

**2016 No. 1250**

**INCOME TAX**

**The Sporting Testimonial Payments (Excluded Relevant Step)  
Regulations 2016**

<i>Made</i>	- - - -	<i>19th December 2016</i>
<i>Laid before the House of Commons</i>		<i>20th December 2016</i>
<i>Coming into force</i>	- -	<i>6th April 2017</i>

The Commissioners for Her Majesty's Revenue and Customs, in exercise of the powers conferred by section 554Y(1) and (3) of the Income Tax (Earnings and Pensions) Act 2003(a), make the following Regulations:

**Citation, commencement and interpretation**

1.—(1) These Regulations may be cited as the Sporting Testimonial Payments (Excluded Relevant Step) Regulations 2016 and come into force on 6th April 2017.

(2) Terms used in these Regulations and in section 226E of the Income Tax (Earnings and Pensions) Act 2003(b) (sporting testimonial payments) have the same meaning as in that section.

**Disapplication of Chapter 2 of Part 7A: sporting testimonial payments**

2.—(1) Chapter 2 of Part 7A of the Income Tax (Earnings and Pensions) Act 2003 (employment income provided through third parties: treatment of relevant step for income tax purposes) does not apply by reason of a relevant step if the relevant step is the making of a sporting testimonial payment.

(2) Paragraph (1) applies 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 25th 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 6th April 2017.

*Edward Troup*  
*Justin Holliday*

19th December 2016                      Two of the Commissioners for Her Majesty's Revenue and Customs

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(a) 2003 c. 1; section 554Y was inserted by the Finance Act 2011 (c. 11), Schedule 2, paragraph 1.  
(b) Section 226E was inserted by the Finance Act 2016 (c. 24), Schedule 2, paragraph 1.

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations disapply Chapter 2 of Part 7A of the Income Tax (Earnings and Pensions) Act 2003 (“ITEPA 2003”) in relation to sporting testimonial payments. Part 7A provides that, where an arrangement exists for providing rewards, recognition or loans in connection with a person’s employment, the value of a payment made by a third party is treated as the person’s employment income.

The disapplication of Part 7A in relation to sporting testimonial payments ensures that such payments are only taxable under section 226E of ITEPA 2003, which treats them as earnings, subject to the limited exemption in section 306B of ITEPA 2003.

A Tax Information and Impact Note covering this instrument was published on 16th March 2016 alongside the Finance (No. 2) Bill (now the Finance Act 2016) and is available on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>. It remains an accurate summary of the impacts that apply to this instrument.

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