EXPLANATORY MEMORANDUM TO

THE MAJOR SPORTING EVENTS (INCOME TAX EXEMPTION) (2024 UEFA CHAMPIONS LEAGUE FINAL) REGULATIONS 2024

2024 No. 546

1. Introduction

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

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

2. Declaration

2.1 Nigel Huddleston, Financial Secretary to the Treasury confirms that this Explanatory Memorandum meets the required standard.

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

3. Contact

3.1 Raiyan Ali at HMRC Telephone: +44 300 055 5185 or email: assetsresidencepolicy@hmrc.gov.uk can be contacted with any queries regarding the instrument.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 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 2024 UEFA Champions League Final, to be played at Wembley Stadium, London on 1 June 2024.

Where does the legislation extend to, and apply?

4.2 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the United Kingdom.

4.3 The territorial application of this instrument (that is, where the instrument produces a practical effect) is the United Kingdom.

5. Policy Context

What is being done and why?

5.1 UEFA, in June 2020, awarded the right to host the 2024 UEFA Champions League Final to the FA. The match will be held at Wembley Stadium on 1st June 2024.

5.2 The policy is to grant certain tax exemptions for sporting events if the event is designated to be of a world-class standard, a condition of the bidding process and the event is internationally mobile.

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

5.4 The request to grant an income tax exemption to host the 2024 UEFA Champions League Final is consistent with other world class, international events that have been hosted in the UK in the past, most recently in relation to the Women's Finalissima match in 2023 and the Birmingham Commonwealth Games in 2022.

What was the previous policy, how is this different?

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

5.6 If this exemption was not put in place, non-UK resident individuals involved in the 2024 UEFA Champions League Final hosted in England and accredited by UEFA would be subject to UK tax on their income arising from their activities in the UK in connection with this match. This would make the UK less attractive as a host for international sporting events, and mean the UK would be less likely to enjoy the wider economic and sporting benefits brought by hosting them.

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

6. Legislative and Legal Context

How has the law changed?

6.1 The Regulations disapply section 966 of the Income Tax Act 2007 to any income payments or transfers which are made in respect of relevant activity (regulation 2(2)) to an accredited person (regulation 1(2)) who meets the non-residence condition (regulation 2(3)). Income received in respect of activities performed in the period from 28 May to 2 June 2024 and which are part of an accredited person's accreditation by the organiser of the 2024 UEFA Champions League Final will not be liable to income tax. Section 966 would otherwise require such persons to deduct and account for sums representing income tax in respect of payments made in connection with their activities undertaken in relation to this event.

6.2 The income tax exemption was a condition of the bidding process to host the 2024 UEFA Champions League Final in the UK. This match meets the other criteria of being a world class event and being internationally mobile. The English Football Association (FA) bid to host the match on the basis that the UK Government agreed to the formal requirement of providing an income tax exemption if it was successful. HM Treasury confirmed to UEFA in 2023 that the exemption would be given if the match was hosted in the UK.

Why was this approach taken to change the law?

6.3 This is the only possible approach to make the necessary changes.

7. Consultation

Summary of consultation outcome and methodology

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

8. Applicable Guidance

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

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

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

Impact on businesses, charities and voluntary bodies

9.2 There is no, or no significant, impact on business, charities or voluntary bodies because this instrument creates a short-term income tax exemption for certain non-resident individuals.

9.3 The legislation does not impact small or micro businesses.

9.4 There is no, or no significant, impact on the public sector because this instrument creates a short-term income tax exemption for certain non-resident individuals.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The approach to monitoring this legislation is to make the impact of this legislation subject to continuing review.

10.2 The instrument 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.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 Matters of special interest to the Select Committee on Statutory Instruments.

11.2 This instrument provides a tax exemption for an "accredited person", as defined in regulation 1(2) of the Statutory Instrument. The accreditation referred to in the definition of "accredited person" is conferred by UEFA to assist with the organisation of the event. The reference to accreditation of this nature 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.

12. European Convention on Human Rights

12.1 Nigel Huddleston, the 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) (2024 UEFA Champions League Final) Regulations 2024 are compatible with the Convention rights.".

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").