

**EXPLANATORY MEMORANDUM TO**  
**THE MAJOR SPORTING EVENTS (INCOME TAX EXEMPTION) (2022**  
**BIRMINGHAM COMMONWEALTH GAMES) REGULATIONS 2022**

**2022 No. [XXXX]**

**1. Introduction**

- 1.1 This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs (HMRC) on behalf of Her Majesty's 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 This instrument will provide an exemption from United Kingdom (UK) income tax for certain non-resident individuals who have been accredited by the 2022 Commonwealth Games Organising Committee in respect of their involvement with the 2022 Commonwealth Games to be held in Birmingham. The exemption applies to income arising to such individuals from their activities in the UK between 1 July and 11 August 2022 in connection with the 2022 Birmingham Commonwealth Games. Non-resident competitors, officials and certain other individuals employed by, or associated with, the participating national teams or the 2022 Birmingham Commonwealth Games Organising Committee are within the scope of the exemption provided they have been accredited by the Organising Committee. 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 2. The accreditation referred to in the definition of "accredited person" is conferred by the 2022 Birmingham Commonwealth Games Organising Committee 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 the organising committee of any power to determine who should benefit from the tax exemption.

**4. Extent and Territorial Application**

- 4.1 The territorial extent of this instrument is the United Kingdom.
- 4.2 The territorial application of this instrument is the United Kingdom.

**5. European Convention on Human Rights**

- 5.1 The Rt Hon Lucy Frazer QC MP, 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) (2022 Birmingham Commonwealth Games) Regulations 2022 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 Commonwealth Games in the UK. The Financial Secretary to the Treasury, Rt Hon Mel Stride MP, confirmed in writing in September 2017 that the exemption would be given if the UK was awarded the 2022 Commonwealth Games.

## **7. Policy background**

### *What is being done and why?*

- 7.1 The city of Birmingham bid for, and was awarded, the right to host the 2022 Commonwealth Games which will be held there from 28 July to 8 August 2022.
- 7.2 In 2017, the Financial Secretary to the Treasury, Rt Hon Mel Stride MP, agreed to the income tax exemption for the 2022 Birmingham Commonwealth Games because it satisfied the conditions of government policy for exempting sports events.
- 7.3 The policy is to grant certain tax exemptions for sporting events if the event is designated to be of a world-class standard, international and where the provision of a tax exemption is a requirement of the bid to host the event.
- 7.4 These conditions are not statutory rules but are used as a policy framework for the case-by-case consideration of granting a tax exemption.
- 7.5 This income tax exemption was a condition of the bidding process for all countries wishing to host the 2022 Commonwealth Games.
- 7.6 The formal requirement to grant an income tax exemption to host the 2022 Birmingham Commonwealth Games is consistent with other world class, international events that have been hosted in the UK in the past, most recently in relation to the World Athletics Championships 2017, the UEFA Champions League Final 2017 and the UEFA Euro 2020 Football Championships in 2021.
- 7.7 Section 48 of the Finance Act 2014 introduced a power which allows the Treasury by regulations to make provision for exemption from income tax.
- 7.8 There has not been a formal announcement for the income tax exemption relating to this event.
- 7.9 If this exemption was not put in place, as well as putting the UK in breach of the terms under which the Games were awarded, non-UK resident individuals involved in the 2022 Birmingham Commonwealth Games hosted in the UK and accredited by the 2022 Birmingham Commonwealth Games Organising Committee, would be subject to tax on their income arising from their activities in the UK in connection with this event. 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>.

## **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 no separate approach for small business is required as 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 Telephone: 03000 585 255 or email: [aidan.close@hmrc.gov.uk](mailto: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 The Rt Hon Lucy Frazer QC MP, Financial Secretary to the Treasury, can confirm that this Explanatory Memorandum meets the required standard.