
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which come into force on 1st January 2011, 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 income and profits 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 activities of certain of those individuals from creating a permanent establishment of their employer for corporation tax purposes, if one does not already exist.

Regulation 1 provides for citation and commencement.

Regulation 2 details how terms used throughout the Regulations should be interpreted.

Regulation 3 provides exemptions from the charge to income tax for certain income, payments or transfers. It also removes the duty to deduct an amount representing income tax from certain payments or transfers to which these Regulations apply.

Regulations 4 to 8 specify the individuals and their activities whose income, payments or transfers will be exempt from income tax under regulation 3.

Regulation 9 provides that certain of the competitors’ exemptions from income tax under regulation 3 will not apply to income, a payment or transfer received as a result of a contract entered into, or an amendment to a contract made, after the commencement of the Games relevant to that competitor.

Regulation 10 provides that the activity for which specified individuals receive income, a payment or transfer which is exempt from income tax under regulation 3 will not create a permanent establishment of their employer for corporation tax purposes. It also provides that the employer will be exempt from income tax that otherwise may have been chargeable.

Regulation 11 provides that persons will not be entitled to the exemption under regulation 3, or the exemption under or benefit of regulation 10, where the arrangements have as their main purpose, or one of their main purposes, the obtaining of that exemption or benefit.

A full and final Impact Assessment has not been prepared for these Regulations as a negligible impact on the private or voluntary sectors is foreseen.