

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Fifth Delegated Legislation Committee

DRAFT MAJOR SPORTING EVENTS (INCOME
TAX EXEMPTION) REGULATIONS 2017

Monday 24 April 2017

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The Committee consisted of the following Members:

Chair: JAMES GRAY

† Allen, Heidi (*South Cambridgeshire*) (Con)
 † Argar, Edward (*Charnwood*) (Con)
 † Barclay, Stephen (*Lord Commissioner of Her Majesty's Treasury*)
 † Dowden, Oliver (*Hertsmere*) (Con)
 † Ellison, Jane (*Financial Secretary to the Treasury*)
 Evans, Chris (*Islwyn*) (Lab/Co-op)
 Farrelly, Paul (*Newcastle-under-Lyme*) (Lab)
 † Glen, John (*Salisbury*) (Con)
 Jarvis, Dan (*Barnsley Central*) (Lab)
 † Johnson, Dr Caroline (*Sleaford and North Hykeham*) (Con)

† Leslie, Charlotte (*Bristol North West*) (Con)
 Lewis, Clive (*Norwich South*) (Lab)
 † McCartney, Jason (*Colne Valley*) (Con)
 † Newlands, Gavin (*Paisley and Renfrewshire North*) (SNP)
 † Sandbach, Antoinette (*Eddisbury*) (Con)
 † Smith, Jeff (*Manchester, Withington*) (Lab)
 † Turley, Anna (*Redcar*) (Lab/Co-op)

Katy Stout, *Committee Clerk*

† **attended the Committee**

Fifth Delegated Legislation Committee

Monday 24 April 2017

[JAMES GRAY *in the Chair*]

Draft Major Sporting Events (Income Tax Exemption) Regulations 2017

4.30 pm

The Financial Secretary to the Treasury (Jane Ellison): I beg to move,

That the Committee has considered the draft Major Sporting Events (Income Tax Exemption) Regulations 2017.

It is a pleasure to serve under your chairmanship, Mr Gray. The regulations will help us to complete one aspect of the preparations for one of the world's most prestigious sporting events: the UEFA Champions League final. In just under a couple of months' time, over 180 million people in over 200 nations will be turning their eyes to Cardiff and the National Stadium of Wales—and, dare I say it, tearing themselves away from the general election coverage—to hopefully watch some excellent football. For the first time ever, Wales is playing host to the match that decides European club football's champions, and if we think of the 1999 rugby world cup or the Ryder cup in Newport back in 2010, we can be sure that Wales will put on a great show.

In readiness for that, I am here to present the regulations that mean that we can provide the usual income tax exemption for non-UK residents who are making this match happen. Providing such a tax exemption is a usual condition of world-class events such as this, supported by successive Governments. We provided an exemption for the fantastic Olympics that we hosted here in London in 2012, and there are other examples, such as Glasgow's Commonwealth games and the athletics world championships coming up in London this August.

The regulations will enable us to provide a similar exemption for the Champions League final on 3 June. We have made that exemption before previous Champions League finals in England and should do the same thing now, as Wales takes on the role of host. The regulations exempt from UK tax any income arising to non-resident players and officials of the visiting clubs and to individuals designated by UEFA in connection with the final. The exemption runs from 1 to 5 June, allowing two days either side of the event for the exemption to cover any duties performed in connection with the final.

The draft regulations make use of the powers in the Finance Act 2014 to allow tax exemptions for international sporting events to be provided by means of secondary legislation. This will be the second occasion on which the powers have been used. The UEFA final qualifies for the same tax exemption on the same basis as the previous occasion, which was the world athletics championships. It is a top-flight sporting event that moves location, and providing such an exemption is a necessary precondition of hosting the event.

The tax preparations that the regulations put in place may be regarded as one of the less exciting aspects of the much anticipated Champions League final, but they

are a necessary one. As the UK has established an outstanding reputation for hosting world-class sporting events, we will continue to take steps to support all four nations in doing so. In that spirit, I hope that colleagues will join me in welcoming the regulations and wishing Cardiff well as it finalises all its other preparations to make this a great show for a truly global Britain. I commend the regulations to the Committee.

4.33 pm

Jeff Smith (Manchester, Withington) (Lab): It is a great pleasure to serve under your chairmanship, Mr Gray. As the Minister has explained, the regulations provide for an exemption from income tax on income earned in the UK in connection with the Champions League final this year.

