EXPLANATORY MEMORANDUM TO

THE MAJOR SPORTING EVENTS (INCOME TAX EXEMPTION) REGULATIONS 2017

2017 No. 614

1. Introduction

1.1 This explanatory memorandum has been prepared by Her Majesty's Revenue & Customs on behalf of the 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 To provide an exemption from UK income tax for non-resident players and officials participating in the UEFA Champions League Final 2017 on any income arising out of their participation in the final. The exemption also applies to non-resident individuals employed by, or associated with, the participating teams or UEFA on such income.

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 a "relevant person", as defined by regulation 3(1). The list of delegates referred to in the definition of "relevant persons", is produced for the purpose of allowing the Football Association of Wales to organise the necessary security clearance for those individuals to be allowed access to restricted areas of the National Stadium of Wales. As the list is provided to assist with the organisation of the event, the Department considers that there is no sub-delegation to UEFA of any power to determine who should benefit from the tax exemption.

Other matters of interest to the House of Commons

3.2 Disregarding minor or consequential changes, the territorial application of this instrument includes Scotland and Northern Ireland.

4. Legislative Context

4.1 This instrument is being made to provide an income tax exemption in relation to income arising out of participation in the UEFA Champions League Final 2017.

4.2 The income tax exemption was a condition of the bidding process and the then Financial Secretary to the Treasury, David Gauke, confirmed to UEFA in writing that the exemption would be given if Wales was awarded the UEFA Champions League Final 2017.

5. Extent and Territorial Application

5.1 The extent of this instrument is the United Kingdom.

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

6. European Convention on Human Rights

6.1 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) Regulations 2017 are compatible with the Convention rights."

7. Policy background

What is being done and why

7.1 The government is committed to making the UK an attractive location to host international world-class sporting events.

7.2 The Football Association of Wales bid for, and was awarded, the right to host the UEFA Champions League Final 2017 which will be held on 3rd June 2017 at the National Stadium of Wales in Cardiff.

7.3 The previous Financial Secretary to the Treasury agreed to the income tax exemption for the 2017 UEFA Champions League Final because it satisfied the conditions of Government policy for exempting sports events under Section 48 of the Finance Act 2014.

7.4 The policy is to grant certain tax exemptions for sporting events if the event is world class, is internationally mobile and where the provision of a tax exemption is a requirement of the bid to host the event.

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

7.6 This income tax exemption was a condition of the bidding process for all countries looking to host the UEFA Champions League Final 2017.

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

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

7.9 If this exemption was not put in place, non-UK resident individuals participating in the Champions League Final 2017 and those employed or associated with UEFA or the teams would be subject to tax on their income arising from the final. 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.

Consolidation

7.11 These regulations will not be consolidated.

8. Consultation outcome

8.1 There has been no consultation.

9. Guidance

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

10. Impact

10.1 The impact on business, charities or voluntary bodies is negligible.

10.2 The impact on the public sector is negligible.

10.3 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.

11. Regulating small business

11.1 The legislation does not apply to activities that are undertaken by small businesses.

12. Monitoring & review

12.1 The impact of this legislation will subject to ongoing review.

13. Contact

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