



# Tax opportunities for players transferring

Italy & England



International  
Sports Tax  
Association

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# Tax opportunities for players

This guide covers:

Tax benefits for players moving to Italy or England

Who can qualify for these tax benefits

How to apply for these benefits

When you should start getting advice

Any on-going requirements

How to find a regulated sports tax adviser in Italy & England





# Italy

## Tax Opportunities Overview

### Regime for Inbound Workers

Aims to provide a general 50% tax relief on employment income to attract players who sign sports performance contracts with Italian football clubs and become Italian tax residents.

Read more detail on page 4.

### Forfeit Tax Regime

Intended for players moving their tax residence to Italy and derive most of their income from sources outside of Italy (such as income from the exploitation of image rights not connected to Italian performances and not managed in Italy).

Read more detail on page 5.

### Timing of the relocation

In order to benefit from either of the two regimes the player must become resident in Italy for tax purposes. Hence, the timing of the relocation to Italy is relevant, as the Italian income tax law does not provide for split-year rules. Therefore, a player relocating to Italy in the second part of the calendar year (e.g., in August 2023 during this summer transfer market window) is likely to be considered as non-resident in Italy for tax purposes, since none of the three conditions for qualifying as Italian tax resident (registration in the Civil Registry of the Resident Population or establishment in Italy of the residence or domicile, according to the Civil code definition) would be met for the greater part of the tax year. Thus, from the date of his/her transfer until the 31st of December 2023, he/she will be treated as non-resident and consequently any Italian source income will be taxed according to the ordinary tax regime.

### When should you seek advice?

You should seek advice before entering into contractual negotiations in order to (i) verify whether the conditions for the application of any of the two regimes are met and (ii) identify the most suitable regime for the player.

Read more detail on who qualifies for these tax regimes on pages 4 & 5.

### Who can help you secure these tax opportunities?

There is no regulated category of “tax advisors” in Italy. However, tax assistance can be provided by regulated and authorized professionals, namely chartered accountants (dottori commercialisti) or lawyers.

You can find sports tax specialists in Italy on [sportstax.org](http://sportstax.org)



# Italy

## Regime for Inbound Workers

### Q. What is the Regime for Inbound Workers?

It aims at providing a general 50% tax relief on employment income to attract players who sign sports performance contracts with Italian football clubs and become Italian tax residents.

The qualifying income must be Italian sourced according to domestic tax rules (i.e., the work must be carried out in Italy). In certain circumstances, player remuneration may also include the transfer to the club of the rights for the exploitation of the footballer's image. Consequently, the salary paid by the Italian club (e.g. for sport performances held in Italy and the disposal of image rights) would be considered as Italian-sourced employment income.

### Q. Who can qualify for this regime?

It is available under the following conditions:

- The player must have been a non-Italian tax resident for the last 2 tax periods prior to the first year of relocation;
- The player should undertake to remain Italian tax resident for at least 2 tax periods from the first year of the option coming into effect, otherwise a “clawback” provision would apply and the tax benefit, plus penalties and interest, would be recovered retroactively;
- The working activity must be carried out mainly in Italy;
- The player must be at least 20 years old; and
- The player must have a minimum income, derived from his employment activities for the club, of EUR 1,000,000.

The application of this regime is also subject to the payment of a yearly 0.50% mandatory contribution, calculated on the player's taxable base of the previous tax year, aimed at developing the youth sports sector.

### Q. Do you need to apply?

The player must formally opt in by submitting a self-declaration to the club, informing that a reduced withholding tax on the lower taxable income (50%) is to be applied to the remuneration (this condition is usually agreed between the parties during contractual negotiations) because all the conditions required by law are met.

### Q. What are the on-going filing requirements?

The player who is tax resident in Italy is required to file the individual income tax return claiming the benefit by the 30th November of the year following each relevant tax period. Moreover, the withholding tax on the lower employment taxable income (50%) should already have been applied by the employer. If this is not the case, the player may be able to reclaim the higher amount of the tax withheld by the club on his tax return. In addition, the player has to declare the foreign sourced income (which is subject to ordinary taxation) and report the value of foreign-held assets in the tax return.



# Italy

## Forfait Tax Regime

### Q. What is the Forfait Tax Regime?

It is intended for players moving their tax residence to Italy and who derive most of their income from sources outside Italy (such as income from the exploitation of image rights not connected to Italian performances and not managed in Italy).

Access to this regime allows to split the taxation of the worldwide income by paying a flat substitute tax of EUR 100,000 per year on the foreign sourced income while applying the ordinary individual income tax to the portion of income sourced in Italy (e.g., employment income). It should be emphasised that, unlike the regime for Inbound Workers, the Forfait Tax regime does not provide any benefit on the remuneration agreed with the Italian football club.

### Q. Who can qualify for this regime?

It is available under the following conditions:

- The player must become Italian tax resident under domestic income tax provisions; and
- The player must have been a non-Italian tax resident in at least 9 out of the 10 tax years preceding the first year of application of the regime.