The idea of exempting earnings from major sporting events from income tax for non-UK residents is not new; indeed, it goes back to 2006 and 2010, when the Labour Government introduced certain special provisions to exempt non-residents who are coming to the UK to take part in sporting events—in particular, the 2012 Olympics and the 2011 Champions League final. Exemptions of that kind have historically been made through primary legislation, in Finance Bills, but the Government announced in the 2014 Budget that they would legislate to enable income and corporation tax relief to be given in relation to major sporting events via secondary legislation. Provision to that effect was made in section 48 of the Finance Act 2014, and these draft regulations are the first set of exemptions made by virtue of the powers granted in that Act.

Labour obviously join the Government in being delighted that the Football Association of Wales was awarded the right to host the Champions League final at the National Stadium of Wales. The Minister will be aware that the Opposition broadly support the principle of providing tax exemptions for certain sporting events, so we will not oppose the regulations today, but I have a couple of questions.

We continue to express concern about the uncertainty regarding the Government's approach to selecting such events and seek assurances regarding the prevention of tax avoidance. During the passage of the Finance Act 2014, we moved an amendment to require the publication of a formal review of those decisions every five years. In particular, we questioned what other sporting events the Government envisaged becoming eligible for tax exemptions for non-resident competitors and whether the Government planned to extend the number and range of eligible events. We continue to seek clarity in that regard.

The Minister will also be aware that we have previously raised concerns about gender equality issues, including that the UEFA women's Champions League final, held at Stamford Bridge in London on 23 May 2013, was not given the same tax exemption as the 2013 men's Champions League final held at Wembley. Will the Minister confirm that women's events are being treated equally and, in particular, clarify whether the regulations apply to the 2017 UEFA women's Champions League final, which is also to be played at the National Stadium of Wales, on 1 June, two days before the men's final? Will she also confirm what equality impact assessment analysis has

been carried out? As I said, we will not oppose the regulations, but we will be grateful for clarity on those issues.

Finally, I join the Minister in looking forward to a fantastic event for Cardiff and in wishing the four teams left in the Champions League the best. If I am allowed to express a preference, I particularly wish Monaco the best; they were fantastic when they played my team, Manchester City, in the last 16. I would like to see them go on and win it, but I wish the best of luck to all the teams and to Cardiff in hosting this great event.

4.36 pm

Gavin Newlands (Paisley and Renfrewshire North) (SNP): We in the Scottish National party support the motion, so I will not detain the Committee unduly. I have only one further question to those that the hon. Gentleman has asked. Given the partially devolved nature of income tax in Scotland, if a future event such as the Champions League final were held in Scotland, would this secondary legislation approach require a legislative consent motion at Holyrood?

4.37 pm

Jane Ellison: If I am unable to answer colleagues' questions today, I will obviously get in touch with them after the debate to clarify. The criteria for granting tax exemptions has been set out on a number of occasions, but I am happy to repeat them. They are that the events should be world class and internationally mobile and where a tax exemption by the host country is a requirement of a bid to host the event. For those who are concerned, it is worth noting that the cost of these exemptions to the Exchequer is negligible and in any case is likely to be offset by the benefits of hosting such high-profile events—something that I am sure comes into the minds of those bidding to host them.

The Opposition Front-Bench spokesman raised gender equality. It is certainly not the case that the Government give tax exemptions only for all-male events. If the organisers of an all-female event approached the Government,

basically the same policy criteria would apply when deciding whether a tax exemption was appropriate. The majority of events that have been granted exemptions, such as the Olympics and the forthcoming world athletics championships, actually feature male and female competitors. With regard to the specific event that he named, I understand that an exemption was not requested. However, the criteria would have been applied equally. I accept that, in the world of sport, the decision might sometimes come out differently depending on the nature of the event, but it is dictated not by the gender of the participants in the sport but by nature of the occasion.

Jeff Smith: When the Minister says the exemption was not requested, was that for the 2017 women's Champions League final?

Jane Ellison: I believe that is the case, yes. We do all the normal assessments with regard to impact. As I said, the policy is effectively gender-neutral in that regard, because the criteria are linked not to gender but to other things.

I will look for inspiration with regard to the more technical question I was asked, but if I cannot find any, I might have to drop the hon. Member for Paisley and Renfrewshire North a line to clarify the need for a legislative consent motion. If it is all right, Mr Gray, I will come back to him subsequent to the debate.

The Chair: It is quite all right if the Minister wishes to do that, although of course technically speaking it is beyond the scope of this statutory instrument anyhow, as we are simply discussing the UEFA Champions League final in Wales. None the less, that is a matter between the Minister and the hon. Member for Paisley and Renfrewshire North.

Question put and agreed to.

4.40 pm

Committee rose.

