

Essential tax information for sportspersons who received sports awards for representing Singapore

Professional Athletes (Employees of Sports Associations / Self-Employed)

Taxability of the sports awards and other payments

1. Under what circumstances will be the sports awards be taxed?

The sports awards will be taxed if you are employed as an athlete or carrying on a trade, business, profession or vocation in relation to your sporting ability.

2. I am employed as a professional athlete by a sports association. How will I be taxed?

You will be taxed on all income earned/gained from your employment, including sports awards where applicable, and any payment derived from your sporting activities.

3. I engage in training actively and I have received awards from Singapore and overseas competitions. I also operate a training centre to conduct classes at a fee for my students. How will I be taxed?

If you profit from your sporting ability by engaging in commercial pursuits, for example you engage an agent to negotiate contracts with sponsors or provide coaching services for a fee, you will generally be regarded as carrying on a trade, business, profession or vocation in relation to your sporting ability.

The business income derived from your training centre, as well as the value of the sports awards are subject to income tax.

4. How do I know if I am considered as carrying on a trade, business, profession or vocation in relation to my sporting ability?

Generally, you will be considered as carrying on a trade, business, profession or vocation in relation to your sporting ability if:

- You have an intention to profit from your sporting ability; or
- The payments/rewards you received from the associated sporting activities become the means of your livelihood; or
- You show a habitual and systematic effort to make a profit from your sporting activities.

5. I used to be employed as a professional athlete by a sports association. After the cessation of my employment contract, I rely on the spexScholarship, prize monies and my own savings to continue my sporting endeavours full-time. How will I be taxed?

As you have continued your sporting activities full-time after the cessation of your employment contract, you will be considered as carrying on a trade, business, profession or vocation in relation to your sporting ability, the stipends made under the spexScholarship, sports awards and any other income you received from the associated sporting activities will be taxed as trade income.

- 6. I am a full-time student. Apart from the spexScholarship, I do not have other income. Are the payments made under the spexScholarship taxable? If I win other sports awards, would the award(s) and payment(s) be taxable?**

As a full-time student, you would not be considered as carrying on a trade, business, profession or vocation in relation to your sporting endeavours if you have not profited from your sporting ability by engaging in commercial pursuits. If so, the sports awards and payments made under the spexScholarship will not be subject to income tax.

- 7. I have a full-time job as an engineer but I occasionally represent Singapore in international competitions for which I receive sports awards. Apart from my employment income, I do not have other income or commercial pursuits. Are the awards taxable?**

As you are not exercising an employment as a professional athlete nor carrying on a trade, business, profession or vocation in relation to your sporting ability, the sports awards attained from representing Singapore in an international competition will not be subject to income tax.

- 8. I received sponsorships/endorsement deals in my capacity as an athlete. Are the sponsorships/endorsement benefits taxable?**

Generally, all sponsorships/endorsement benefits or fees received in exchange for services are taxable. For example, if you have been specifically contracted to be a spokesperson for a health supplement and you received fees or products for your services, the fees or the market value of the products will be subject to tax.

If you are carrying on a trade, business, profession or vocation in relation to your sporting ability, the value of the sponsorships/endorsement deals is part of your trade income. Otherwise, it will be assessed as other income.

Change in status

- 9. I received sports awards in the earlier part of the year when I was a full-time student and was not carrying on any trade, business, profession or vocation in relation to my sporting ability. However, in the later part of the year, I was awarded multiple commercial contracts to endorse sports products and began to make media appearances regularly which contributed to my earnings. Will I be taxed on the sports awards?**

The awards which you receive before the commercial activities commenced would not be taxable. However, you will be regarded as carrying on a trade, business, profession or vocation in relation to your sporting ability once you begin to engage in commercial activities. Any sports award you receive in the future while you are carrying on a trade, business, profession or vocation in relation to your sporting ability will be taxable.

- 10. I received sports award in January this year, valued at \$10,000 when I was a professional athlete. However, from June, I discontinued all sporting activities and went back to full-time studies. Will I be taxed on the sports award?**

The sports award you have received while you were a professional athlete, i.e. carrying on a trade, business, profession, vocation or employment in relation to your sporting ability, are subject to income tax and should be declared in your Income Tax Return. If you have ceased your income-earning activities as a professional athlete, you can contact us at IIT_RC@iras.gov.sg to inform us of the change.

Reporting of Income

- 11. I am an employee of a sports association. Will all my income (i.e. salary, bonus, sports awards etc.) be declared by my employer? Or do I need to declare the sports awards separately in my tax returns?**

The list of employers participating in the Auto-Inclusion Scheme (AIS) for Employment Income (<https://www.iras.gov.sg/IRASHome/Businesses/Employers/Auto-Inclusion-Scheme--AIS-/AIS-Employers/>) is available online. If your employer is in this list, the income information would have been auto-included on your behalf, meaning you are not required to declare this separately in your Income Tax Return.

You will have to report any other sports award awarded by a different association or sports body for example SNOG or SNPC, separately in your Income Tax Return.

- 12. I am not employed by any sports association but I am a full-time athlete and depend on the monthly stipend from spexScholarship as well as the awards from Singapore and overseas competitions as my means of livelihood. How should I report my income?**

As you are carrying on a trade, business, profession or vocation in relation to your sporting ability, you will have to report your income arising from the sporting activities, such as the stipends, awards and prize monies, as trade income. For more information on the reporting of income, please refer to <https://www.iras.gov.sg/irashome/Businesses/Self-Employed/Working-out-your-taxes/Calculating-and-Reporting-Business-Income/>.

- 13. My situation does not fall into any of the above categories. How do I determine if my rewards/payments are subject to tax?**

Please write to us at IIT_RC@iras.gov.sg and we will get in touch with you.