

SCHEDULES

SCHEDULE 2

SPORTING TESTIMONIAL PAYMENTS

Income tax: sporting testimonial payments treated as earnings

- 1 After section 226D of ITEPA 2003 (shareholder or connected person having material interest in company) insert—

“Sporting testimonial payments

226E Sporting testimonial payments

- (1) This section applies in relation to an individual who is or has been employed as a professional sportsperson (“S”).
- (2) In this section “sporting testimonial” means—
 - (a) a series of relevant events or activities which each have the same controller, or
 - (b) a single relevant event or activity not forming part of such a series.
- (3) An event or activity is (subject to subsection (4)(b)) a relevant event or activity if—
 - (a) its purpose (or one of its purposes) is to raise money for or for the benefit of S, and
 - (b) the only or main reason for doing that is to recognise S’s service as a professional sportsperson who is or has been employed as such.
- (4) An activity that meets the conditions in subsection (3)(a) and (b) and consists solely of inviting and collecting donations for or for the benefit of S—
 - (a) is a relevant activity if it is one of a series of relevant events or activities for the purposes of subsection (2)(a), but
 - (b) is not a relevant activity for the purposes of subsection (2)(b) so long as both conditions in subsection (5) are met while the activity takes place.
- (5) The conditions are—
 - (a) that any person who is responsible (alone or with others) for collecting the donations or who is the controller (or a member of a committee which is the controller) of the activity is not—
 - (i) S,
 - (ii) a person who is (or has been) the controller of any other relevant event or activity for or for the benefit of S,
 - (iii) a person connected with S or a person mentioned in subparagraph (ii),

Status: This is the original version (as it was originally enacted).

- (iv) a person acting for or on behalf of a person mentioned in sub-paragraphs (i) to (iii), and
 - (b) that the donations collected do not include any sums paid (directly or indirectly) out of money raised by any other relevant event or activity.
- (6) A “sporting testimonial payment” is a payment made by (or on behalf of) the controller of a sporting testimonial out of money raised for or for the benefit of S which—
- (a) is made to S, to a member of S’s family or household, to a prescribed person, to S’s order or otherwise for S’s benefit, and
 - (b) does not (apart from this section) constitute earnings from an employment.
- (7) A sporting testimonial payment is to be treated as earnings of S from the employment or former employment to which the sporting testimonial is most closely linked.
- (8) For the purposes of this section if at any material time S is dead—
- (a) anything done for or for the benefit of S’s estate is to be regarded as done for or for the benefit of S; and
 - (b) a payment made to S’s personal representatives or to their order is to be treated as a payment to S or to S’s order.
- (9) In this section—
- “controller”, in relation to an event or activity which meets the conditions in subsection (3)(a) and (b), means the person who controls the disbursement of any money raised for or for the benefit of S from that event or activity,
 - “money” includes money’s worth and “payment” includes the transfer of money’s worth or the provision of any benefit,
 - “prescribed person” means a person prescribed in regulations made by the Treasury.
- (10) Section 993 of ITA 2007 (meaning of “connected” persons) has effect for the purposes of this section.”