

1 June 2015

COMPPS consists of the following organisations:

- Australian Football League (**AFL**);
- Australian Rugby Union (**ARU**);
- Cricket Australia (**CA**);
- Football Federation Australia (**FFA**);
- National Rugby League (**NRL**);
- Netball Australia (**NA**); and
- Tennis Australia (**TA**).

One of COMPPS' roles is to provide a collective response on behalf of its member sports where their interests are aligned.

COMPPS provides the following response to the request for submissions to the Australian Government's Tax Discussion Paper, March 2015 entitled Re:Think, and in particular, Section 7 that deals with Not-For-Profit organisations.

1. Introduction

Each of these organisations is the governing body and custodian of a major professional sport in Australia.

They are responsible for the long-term development and sustainability of their sport in Australia. Each of them administers their sport from the grass roots to the international arena.

The sports share a common goal with the Australian Government of growing participation in sport.

Collectively these sports have 18,363 clubs and 8.95 million participants. We are determined to help the Australian Sports Commission achieve its growth targets. To achieve its ambitious goal of recruiting an additional 4.5 million Australians into sporting organisations, the Government will require the strong support of the COMPPS' member sports.

These sporting bodies are not-for-profit bodies as are the State Associations, regional bodies, leagues, associations and clubs that are affiliated with them. Australia is very well regarded as a sporting nation and we are world-leaders in terms of administration, governance, facilities, sports events, performance and coaching in many of our sports.



Sport provides a clear public benefit in terms wellbeing, fitness, mental health, inclusion, diversity and national pride. It has been said that sport is the “glue” that holds Australia together.

Most sporting bodies throughout Australia rely on the tax exempt status that is accorded to them under the Income Tax Assessment Act 1997, Division 50-45.

Other sporting bodies that are not income tax exempt have been able to rely on the mutuality principle that provides that where a group of individuals join together to contribute to a common fund, created and controlled by all of them for a common purpose, any surplus created in the fund from the individual contributions or dealings between the members of the fund is not considered to be income for tax purposes. For a mutual organisation, income received from transactions with their members is tax exempt.

2. Specific Questions

In response to the discussion questions, we respond as follows:

47. Are the current tax arrangements for the NFP sector appropriate? Why or why not?

Yes.

Sport relies heavily on tax-exempt status and the mutuality principle.

We respectfully submit that this is clearly in the public interest.

Throughout the hierarchy of Australian sport, administrators at all levels seek to provide the best possible facilities, coaching and assistance to enable members to participate to the best of their ability.

Tax-free status and the mutuality principle enable sports to perform their roles as custodians of their sports much more effectively.

It is a highly valued concession to the sporting community. If sporting bodies were required to pay income tax at the corporate rate, sport's dollar would not go as far as it does now. We respectfully suggest that this would be reflected on the playing fields in terms of the numbers of participants that could be accommodated, the level of service that can be provided to them and the results that would be achieved at the top level of sport.

48. To what extent do the tax arrangements for the NFP sector raise particular concerns about competitive advantage compared to the tax arrangements for for-profit organisations?

We respectfully suggest that the requirement that all surpluses are reinvested for the benefit of the sport minimises concern over any perceived competitive advantage enjoyed by sports.

49. What, if any, administrative arrangements could be simplified that would result in similar outcomes, but with reduced compliance costs?

Existing arrangements are adequate.

50. What, if any, changes could be made to the current tax arrangements for the NFP sector that would enable the sector to deliver benefits to the Australian community more efficiently or effectively?

Cost-of-living pressures are felt throughout Australia and the Government is to be commended for its efforts to address the financial strain felt by many in the community. This strain is one of the impediments to participation in sport and we believe that in order to reach the Australian Sports Commission's target of recruiting 4.5 million Australians into sporting organisations, additional action is needed.

COMPPS will be working in coming months to ascertain the extent that financial stress prevents or reduces participation in sport and we will explore options to overcome the barriers that financial strain poses to sport participation. This will include exploring the merits of tax rebate systems and voucher schemes to help people with the costs of sporting equipment, insurance and registration.

We value the opportunity to contribute our views concerning the Australian Government's Re:Think Tax Discussion paper, March 2015.

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Yours sincerely



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