

# Victorian Churches Football Association Inc.

## Payments to Referees Declaration

For the Year Ending 30 June 2012

I, \_\_\_\_\_, hereby declare that the services provided by me to the Victorian Churches Football Association Inc. ("VCFA") involving the refereeing of football (soccer) club matches are performed out of my interest and love of the sport of football and do not constitute an employment relationship between myself and the VCFA.

I also declare that payments received by me from the VCFA in respect of services involving the refereeing of football club matches do not constitute that of taxable income in my hands on the basis that such services are in respect of a pastime time, hobby or recreational pursuit and are not subject to PAYG Withholding Tax or Superannuation payments.

I further declare that such services provided by me do not constitute that of an income producing activity.

\_\_\_\_\_  
Name:

Date:

## Background & General Information

PAYG Withholding and Superannuation obligations are determined within the context of an employment relationship. Where such a relationship exists, both the PAYG Withholding and Superannuation rules apply to such payments. The obligation to withhold any relevant PAYGW and to pay superannuation rests with the VCSA.

The Taxation Office has consistently taken the view that referees of sporting clubs or associations generally do not constitute that of an employment relationship in particular circumstances. As such, payments made to referees who are not considered to be employees are not subject to PAYG Withholding or Superannuation.

There are a number of Taxation Office Class Rulings that provide further background and explanation as to the Taxation Office's views on these matters – refer to CR 2002/20, CR 2004/130, CR 2005/19 and CR 2009/42 (these can be found on the ATO's website at [www.ato.gov.au](http://www.ato.gov.au)).

In summary, the Class Rulings provide that where referees perform services that constitute a pastime or hobby, rather than an income producing activity, money and other benefits received from the pursuit of that pastime or hobby are not assessable income. In addition, expenses incurred by such a referee are not tax deductible.

Whether payments received constitute 'income' in the hands of the referee is an objective test. The Taxation Office has indicated that relevant factors in determining whether an amount is ordinary income include:

- whether the payment is the product of any employment, services rendered, or any business
- the quality or character of the payment in the hands of the recipient
- the form of the receipt, that is, whether it is received as a lump sum or periodically, and
- the motive of the person making the payment. Motive, however, is rarely decisive as in many cases a mixture of motives may exist.

It is not possible for the VCSA to determine the nature of referee payments in the hands of each referee, as each referee's personal circumstances are different and each referee must make this assessment based on their own affairs.

The purpose of this declaration is to simply assist the VCSA in meeting its employer and PAYGW obligations.

Before signing the declaration, each referee may wish to obtain their own advice from their professional advisor. The above information is not to be considered tax advice to referees, but is to provide a general background as to the reasons for the referee declarations for the current financial year.