### Q. Do you need to apply?

The player is required to opt for the Forfait Tax regime through an election to be executed in his/her income tax return. The Italian tax law provides the taxpayer with the possibility of requesting a ruling on the interpretation and application of the rules of the Forfait Tax regime to an ad hoc office of the Italian Revenue Agency. The ruling may be obtained even prior to the acquisition of Italian tax residence and does not imply any obligation to acquire it. Among the others, a ruling may be helpful to obtain confirmation of:

- Eligibility for the Forfait Tax regime;
- Whether a certain income or gain is foreign-sourced;
- The treatment of foreign entities (such as image rights companies) for Italian tax purposes.

### Q. What are the on-going filing requirements?

In addition to the election to be made in the tax return for the tax period in which the player transfers his tax residence to Italy or in the tax return for the following tax period, the player is required to pay the EUR 100,000 annual flat tax by the 30th June of the year following each relevant tax period. Furthermore, he/she must submit the individual tax return by the 30th November of the year following each relevant tax period in which the player whom is resident in Italy under the Forfait Tax regime must declare certain Italian source income (e.g., the remuneration paid by the Italian club which is subject to ordinary taxation).

### Tax Opportunity for Inbound Players

If a player has not lived in the UK and is not UK domiciled they can benefit from not paying tax on their playing days outside of the UK. This means the days that they spend training and in rehab overseas will be tax exempt. Additionally, if the player is part of their national team the days they spent playing overseas will also be exempt from tax in the UK.

Read more detail on page 7.

### When should you seek advice?

This planning is best done ahead of the move (or within the first 3 months of arrival).

Read more detail on who qualifies for these tax regimes on page 7.

### Who can help you access these tax opportunities?

An individual does not have to be regulated to call themselves a tax adviser. Therefore we would suggest that players use only regulated and insured advisers. Qualified tax advisers will either be CTA, ATT, or STEP registered in the UK.

You can find sports tax specialists in Italy on [sportstax.org](http://sportstax.org)

### Q. What opportunities are available for inbound players?

If a player has not lived in the UK and is not UK domiciled they can benefit from not paying tax on their playing days outside of the UK. This means the days that they spend training and in rehab overseas will be tax exempt. Additionally, if the player is part of their national team the days they spent playing overseas will also be exempt from tax in the UK.

### Q. Who can qualify for these benefits?

All individuals who are not UK domicile. Domicile can be complicated to determine if the individual already has links to the UK. For anyone who was not born in the UK and has not previously lived in the UK they will be non UK domicile when they arrive.

This treatment only applies for the first three years that the individual is in the UK.

### Q. Do you need to apply?

There is no application to claim this relief but it only applies if the individual makes an election and there is certain structuring that needs to be completed.

### Q. What are the on-going filing requirements?

The player will need to file tax returns each year. They will have a legal requirement to file every year when their earnings are over £150,000. Therefore claiming this election does not impose an additional filing requirement for them.



# Thank you to our contributing authors



Italy  
Alberto Brazzalotto  
Partner, Maisto e Associati

+393476430579  
a.brazzalotto@maisto.it  
www.maisto.it

Alberto Brazzalotto is admitted to the Association of Chartered Accountants in Milan. He joined Maisto e Associati immediately after graduating (cum laude) in Law at the University of Padua in 2010.

He attended several programs and courses abroad focusing on international tax law. In 2012 he graduated (cum laude) in Economics at the University of Piacenza Cattolica del Sacro Cuore.

His areas of expertise are international tax law, taxation of IPs, taxation in the sport and entertainment sector, personal and estate planning, trusts and taxation of individuals.



Italy  
Elio Andrea Palmitessa  
Partner, BDC Associati

+393396079416  
e.palmitessa@bdcassociati.it  
www.bdcassociati.it/

Tax Advisor specialised in EU Tax Law and International Tax Law. Member of Boards of Statutory Auditors.

He holds an LL.M. Degree (with honors) in International Tax Law at Vienna University of Economics and Business (Institute for Austrian and International Tax Law). He also received the TEP designation (Trust and Estate Practitioner), the top tier of STEP qualification.

He is also the author of several publications in the field of international and European tax law as well as speaker in a number of conferences in Tax Law.



United Kingdom  
Sofia Thomas  
Partner, Juno Sports Tax

+44 20 8914 7926  
sofia@junosportstax.co.uk  
www.junosportstax.co.uk

Sofia Thomas is a Chartered Tax Advisor and Head of Tax at Juno. Alongside her role as Head of Tax at Juno, she is also the Chair of the International Sports Tax Association.

Sofia is regularly instructed as an expert for contentious tax disputes and has extensive experience in international tax matters, working with non-domiciles and expatriates.

She has had articles published in industry-leading publications, such as Taxation Magazine, and regularly speaks at Top 500 legal firms about tax issues.

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