

Non-Resident Sports Persons: Golf, Tennis, Motor Sport and Athletics

Background re UK Tax Regime

The UK offers little or no double tax treaty protection to foreign entertainers or athletes.

Consequently, any non-resident sportsperson appearing in the UK is subject to the UK's withholding tax regime, administered by the 'Foreign Entertainers Unit' (FEU) – a specialist unit within HM Revenue & Customs.

Any prize money or appearance fees paid in respect of the UK performance or activity falls within the 'foreign entertainers' regime. The amount of withholding tax applied at source under the FEU regime is 20% this payment is a payment on account of the final UK tax liability and does not take into account any allowable deduction or expenses incurred.

The withholding tax should be deducted by UK based payers from all relevant income. This default regime can result in excessive amounts of tax being paid or too little tax, which ultimately could result in unexpected demands for additional UK taxes. In addition it is necessary to declare any non-uk source income earned as a result of the UK performance e.g. endorsement bonuses and retainers. Unless a UK endorser pays this, there is no requirement for tax to be withheld at source.

The FEU therefore issue Self-Assessment Tax Returns to sports persons who they feel may have additional income or tax liabilities to declare.

Reduced Rate Tax Applications

Some 'foreign entertainers' e.g. actors and musicians are able to make an application to the FEU to vary the amount of withholding tax and agree a final UK tax liability. This usually reduces the amount of tax paid, however in some cases it can increase the liability.

However, due to the nature of a sports persons income stream (ranking bonuses etc), the UK authorities do not normally accept a claim made on their behalf.

Instead, it is necessary to file a UK Self-Assessment Tax Return, which discloses all UK earnings and allowable expenditure.

Services We Offer

Preparation of UK accounts for deemed UK trade for non-resident sports persons.

Preparation of UK Self-Assessment Tax Returns.

Management of UK tax 'audits' conducted by the Foreign Entertainers Unit.

Endorsement contract reviews for UK tax exposure.

Working alongside financial advisers to recognise and implement tax planning opportunities to mitigate UK tax exposure i.e. tax efficient investments, charitable giving, UK/overseas pensions.

Our Experience

We act for non-resident athletes in golf, tennis, motor racing and athletics.

Our consultants have settled over 100 years of UK tax enquiries focused on the apportionment of endorsement income and have lobbied the government for a fairer basis of taxation for overseas sport persons appearing in the UK.

We recognise the importance of making a full and complete disclosure in order to mitigate risk of UK tax audits.

Experienced in reviewing endorsement contracts to ensure correct disclosure is made in the UK and that income which cannot be linked to the UK activity is not assessed in the UK.

Recognise the importance of mitigating UK tax exposure in order to minimise threat of excessive foreign tax credit in home country.

Our Fees

All compliance work undertaken is on a fixed fee basis, and partly linked to the number of 'active/on court' endorsements the player as this indicates the level of complexity. Please contact us to request a quote.

Our fixed fee compliance quotes include:

Preparation of UK accounts for the 'deemed' UK trade;

Preparation and submission of UK tax return to incorporate the accounts.

Advisory Services

We agree fixed fees for advisory services and all other work undertaken outside the scope of normal compliance activity e.g. UK tax audits. Work will not be commenced on this basis unless it is agreed in advance with the client.

If you would like to discuss how we can help you in this area or if you have any questions please contact Jamie Favell on +44 (0) 20 7655 6952 / Jamie.favell@tap-london.com.