EXPLANATORY MEMORANDUM TO

THE MAJOR SPORTING EVENTS (INCOME TAX EXEMPTION) REGULATIONS 2020

2020 No. [XXXX]

1. Introduction

1.1 This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs (HMRC) on behalf of Her Majesty's Treasury and is laid before the House of Commons by Command of Her Majesty.

1.2 This memorandum contains information for the Select Committee on Statutory Instruments.

2. Purpose of the instrument

2.1 This instrument will provide an exemption from United Kingdom (UK) income tax for certain non-resident individuals who have been accredited by the Union of European Football Associations (UEFA) in respect of their involvement with the UEFA Euro 2020 final tournament. The exemption applies to income arising to such individuals from their activities in the UK between 1 June and 14 July in connection with the UEFA Euro 2020 matches taking place in the UK. Non-resident players, officials and certain other individuals employed by, or associated with, the participating national teams or UEFA are within the scope of the exemption provided they have been accredited by UEFA. The exemption is limited to income derived from the specific role in respect of which an individual has been accredited.

3. Matters of special interest to Parliament

Matters of special interest to the Select Committee on Statutory Instruments

3.1 This instrument provides a tax exemption for an "accredited person", as defined in regulation 2. The accreditation referred to in the definition of "accredited persons" is conferred by UEFA by an officially issued personalised UEFA badge in order to assist with the organisation of the event. The reference to accreditation of this nature in order to specify the beneficiaries of the exemption is expressly permitted by section 48(3)(b) of the Finance Act 2014. HMRC considers that there is no sub-delegation to UEFA of any power to determine who should benefit from the tax exemption.

Matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)

3.2 The territorial application of this instrument includes Scotland and Northern Ireland.

3.3 The powers under which this instrument is made cover the entire United Kingdom (see section 48(5) of the Finance Act 2014) and the territorial application of this instrument is not limited by that Act or by the instrument.

4. Extent and Territorial Application

4.1 The territorial extent of this instrument is the United Kingdom.

4.2 The territorial application of this instrument is the United Kingdom.

5. European Convention on Human Rights

5.1 The Rt Hon Jesse Norman MP, Financial Secretary to the Treasury has made the following statement regarding Human Rights:

"In my view the provisions of the Major Sporting Events (Income Tax Exemption) Regulations 2020 are compatible with the Convention rights."

6. Legislative Context

6.1 The income tax exemption was a condition of the bidding process to host matches of the UEFA Euro 2020 final tournament in the UK. The then Chancellor of the Exchequer, George Osborne, confirmed to UEFA in writing that the exemption would be given if the UK was awarded any matches in the UEFA Euro 2020 final tournament in 2020.

7. Policy background

What is being done and why?

7.1 The English and Scottish Football Associations bid for, and were awarded, the right to host matches in the UEFA Euro 2020 final tournament which will be held from 12 June 2020 to 12 July 2020 across twelve different cities in Europe.

7.2 In 2014, the then incumbent Chancellor of the Exchequer, George Osborne agreed to the income tax exemption for the UEFA Euro 2020 final tournament because it satisfied the conditions of Government policy for exempting sports events.

7.3 The policy is to grant certain tax exemptions for sporting events if the event is designated to be of a world-class standard, international and where the provision of a tax exemption is a requirement of the bid to host the event.

7.4 These conditions are not statutory rules but are used as a policy framework for the case-by-case consideration of granting a tax exemption.

7.5 This income tax exemption was a condition of the bidding process for all countries wishing to host matches in the UEFA Euro 2020 final tournament.

7.6 The formal requirement to grant an income tax exemption to host the UEFA Euro 2020 final tournament is consistent with other world class, international events that have been hosted in the UK in the past, most recently in relation to the World Athletics Championships 2017, the UEFA Champions League Final 2017 and the London Anniversary Games 2016.

7.7 Section 48 of the Finance Act 2014 introduced a power which allows the Treasury by regulations to make provision for exemption from income tax and Corporation Tax.

7.8 There has not been a formal announcement for the income tax exemption relating to this event.

7.9 If this exemption was not put in place, non-UK resident individuals involved in the UEFA Euro 2020 final tournament matches hosted in the UK and accredited by UEFA would be subject to tax on their income arising from their activities in the UK in connection with these matches. This would make the UK less attractive as a host for international sporting events meaning the UK would be less likely to enjoy the wider benefits brought by hosting them.

7.10 The "Gold Framework" sets out the Major Events Strategy for the UK, outlining the UK-level support that can be provided by Government. The "Gold Framework" may be viewed at https://www.gov.uk/government/publications/gold-framework.

7.11 The exemption extends to activities performed during a slightly longer time period than the duration of the UEFA EURO 2020 final tournament in order to cover preparatory activities carried out in the UK in connection with the UEFA EURO 2020 matches being held in the UK as well as any relevant closing activities in the UK after the final match.

8. European Union (Withdrawal) Act/Withdrawal of the United Kingdom from the European Union

8.1 This instrument does not relate to withdrawal from the European Union.

9. Consolidation

9.1 These regulations will not be consolidated.

10. Consultation outcome

10.1 A consultation exercise has not been held in this instance as this instrument is non-controversial and there have been past precedents for allowing major sporting events to have a tax exemption as part of the hosting criteria.

11. Guidance

11.1 It is not necessary for HMRC to publish guidance. HMRC will assist those affected by these Regulations should it be required.

12. Impact

12.1 There is no, or no significant, impact on businesses, charities or voluntary bodies.

12.2 There is no, or no significant, impact on the public sector.

12.3 A Tax Information and Impact Note covering this instrument will be published on the website at https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins.

13. Regulating small business

13.1 The legislation applies to activities that are undertaken by small businesses.

13.2 No specific action is proposed to minimise the impact of the requirements on small businesses (employing up to 50 people).

13.3 The basis of the final decision on what action to take to assist small businesses is that no separate approach for small business is required as this instrument removes administrative burdens.

14. Monitoring & review

14.1 The impact of this legislation will be subject to ongoing review.

14.2 The legislation does not include a statutory review clause. This instrument creates a short-term tax exemption and therefore no provision for review is required as a result of section 28(3)(a) of the Small Business, Enterprise and Employment Act 2015.

15. Contact

15.1 Aidan Close at HMRC telephone: 03000 585 255 or email: aidan.close@hmrc.gov.uk can be contacted with any queries regarding the instrument.

15.2 Sarah Kelsey, Deputy Director for Assets, Residence and Valuation, at HMRC can confirm that this Explanatory Memorandum meets the required standard.

15.3 The Rt Hon Jesse Norman MP, Financial Secretary to the Treasury can confirm that this Explanatory Memorandum meets the required standard.