



## HIGH COURT OF AUSTRALIA

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### COMMISSIONER OF TAXATION v JOANNA STONE

Prize money, grants and sponsorship received by a professional athlete constituted income and was subject to taxation, the High Court of Australia held today.

Ms Stone, while working as a Queensland police officer, competed in the 1996 and 2000 Olympic Games as well as in other international competitions during her athletic career, winning first place in the World Cup and Goodwill Games in 1998 and several national titles. In 1998-99, on top of her salary of \$39,832 as a senior constable, she received prize money of \$93,429, grants from the Australian Olympic Committee and Queensland Academy of Sport (QAS) amounting to \$27,900, sponsorships worth \$12,419, and \$2,700 in appearance fees, a total of \$136,448. The Commissioner contended that all these sums formed part of her assessable income. Ms Stone objected to her tax assessment and the Commissioner disallowed the objection.

Ms Stone appealed to the Federal Court of Australia, where she conceded that sponsorship in cash or kind was assessable income. Justice Graham Hill found that all the receipts except for the QAS grant constituted income assessable as it was the reward for or incidental to her carrying on a business. The Full Court of the Federal Court allowed an appeal in part, holding that neither prize money nor grants were assessable income but appearance fees were. The Commissioner appealed to the High Court, with an undertaking to pay Ms Stone's costs. She cross-appealed from the ruling that appearance fees were assessable income.

The Commissioner argued that because Ms Stone had turned her athletic talent to account for money, the returns were business income and that her contention that she had never sought to profit financially from her sport was irrelevant. Ms Stone argued that she was not conducting a business and her motivation was a desire to excel and to represent her country.

The High Court unanimously allowed the appeal and dismissed the cross-appeal and held that all her income from sport was assessable.

- *This statement is not intended to be a substitute for the reasons of the High Court or to be used in any later consideration of the Court's reasons.*