
Changes to legislation: Finance Act 2016, SCHEDULE 2 is up to date with all changes known to be in force on or before 26 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

SCHEDULES

SCHEDULE 2

Section 12

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),

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- (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.”

Income tax: limited exemption for sporting testimonial payments

2

After section 306A of ITEPA 2003 (exemption for carers) insert—

“Professional sportspersons

306B Limited exemption for sporting testimonial payments

- (1) This section applies to any sporting testimonial payments which are—
 - (a) made out of money raised by a sporting testimonial (“the sporting testimonial”), and
 - (b) treated by virtue of section 226E as earnings of a person (“S”).
- (2) No liability to income tax arises in respect of sporting testimonial payments to which this section applies.

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- (3) Subsection (2) has effect subject to and in accordance with the following provisions.
- (4) It only applies—
- (a) if the controller of the relevant event or activity (or of all the relevant events or activities in a series) constituting the sporting testimonial is an independent person,
 - (b) if S has not already benefitted from an exemption under this section in relation to one or more sporting testimonial payments made out of money raised by another sporting testimonial, and
 - (c) where the sporting testimonial consists of a series of relevant events or activities taking place over more than a year, if the sporting testimonial payment is made out of money raised by events or activities taking place within the period of one year beginning with the day on which the first event or activity in the series took place.
- (5) It only applies to the first £100,000 of sporting testimonial payments made out of money raised by the sporting testimonial.
- (6) If sporting testimonial payments are made (out of money raised by the sporting testimonial) in two or more tax years, any part of the exempt amount that is not used in the first of those years is to be carried forward to the next tax year (and so on).
- (7) This section applies to sporting testimonial payments made to or to the order of the personal representatives of S (where S has died) but only if the payments are made within the period of 24 months beginning with the date of death.
- (8) In subsection (4)(a) “independent person” means a person who is not (or where the controller is a committee, a committee none of whose members are)—
- (a) S or a person connected with S,
 - (b) an employer or former employer of S or a person connected with an employer or former employer of S, or
 - (c) a person acting for or on behalf of a person mentioned in paragraph (a) or (b).
- (9) If the first relevant event or activity in a series took place before 6 April 2017, subsection (4)(c) has effect as if it referred to the year beginning with 6 April 2017.
- (10) Section 993 of ITA 2007 (meaning of “connected” persons) has effect for the purposes of this section.
- (11) Terms used in this section and section 226E have the same meaning as in that section.”

*Corporation tax: deductions from total profits for
sporting testimonial payments and associated payments*

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“Sporting testimonial payments and associated payments

996A Deductions from total profits for sporting testimonial payments and associated payments

- (1) This section applies where a company, in any accounting period—
 - (a) is the controller of a relevant event or activity that constitutes or is part of a sporting testimonial, and
 - (b) makes a relevant sporting testimonial payment out of money raised by the sporting testimonial.
- (2) In this section “relevant sporting testimonial payment” means a sporting testimonial payment that is (or so much of it as is) made out of proceeds of a relevant event or activity which are brought into account in determining the company's total profits or any component of its total profits.
- (3) In calculating the amount of corporation tax chargeable for the accounting period, an amount equal to the aggregate of the following amounts is allowed as a deduction from the company's total profits—
 - (a) so much of the relevant sporting testimonial payment as is paid to or for the benefit of the sportsperson to whom the sporting testimonial relates,
 - (b) any income tax or employee's national insurance contributions deducted at source from that payment, and
 - (c) any employer's national insurance contributions relating to that payment.
- (4) The amount is deducted—
 - (a) from the company's total profits for the accounting period in which the relevant sporting testimonial payment is made, and
 - (b) if a claim by the company for relief so requires, previous accounting periods.
- (5) A claim under subsection (4)(b) must be made within 2 years after the end of the accounting period in which the relevant sporting testimonial payment is made.
- (6) If for an accounting period deductions under subsection (4) are to be made for relevant sporting testimonial payments made in more than one accounting period, the deductions are to be made in the order in which the payments were made (starting with the earliest of them).
- (7) The amount of the deduction to be made under subsection (4) for an accounting period is the amount that cannot be deducted under that subsection for a subsequent accounting period.
- (8) The amount of the deduction to be made for any accounting period is limited to the amount that reduces the company's taxable total profits for that period to nil.
- (9) The deduction is only available if and to the extent that the amount mentioned in subsection (3) is not otherwise deductible in calculating the company's total profits or any component of its total profits.

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- (10) Terms used in this section and in section 226E of ITEPA 2003 have the same meaning as in that section.”

Application of this Schedule

- 4 (1) The amendments made by this Schedule have effect in relation to a sporting testimonial payment made out of money raised by a sporting testimonial if—
- (a) the sporting testimonial was made public on or after 25 November 2015, and
 - (b) the payment is made out of money raised by one or more relevant events or activities which take place on or after 6 April 2017.
- (2) Terms used in sub-paragraph (1) and section 226E of ITEPA 2003 (as inserted by paragraph 1) have the same meaning as in that section.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 19 para. 12(5)(b) inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(c\)](#)
- Sch. 19 para. 12(5)(a) word inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(b\)](#)
- Sch. 19 para. 51(8)(b) words inserted by [2017 c. 32 Sch. 14 para. 48\(2\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(a\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(b\)](#)
- Sch. 19 para. 12(5)(a) words renumbered as Sch. 19 para. 12(5)(a) by [2017 c. 32 Sch. 14 para. 49\(2\)\(a\)](#)
- Sch. 19 para. 58(1) words substituted by [2017 c. 32 Sch. 14 para. 48\(5\)](#)