GRAHAM, SMITH & PARTNERS

International Tax Counsel

The IOC, or how not to pay tax in the US (and elsewhere)

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Charitable entities?

- Some big sports events manage to get special tax treatment
- In some countries, this may be considered state aid, breach of human rights or breach of the common market
- Some organisations do better than others

Does this look like a charity?

2023 figures

Savings: USD 3bn

Receivables: USD 1 bn

Net assets: USD 2.5 bn

Surplus of income over expenditure: USD 100m

Executive Director salary: USD 1.7m plus USD 100k benefits

Director General: USD 200k less

First class travel

*Source IRS form 990 for International Olympic Committee

So you want to organise the Olympics?

What does the IOC require?

- No tax on payments by the IOC or IOC controlled entities;
- Both direct and indirect taxes;
- Organising Committee of Olympic games does not pay any tax on payments to the IOC or controlled entities.

- Justification: all payments for the benefit of the Olympic Movement

What is exempt?

- Non-resident athletes not taxed on performance related rewards;
- IOC affiliates, delegation staff, judges and referees, accredited media personnel and commercial partners not taxed on games related activity;
- No withholding taxes;
- No permanent establishment as a result of these people being in the country.

*Source: Host city contract – principles 2028

Taxes

- No VAT or similar to the extent local partners do not have to pay it. Refund of input tax where applicable;
- Host city, NOC and OCOG must guarantee IOC against any tax claims;
- From 4 years prior to 1 year after.

Is it legal in the EU?

- Is it a selective advantage, and therefore state aid?
- Is it discriminatory?
- Is it proportional?

You decide. Everyone has got away with it so far.

France

In France, exemptions for international sports federations were rejected by the Constitutional Council (these were aimed at bringing in FIFA)

But they had the Olympics in 2024!

And Football?

FIFA World Cup: FIFA demands

- FIFA and subsidiaries and local organising committees required to be exempted from all direct taxes.
- Includes revenues from rights, licensing etc.
- Prize money to teams.
- Fees to broadcasters etc.
- VAT exemptions often given (max 10% sales tax or VAT on non FIFA used tickets.

FIFA World Cup

- Exemption for players, coaches, referees and officials.
- Free import and export of currency.
- Tax indemnification.

FIFA World Cup 2026, partly in the US

Difficult to find contracts

Seems not so successful:

- No federal tax exemption in the US;
- Must make use of treaties;
- Some state exemptions;
- Players probably not taxed under treaties and domestic law.

Other sports

World Athletics Championships: similar arrangements

But not:

Golf

Tennis

Grand cycling tours

Badminton

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