

## Explanatory Note

### Clause 39: Corporation Tax: sporting testimonial payments and associated payments

#### Summary

1. This clause introduces a Corporation Tax deduction for sporting testimonial payments and associated payments.

#### Details of the clause

2. Subsection (1) inserts new section 996A into Part 22 of the Corporation Tax Act (CTA) 2010.
3. Subsection (1) of new section 996A provides that the section applies where a company is the controller of a sporting testimonial and makes a relevant sporting testimonial payment out of the proceeds of the sporting testimonial. The term "controller of a sporting testimonial" is defined in subsection (10) of new section 996A. A "sporting testimonial" is as defined in new section 226E of the Income Tax (Earnings & Pensions) Act (ITEPA) 2003.
4. Subsection (2) of new section 996A defines the term "relevant sporting testimonial payment".
5. Subsection (3) of new section 996A details the amounts that are taken into account in calculating the amount of the deduction in relation to the relevant sporting testimonial payment.
6. Subsection (4) of new section 996A details how a deduction is given.
7. Subsection (6) of new section 996A provides the order for allowing deductions within an accounting period where a deduction is allowable for relevant sporting testimonial payments made in more than one accounting period.
8. Subsections (7) to (9) of new section 996A provide further details about the amount of the deduction.

#### Background note

9. Following consultation, the government announced at the Spending Review and Autumn Statement 2015 (paragraph 3.18), that it would legislate to put the tax treatment of sporting testimonial payments beyond doubt. This clause provides a Corporation Tax deduction for relevant sporting testimonial payments to the extent that they are not otherwise deductible.
10. Separate clauses containing Income Tax charging provisions and a limited Income Tax exemption were published on 9 December 2015.

11. If you have any questions about this change, or comments on the legislation, please contact the Employment Income Team on 03000 521589 (email: [employmentincome.policy@hmrc.gsi.gov.uk](mailto:employmentincome.policy@hmrc.gsi.gov.uk))

**Withdrawn - do not use**