

# Taxation of Non-Residents: Champions League Final 2013

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## Who is likely to be affected?

Non-resident football players and team officials of football teams playing in the UEFA Champions League final 2013.

## General description of the measure

An exemption from UK taxation for non-resident footballers and team officials for money earned in relation to the Champions League final 2013, which is to be held in the UK.

## Policy objective

The exemption has been put in place to satisfy the UEFA's requirement that countries hosting the Champions League final do not levy domestic tax on non-resident players and team officials involved in the final.

## Background to the measure

This measure has not been previously announced. It will mirror similar provisions put in place in the 2010 Finance Bill for the 2011 UEFA Champions League final.

## Detailed proposal

### Operative date

The measure will have effect on and after the date of Royal Assent to the Finance Bill 2012.

### Current law

The law imposes a UK income tax charge on non-resident sportspeople's income that is related to a UK performance. Without an exemption, non-resident sportspeople are taxed at UK rates on both income directly gained from the performance, plus a proportionate share of worldwide sponsorship income. UK resident sportspersons are taxable in the UK on their worldwide income; there will be no exemption for UK residents.

### Proposed revisions

Legislation will be introduced in Finance Bill 2012 to provide an exemption from UK taxation for non-resident team players and officials on income related to the UEFA Champions League Final 2013.

## Summary of impacts

<b>Exchequer impact (£m)</b>	2011-12	2012-13	2013-14	2014-15	2015-16
	-	-	nil	nil	-
	This measure is not expected to have an Exchequer impact.				
<b>Economic impact</b>	No macroeconomic impact; small microeconomic impact on the London economy associated with increased hotel room sales, Football Association profits, food and drink sales in the capital, etc. The 2011 final yielded an estimated £45 million for the London economy (MasterCard study: UEFA Champions League Final, by Simon Chadwick, May 2011).				
<b>Impact on individuals and households</b>	<p>The exemption means that non-resident football players and team officials will not be subject to UK income tax on income related to the UEFA Champions League final 2013. They would be liable to tax on this income in the countries in which they are resident. Should a UK-resident team and/or UK resident player be involved in the final, they will not be subject to the exemption.</p> <p>The fact that exempted individuals would not need to fill out tax returns for this income will reduce the administrative burden on them.</p>				
<b>Equalities impacts</b>	There is no impact on groups with protected characteristics. The measure is likely to impact more men than women.				
<b>Impact on business including civil society organisations</b>	Negligible impact on business as measure only affects non-resident football players and team officials.				
<b>Operational impact (£m) (HMRC or other)</b>	There will be no operational impact on HMRC.				
<b>Other impacts</b>	No other impacts have been identified.				

## Monitoring and evaluation

This measure will be kept under review through communication with affected taxpayer groups.

## Further advice

If you have any questions about this change, please contact HMRC's Foreign Entertainers Unit on 0151 472 6488.

## 1 Champions league final

- (1) No liability to income tax arises in respect of any income from the 2013 Champions League final that arises to a person who is—
  - (a) an employee or contractor of an overseas team that competes in the final, and
  - (b) non-UK resident at the time of the final.
- (2) The reference in subsection (1) to income from the 2013 Champions League final is to income related to duties or services performed by the person in the United Kingdom in connection with the final.
- (3) The exemption under subsection (1) does not apply to—
  - (a) income that arises as a result of a contract entered into after the final, or of any amendment, after the final, of a contract entered into before the end of the final, or
  - (b) income that is the subject of tax avoidance arrangements.
- (4) Income is the subject of tax avoidance arrangements if—
  - (a) arrangements have been made which, but for subsection (3)(b), would result in a person obtaining an exemption under subsection (1) for the income, and
  - (b) those arrangements, or other arrangements of which they form part, have as their main purpose, or one of their main purposes, the obtaining of that exemption.
- (5) Section 966 of ITA 2007 (deduction of sums representing income tax) does not apply to any payment or transfer which gives rise to income benefiting from the exemption under subsection (1).
- (6) In this section—
  - “the 2013 Champions League final” means the final of the UEFA Champions League 2012/2013 competition held in England in 2013;
  - “contractor”, in relation to an overseas team, means an individual who is not an employee of the team but who performs services for the team—
    - (a) under the terms of a contract with the team, or
    - (b) under the terms of a contract, or that individual’s employment, with a company which is a member of the same group of companies as the team (within the meaning given by section 152 of CTA 2010);
  - “employee” and “employment” are to be read in accordance with section 4 of ITEPA 2003;
  - “income” means employment income or profits of a trade, profession or vocation (including profits treated as arising as a result of section 13 or 14 of ITTOIA 2005);
  - “overseas team” means a football club which is not a member of the Football Association, the Scottish Football Association, the Football Association of Wales or the Irish Football Association.

**EXPLANATORY NOTE**

**CHAMPIONS LEAGUE FINAL 2013**

**SUMMARY**

1. This clause provides for an exemption from income tax for the non-resident players and officials of visiting teams who compete in the 2013 Champions League final, which is to be held in the UK.

**DETAILS OF THE CLAUSE**

2. Paragraph (1) provides that no liability to income tax arises in respect of any income from the 2013 Champions League final. The exemption will apply to individuals who are employees or contractors of an overseas team who are not resident in the UK.
3. Paragraph (2) defines income from the 2013 Champions League final as meaning income which is related to duties or services performed by the person in the United Kingdom in connection with the final.
4. Paragraph (3) provides that the income to be exempt must relate to contracts that are in place before the final takes place. Income that is subject to tax avoidance arrangements is not exempt.
5. Paragraph (4) defines what is meant by tax avoidance arrangements.
6. Paragraph (5) provides that withholding obligations under section 966 of the Income Tax Act 2007 do not apply to any payment or transfer that gives rise to income benefitting from the exemption.
7. Paragraph (6) provides definitions of “the 2013 Champions League final”, a “contractor”, an “employee” and “employment”, “income” and “overseas team”.

**BACKGROUND NOTE**

8. There will be an exemption from UK income tax for the non-resident players and officials of visiting football teams playing in the 2013 Champions League final, to be held in the UK. A similar exemption was provided for the 2011 Champions League final which was also held in the UK.
9. The employment income, self-employment income and any endorsement income of the players and the teams' officials relating to the Champions League final in the UK will not be liable to UK income tax where the team is an overseas team and those players and officials are not resident in the UK. This exemption only applies where the income is in relation to the match and where the individual works for, or is contracted to, the team or its subsidiaries.
10. If you have any questions about this change, or comments on the legislation, please contact John Pay on 020 7147 0369 (email [john.pay@hmrc.gsi.gov.uk](mailto:john.pay@hmrc.gsi.gov.uk)).