

**EXPLANATORY MEMORANDUM TO**  
**THE MAJOR SPORTING EVENTS (INCOME TAX EXEMPTION) REGULATIONS**  
**2016**

**2016 No. [XXXX]**

**1. Introduction**

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

**2. Purpose of the instrument**

- 2.1 To exempt non-resident athletes competing in the 2016 London Anniversary Games and the 2017 World Athletics Championships from UK income tax.

**3. Matters of special interest to Parliament**

*Matters of special interest to the Select Committee on Statutory Instruments*

- 3.1 None.

*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 Section 48 of the Finance Act 2014 enables the Treasury to make regulations to exempt from income tax participants in certain major sporting events. These regulations fall within the scope of Section 48.
- 4.2 This is the first time this power has been exercised.

**5. Extent and Territorial Application**

- 5.1 The extent of this instrument applies to all of 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, David Gauke, has made the following statement regarding Human Rights:

“In my view the provisions of the Sporting Events Regulations 2016 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 for internationally mobile major sporting events. This includes a commitment to supporting the legacy of the 2012 London Olympics.
- 7.2 The autumn Statement on 10 December 2015 announced that the government would exempt non-resident competitors in the 2017 World Athletics Championships and the 2016 London Anniversary Games from income tax on their income arising from these events.
- 7.3 This tax exemption was a condition of the international bidding process for all countries who wished to host the 2017 World Athletic Championships.
- 7.4 Although there was no similar international process for hosting the 2016 London Anniversary Games, this is a legacy event from the 2012 London Olympics and the government announced at Autumn Statement 2015 that an income tax exemption would also be provided for this event. It also announced that 2016 would be the final year such an exemption would be granted to the London Anniversary Games.
- 7.5 In the absence of this legislation, non-resident participants in the events would be liable to income tax on their income arising from these events.

## **8. Consultation outcome**

- 8.1 This legislation is highly similar to existing primary legislation with the 2015 London Anniversary Games. Accordingly, no special consultation is needed.

## **9. Guidance**

- 9.1 This legislation will affect a very small number of individuals, namely those individuals who will compete in the 2016 London Anniversary Games and the 2017 World Athletic Championships. Therefore no special HMRC guidance is needed.

## **10. Impact**

- 10.1 There is no impact on business, charities or voluntary bodies.
- 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 <https://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 be kept under review through continuing engagement with affected taxpayer groups and their representatives.

### **13. Contact**

- 13.1 David McDowell at the HM Revenue & Customs Telephone: 03000 585284 or email: [david.mcdowell@hmrc.gsi.gov.uk](mailto:david.mcdowell@hmrc.gsi.gov.uk) can answer any queries regarding the instrument.