EXPLANATORY MEMORANDUM TO

THE MAJOR SPORTING EVENTS (INCOME TAX EXEMPTION) (WORLD ATHLETICS INDOOR CHAMPIONSHIPS GLASGOW 24) REGULATIONS 2023

2023 No. 1381

1. Introduction

1.1 This explanatory memorandum has been prepared by His Majesty's Revenue and Customs (HMRC) on behalf of His Majesty's Treasury 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. 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 World Athletics in respect of their involvement with the World Athletics Indoor Championships Glasgow 24, from 1-3 March 2024. The exemption applies to income arising to such individuals from their activities in the UK between 23 February and 4 March 2024 in connection with the World Athletics Indoor Championships Glasgow 24 event. Non-resident competitors, officials and certain other individuals employed by, or associated with, the participating national teams or World Athletics are within the scope of the exemption provided they have been accredited by World Athletics. 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 1(2) of the Statutory Instrument. The accreditation referred to in the definition of "accredited person" is conferred by World Athletics 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 World Athletics of any power to determine who should benefit from the tax exemption.

4. Extent and Territorial Application

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

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

5. European Convention on Human Rights

5.1 Victoria Atkins MP, 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) (World Athletics Indoor Championships Glasgow 24) Regulations 2023 are compatible with the Convention rights."

6. Legislative Context

6.1 The income tax exemption was a condition of the bidding process to host the World Athletics Indoor Championships Glasgow 24 in the UK. The Championships meet the other criteria set out in the government's "Gold Framework" strategy document which outlines the conditions for granting a tax exemption, of being a world class event and being internationally mobile. The city of Glasgow bid to host the World Athletics Indoor Championships Glasgow 24 on the basis that the UK government agreed to the formal requirement of providing an income tax exemption if it was successful. A letter was provided to the World Athletics Organising Committee by the Financial Secretary to the Treasury at the time to confirm this.

7. Policy background

What is being done and why?

7.1 The World Athletics Council, in December 2021, awarded the right to host the World Athletics Indoor Championships Glasgow 24 to Glasgow, Scotland. The Championships will be held at the Commonwealth Arena in Glasgow from 1 – 3 March 2024.

7.2 The government's Major Events Strategy aim 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.

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

7.4 The request to grant an income tax exemption to host the World Athletics Indoor Championships Glasgow 24 is consistent with other world class, international events that have been hosted in the UK in the past, most recently in relation to the Men's Finalissima match in 2022 and the Birmingham Commonwealth Games in 2022.

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

7.6 If this exemption was not put in place then UK tax regulations mean that any non-UK resident individuals involved in the World Athletics Indoor Championships Glasgow 24 accredited by World Athletics would be subject to UK tax on their income arising from their activities in the UK in connection with these Championships. 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.

7.7 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.

8. European Union Withdrawal and Future Relationship

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

9. Consolidation

9.1 These regulations will not be consolidated as they are stand alone for this event only.

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 business, 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 regulatory burdens on small businesses.

13.3 The basis of the final decision on what action to take to assist small businesses is that this instrument removes administrative burdens.

14. Monitoring & review

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

14.2 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.

15. Contact

15.1 Aidan Close at HMRC 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 Victoria Atkins MP, Financial Secretary to the Treasury, can confirm that this Explanatory Memorandum meets the required standard.