play domestic league.

She 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 State Institute of Sport. She has signed player agreement with her NSO and received cash payment and meal and living allowances under the agreement.

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

She purchased an investment property in 2017 and reported it in the 2017/18 tax return for negative gearing purposes.

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 the tax return, she does not need to include most of the add-back income items in the checklist. However, she has not included her overseas player contract value in her



tax return and therefore she has to add it back on the checklist. She also has to add back the net investment loss of the property she purchased in 2017.

Since she is carrying sport as a business, the dAIS Class Ruling will not apply in her case, and therefore her dAIS grant is not tax exempt and she needs to report it in her tax return. On the checklist, she can 'minus' the dAIS grants she received in the past four years as she has included them in her tax return.

Her average after tax income in the past four financial years is \$83,327 which puts her in Income Band C, that is, she is eligible for only 50% of a dAIS allocation.

Melissa's projected income in 2018/19 is the same as 2017/18 that is \$66,270. Melissa selects this option to use the projected income for the current financial year for the dAIS means test which puts her in Income Band A and she will be eligible for a full allocation (100%).

Income Source		2015-16	2016-17	2017-18	2018-19
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?	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]	\$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?	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	\$50,889	\$111,660	\$104,490	\$66,270
	Average after tax income (per annum)	\$83,327.50			

