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37 **Payments from a sporting testimonial treated as earnings**

- (1) After section 226D of ITEPA 2003 (shareholder or connected person having material interest in company) insert—

*“Sporting testimonial payments*

**226E Sporting testimonial payments**

- (1) This section applies in relation to an individual who is or has been employed as a professional sportsperson (“S”).
- (2) In this section “sporting testimonial” means—
- (a) a series of relevant events or activities to which subsection (4) applies, or
  - (b) a single relevant event or activity not forming part of a series.
- (3) An event or activity is (subject to subsection (5)) a relevant event or activity if—
- (a) its purpose (or one of its purposes) is to raise money for or for the benefit of S in S’s capacity as a person who is or has been employed as a professional sportsperson,
  - (b) the disbursement of any proceeds raised for that purpose will be under the control of a person other than—
    - (i) S or a person connected with S,
    - (ii) an employer or former employer of S or a person connected with an employer or former employer of S, or
    - (iii) a person acting for or on behalf of a person mentioned in sub-paragraph (i) or (ii); and
  - (c) one or more sporting testimonial payments are expected to be made out of those proceeds.
- (4) A series of relevant events or activities is only to be regarded as a sporting testimonial if the same person controls the disbursement of the proceeds raised for or for the benefit of S from each activity or event.
- (5) An activity that meets the requirements of subsection (3) and consists solely of collecting (and, if applicable, inviting) donations for or for the benefit of—
- (a) may be one of a series of relevant events or activities for the purposes of subsection (2)(a), but
  - (b) is not to be regarded as a relevant activity for the purposes of subsection (2)(b) so long as both of the conditions mentioned in subsection (6) are met while the activity takes place.
- (6) The conditions are—
- (a) that the person responsible for collecting the donations and controlling their disbursement is an individual who is not—
    - (i) S,
    - (ii) a person who is, has been or becomes the controller of, any other relevant event or activity for or for the benefit of S,
    - (iii) a person connected with S or a person mentioned in sub-paragraph (ii),

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- (iv) a person acting for or on behalf of a person mentioned in sub-paragraphs (i) to (iii), and
- (b) that the donations collected do not include any sums made (directly or indirectly) out of the proceeds of any other relevant event or activity for or for the benefit of S;
- and in this subsection “controller” means the person who controls the disbursement of the proceeds raised for or for the benefit of S from a relevant event or activity.
- (7) A “sporting testimonial payment” is a payment which—
- (a) is made by or on behalf of the person who controls the proceeds raised for or for the benefit of S from a sporting testimonial,
- (b) is made (out of those proceeds) to S or a member of S’s family or household, to S’s order or otherwise for S’s benefit, and
- (c) does not (apart from this section) constitute earnings from the employment or former employment to which the sporting testimonial is most closely linked.
- (8) A sporting testimonial payment is to be treated as earnings of S from the employment or former employment to which the sporting testimonial is most closely linked.
- (9) For the purposes of this section if at any material time S is dead—
- (a) anything done for or for the benefit of S’s estate is to be regarded as done for or for the benefit of S; and
- (b) a payment made to S’s personal representatives or to their order is to be treated as a payment to S or to S’s order.
- (10) In this section “money” includes money’s worth and “payment” includes the transfer of money’s worth or the provision of any benefit.”
- (2) The amendment made by subsection (1) has effect in relation to a sporting testimonial payment made out of the proceeds of a sporting testimonial if—
- (a) the sporting testimonial was made public on or after 25 November 2015, and
- (b) the payment is made out of the proceeds of relevant events or activities which take place on or after 6 April 2017.
- (3) Terms used in subsection (2) and in section 226E (as inserted by this section) have the same meaning as in that section.