

**EXPLANATORY MEMORANDUM TO  
THE LONDON OLYMPIC GAMES AND PARALYMPIC GAMES TAX  
REGULATIONS 2010**

**2010 No. 2913**

1. This explanatory memorandum has been prepared by HM Revenue and Customs and is laid before the House of Commons by Command of Her Majesty.

This memorandum contains information for the Select Committee on Statutory Instruments.

2. **Purpose of the instrument**

The Regulations implement tax commitments made by the UK in bidding to host the Olympic and Paralympic Games (“the Games”). The Regulations exempt from income tax the activity of specified individuals who come to the UK temporarily to take part in or assist in the hosting of the Games. They also prevent the work of such individuals, where relevant, from creating a permanent establishment of their employer, if one does not already exist, for corporation tax purposes.

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

None.

4. **Legislative Context**

- 4.1 The Regulations are the first regulations made in exercise of the powers conferred by section 68 of the Finance Act 2006 (“FA 2006”).
- 4.2 During the debate on section 68 FA 2006, as clause 68 of Finance (No. 2) Bill, assurance was sought that the exemptions would apply where providers were situated outside of London (23 May 2006 : Column 308). The Regulations depend on the activity that is undertaken and do not depend on geographical location.
- 4.3 The tax commitments for the Games included tax exemptions for visiting athletes and certain persons temporarily entering the UK to carry out ‘Olympic-related’ business. The Regulations provide those exemptions.
- 4.4 As the exemptions are for those visiting the UK temporarily they are only available to non-UK residents. The exemptions required for visiting athletes ensure that their tax treatment is the same irrespective of which country hosts the Games. Many of the other individuals

covered by the exemptions would not have been liable to UK tax irrespective of the Regulations, because their income is relieved from taxation in the UK by Double Taxation Treaties. The Regulations, however, ensure individuals who are resident in countries with which the UK does not have a Double Taxation Treaty are treated in the same way for the Games.

- 4.5 The individuals exempted are those non-resident individuals carrying out specified activities that constitute ‘Olympic-related’ business. The groups of individuals exempted include those who:
- compete;
  - officiate or provide essential technical, medical and support services e.g. judges and drug testing;
  - form part of a country’s team e.g. managers and sparring partners;
  - are accredited media (press and broadcasters);
  - perform at the opening and closing ceremonies;
  - represent, the official bodies directly involved e.g. International Olympic Committee (IOC), International Paralympic Committee (‘IPC’), International Federations for sport, and each country’s National Olympic/Paralympic Committees e.g. official ‘Observers’ from future host cities;
  - work in the UK to produce the Games footage for Rights-Holding Broadcast Organisations or the Olympic Broadcasting Services; and
  - work in the UK for official partners where they are providing services to the London Organising Committee of the Olympic Games and Paralympic Games Limited (LOCOG) to assist them in delivering the Games.
- 4.6 In most cases exemption is limited to individuals who are accredited and the activity for which they need to be accredited where it is carried out during the official accreditation period. Some individuals will not do their work on the site of the Games and therefore will not receive accreditation cards. They are therefore identified by the service they provide.
- 4.7 The exemptions for non-resident individuals working for Rights-Holding Broadcast Organisations and the Olympic Broadcast Services are not limited to the accreditation period because the necessary preparatory work that they do occurs before the official accreditation period for the Games begins.
- 4.8 The Regulations also prevent the exempt activities of workers from creating a permanent establishment in the UK of their employer. The presence of the workers during the official accreditation period, or the 2 years from 1 January 2011 in the case of those providing timing, scoring, and on-venue result services, will be ignored when considering whether a non-resident enterprise has been in a place in the

UK long enough to create a permanent establishment for UK taxation purposes.

- 4.9 Rules determining residence and ordinary residence in the UK will continue to apply in the normal way.

## **5. Territorial Extent and Application**

The Regulations apply to all of the United Kingdom.

## **6. European Convention on Human Rights**

As the Regulations are subject to negative resolution procedure and do not amend primary legislation, no statement is required.

## **7. Policy background**

- *What is being done and why*

- 7.1 The IOC required all bids for the Games to contain certain tax commitments. This included tax exemptions for visiting athletes and certain persons temporarily entering the UK to carry out ‘Olympic-related’ business. The Regulations provide those exemptions.

- *Consolidation*

- 7.2 Not applicable.

## **8. Consultation outcome**

No formal consultation has been carried out by HM Revenue and Customs as the tax commitments given were an obligatory part of the bidding process to host the Games. HM Revenue and Customs has consulted informally and worked closely with the Department of Culture, Media and Sport, LOCOG, the IOC and the IPC to ensure that the Regulations meet the commitments given.

## **9. Guidance**

- 9.1 Guidance on the Regulations will be available publicly after they come into force.
- 9.2 Affected parties will also receive bespoke and detailed guidance as to how the Regulations affect them through appropriate channels. For example, Official Bodies will receive guidance written by HM Revenue and Customs via LOCOG.

## **10. Impact**

10.1 An Impact Assessment has not been produced for the Regulations as they have a negligible impact on business, charities or voluntary bodies.

10.2 The impact on the public sector is negligible.

## **11. Regulating small business**

11.1 The legislation applies to small business.

11.2 To minimise the impact of the requirements on firms employing up to 20 people no separate approach is required.

11.3 No separate approach for small business is required as the Regulations remove administrative burdens.

## **12. Monitoring & review**

The Regulations implement tax commitments made by the UK in bidding to host the Games. The tax commitments given are unique and for a time limited period. No monitoring and review of the Regulations is therefore planned.

## **13. Contact**

Martyn Rounding at HM Revenue and Customs (tel: 020 7147 2821 or email: [martyn.rouding@hmrc.gsi.gov.uk](mailto:martyn.rouding@hmrc.gsi.gov.uk)) can answer any enquiries relating to the Regulations and the taxation of non-resident individuals.

Mike Hogan at HM Revenue and Customs (tel: 020 7147 2655 or email: [mike.hogan@hmrc.gsi.gov.uk](mailto:mike.hogan@hmrc.gsi.gov.uk)) can answer any enquiries relating to the Regulations and the taxation of international businesses.