

Glasgow Commonwealth Games

Who is likely to be affected?

Non-UK resident sportspeople competing in the Glasgow 2014 Commonwealth Games (Glasgow 2014).

General description of the measure

This measure provides an exemption from UK income tax for non-resident sportspeople on any income received as a result of their performance at Glasgow 2014, or as a result of any activity carried out during the period for which athletes' accreditation cards are valid (accreditation period) where the main purpose is to support or promote Glasgow 2014 or future Commonwealth Games.

Policy objective

This exemption has been put in place to help prolong the legacy of the London 2012 Olympic and Paralympic Games, and spread that legacy to Scotland.

Background to the measure

This exemption was announced on 26 January 2012. It is similar to the exemption provided for non-resident competitors who took part in the London 2012 Olympic and Paralympic Games. It applies only to income received by non-resident sportspeople who compete at or carry out activities during the accreditation period of Glasgow 2014 whose main purpose is to support or promote Glasgow 2014 or future Commonwealth Games.

Detailed proposal

Operative date

The measure will affect income of non-resident competitors in Glasgow 2014 which arises during the Glasgow 2014 accreditation period.

Current law

Section 27 of Income Tax (Earnings and Pensions) Act 2003 and sections 13 and 14 of Income Tax (Trading and Other Income) Act 2005 impose a UK income tax charge on respectively non-resident sportspeople's employment and self-employment income that is connected to a performance which takes place in the UK. Without the exemption provided by this measure, non-resident sportspeople would be taxed in the UK on both their income gained as a result of their performance at Glasgow 2014, plus a proportionate share of their worldwide sponsorship income. The exemption will not apply to the income of UK resident sportspeople.

Proposed revisions

Legislation will be introduced in Finance Bill 2013 to provide an exemption from the above UK income tax charges for non-resident sportspeople on income related to a Glasgow 2014 performance.

Summary of impacts

Exchequer impact (£m)	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	-	-	negligible	negligible	-	-
	This measure is expected to have a negligible impact on the Exchequer. Any impact will be set out at Budget 2013.					
Economic impact	The measure is not expected to have any significant economic impacts.					
Impact on individuals and households	<p>The exemption means that non-resident sportspeople will not be subject to UK income tax on income related to Glasgow 2014. They would be liable to tax on this income in the countries in which they are resident. UK resident competitors will not benefit from 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>					
Equalities impacts	There is no impact on groups with protected characteristics.					
Impact on business including civil society organisations	This measure is expected to have a negligible impact on businesses and civil society organisations. It only affects a small number of non-resident sportspeople and may have a very slight effect in easing the burden on a very small number of associated accountants or management companies.					
Operational impact (£m) (HMRC or other)	It is not expected that implementing this change will incur any additional costs for HM Revenue & Customs (HMRC).					
Other impacts	<p><u>Small firms impact test:</u> a negligible and non-differential impact is expected on small firms.</p> <p>Other impacts have been considered and none have been identified.</p>					

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 or John Pay (email: john.pay@hmrc.gsi.gov.uk).

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- (1) An accredited competitor who performs a Commonwealth Games activity is not liable to income tax in respect of any income arising from the activity if the non-residence condition is met.
- (2) The following are Commonwealth Games activities –
 - (a) competing at the Glasgow Commonwealth Games, and
 - (b) any activity that is performed during the games period the main purpose of which is to support or promote the Glasgow Commonwealth Games or any future Commonwealth Games.
- (3) The non-residence condition is that –
 - (a) the accredited competitor is non-UK resident for the tax year in which the Commonwealth Games activity is performed, or
 - (b) the accredited competitor is UK resident for the tax year in which the activity is performed but the year is a split year as respects the competitor and the activity is performed in the overseas part of the year.
- (4) 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).
- (5) In this section –
 - “accredited competitor” means a person to whom a Glasgow 2014 accreditation card in the athletes category has been issued by the company named Glasgow 2014 Limited which was incorporated on 11 June 2007;
 - “the games period” means the period –
 - (a) beginning with 4 March 2014, and
 - (b) ending with 3 September 2014;
 - “the Glasgow Commonwealth Games” means the Commonwealth Games held in Scotland in 2014;
 - “income” means employment income or profits of a trade, profession or vocation (including profits treated as arising as a result of section 13 of ITTOIA 2005).

EXPLANATORY NOTE

GLASGOW COMMONWEALTH GAMES

SUMMARY

1. This clause provides for an exemption from income tax for non-UK resident competitors in the Glasgow 2014 Commonwealth Games.

DETAILS OF THE CLAUSE

2. Paragraph (1) provides that accredited competitors at the Glasgow 2014 Commonwealth Games who meet the non-residence condition will be exempt from UK tax on any income arising from Commonwealth Games activities.
3. Paragraph (2) defines Commonwealth Games activities for the purposes of paragraph (1) as both competing at the Glasgow 2014 Commonwealth Games and performing any activity during the games period where the main purpose is to support or promote the Glasgow 2014 Commonwealth Games or any future Commonwealth Games.
4. Paragraph (3) defines the non-residence condition for the purpose of paragraph (1). To meet the non-residence condition, an accredited competitor must be non-UK resident for the tax year in which the Commonwealth Games activity is performed, or, where that year is a split year as regards the competitor, the Commonwealth Games activity must be performed in the overseas part of the year.
5. Paragraph (4) 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 which benefits from the exemption provided by paragraph (1).
6. Paragraph (5) defines the terms “accredited competitor”, “the games period”, “the Glasgow Commonwealth Games” and “income” for the purpose of this clause.

BACKGROUND

7. As announced by the Chief Secretary to the Treasury on 26 January 2012, any income arising to non-resident competitors from the 2014 Commonwealth Games will be exempt from UK tax. A similar exemption was provided for non-resident competitors in the London 2012 Olympic and Paralympic Games.

8. Neither employment nor self-employment income arising to non-UK resident accredited competitors from competing in or carrying out activities primarily to support the Glasgow 2014 Commonwealth Games will be subject to UK income tax. This exemption only applies where the competitor holds a Glasgow 2014 accreditation card in the athletes' category which has been issued by Glasgow 2014 Ltd and where the activities take place within the games period.
9. If you have any questions about this change, or comments on the legislation, please contact the HMRC Foreign Entertainers Unit on 0151 472 6488 or email John Pay (john.pay@hmrc.gsi.gov.uk).