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Payments to Contract and Non-contract Players Guidance for Semi-Professional Football Clubs

Purpose of this Guide

This Guide has been prepared to assist semi-professional football clubs in meeting the requirements of The FA and H M Revenue & Customs ("HMRC") when making payments to contract and non-contract players. The Guide addresses the application of FA Rules and the key issues that a Club may face when making payments to contract and non-contract players. It is not intended to be a comprehensive guide to address all issues that may arise in relation to the application of PAYE and National Insurance to payments to players.

If a Club is in any doubt in relation to the procedures that it is adopting then they should contact their professional advisors or their local HMRC office. HMRC website <http://www.hmrc.gov.uk/> also provides comprehensive advice in relation to PAYE and NI including registration, application and reporting deadlines that are not addressed in this Guide. Any queries in relation to the content of this Guide should be addressed to The FA at clubgovernance@TheFA.com.

FA Rules

FA Rules C 1 (b), C1 (c) and C2 (b) require that:

- all payments to a player are made by the Club and fully recorded in the accounting records of the Club;
- all salaried payments to a player must be subject to PAYE and NI. This includes weekly wages, performance bonuses (win, points, goals scored etc, share of prize money), loyalty bonuses and signing on fees;
- where a player is paid expenses then payments are supported by an expenses claim form in a format acceptable to HMRC and that such forms are retained by the Club;
- all payments and or benefits due and or made to a contract player must be set out in a written agreement between the Club and the player and a copy provided to The FA;
- all amounts due to a contract player are set out in the contract and must be stated gross before the deduction of PAYE and National Insurance.
- all player contracts must be in the full name of the Club and state the company number if the Club is incorporated;
- contracts between a Club and a player must state that all amounts due are payable to the player and not to any company or any agency acting on behalf of the player (ie a player must be an employee of the Club and cannot be self employed).



Applying PAYE and National Insurance to Payments to Contract players

In accordance with FA Rules all salaried amounts due to a contract player must be recorded in the player's contract gross (before tax) and be subject to PAYE and NI. This includes weekly wages, performance bonuses (win, points, goals scored, share of prize money etc), loyalty bonuses and signing on fees.

Further guidance in relation to the application of PAYE to specific payments (including travelling expenses) to contract players can be found on the HMRC website at <http://www.hmrc.gov.uk/manuals/eimanual/EIM64100.htm>

Applying PAYE and National Insurance to payments to Non Contract Players

Payments to non-contract players may or may not be subject to the deduction of PAYE and National Insurance. This will depend on the nature of the relationship between the Club and the player.

If a non-contract player is being paid a wage by the Club and /or any form of performance related payments (such as bonuses or appearance money) then HMRC will consider the player to be an employee of the Club and all payments should be subject to PAYE and NI.

If a Club makes a payment or series of payments to the player that includes a form of remuneration such as the same round sum amount each week, appearance fees or other performance bonuses then HMRC may conclude that the player is an employee of the Club that may result in all payments made to the player being subject to PAYE and NI. In determining if a non-contract player is an employee or not, HMRC may also consider the player's terms of engagement, ie what the Club expects from the player. If on considering the arrangements between the non-contract player and the Club HMRC determine that the player is an employee then PAYE and NI should be applied to the payments to the player.

If the player receives no more than the reimbursement of reasonable out of pocket expenses incurred in travelling to matches (home or away), or cleaning and maintaining kit, no tax liability arises. The player will be considered by HMRC to be "playing for the love of the game" and not profiting from playing for the Club.

Further details of payments to non-contract players can be obtained from HMRC website at: <http://www.hmrc.gov.uk/manuals/eimanual/EIM64145.htm>

Payment of expenses

HMRC has agreed that non-contract players that are "playing for the love of the game" may be reimbursed reasonable out of pocket expenses without incurring PAYE and NI. The levels of such expenses should be agreed in writing with a Club's local HMRC office before making the payments. The Club must maintain detailed records to support the payment of any expenses. An expense claim form suitable for use is attached as appendix 1. The expense claim form must be signed by the player and authorised for payment by an officer of the Club.

Travelling expenses

A non-contract player that is playing for the love of the game and is not employed to play for the Club (ie is not profiting from playing) may be reimbursed travelling expenses for travelling to and from matches and training without incurring PAYE and NI. Payments must be made in accordance with HMRC rates known as Approved Mileage Allowance Payments. The rates can vary in each tax year. Details can be found at <http://www.hmrc.gov.uk/payee/exb/a-z/m/mileage-expenses.htm>

If a player (contract or non-contract) is considered to be an employee of the Club then reimbursement of travel costs are taxable if they relate to travel to and from the Club's home ground or training ground. In contrast, reimbursement of travel costs for journeys to an away ground (ie not the employee's normal place of work) are not subject to PAYE. In either case detailed records of payments must be maintained by the Club to meet HMRC requirements.

Kit allowances

Players may be reimbursed for the cost of necessary equipment such as football boots and training kit without incurring a tax liability. A Club should come to an advance arrangement with HMRC for the amount that can be paid to players each week. A Club must be able to demonstrate that the amount reimbursed does not exceed the actual expenses incurred by a player. In the absence of such an agreement from HMRC then expenses should only be reimbursed on a specific basis when supported by valid receipts.

Examples of the reimbursement of expenses are attached as appendix 2.

National Minimum Wage

Under law an employee with a contract of employment (written, oral or implied) is entitled to be paid at a rate that at least meets the National Minimum Wage ("NMW"). In addition to contract players this will include a player that receives some payment or benefit from playing in excess of the expenses incurred. A non-contract player that is reimbursed only reasonable expenses and is "playing for the love of the game" is not considered to be an employee and therefore the NMW will not apply.

Further details on the application of NMW can be obtained from:

<https://www.gov.uk/your-right-to-minimum-wage/who-gets-the-minimum-wage>

Payments to those other than players

The application of PAYE and NI to payments to others at a Club such as the manager, coaching staff, physiotherapist and casual staff will depend on the nature of the agreement between the Club and the individual. The principles referred to above in relation to players can be applied ie if the person is an employee of the Club then PAYE and NI should be applied to payments; if only reasonable out of pocket expenses are reimbursed then these should be supported by detailed expense claim forms and PAYE and NI need not be deducted.

On occasions specialist coaches or physiotherapists may be considered to be self employed in that they provide their services to more than one club or other persons or organisations. If such persons

are self employed then they may invoice the Club for their services without deduction of PAYE and NI. Determining if a person is employed or self employed may not be easy (Note: under FA Rules a player cannot be self employed). Clubs should take professional advice or contact their local HMRC office when considering a person's employment status. Guidance can also be found on the HMRC website at <http://www.hmrc.gov.uk/payee/employees/start-leave/status.htm>.

Benefits in kind

Some players (and others at a Club) may receive benefits in kind related to their employment. This may include the use of a car, accommodation, payment of telephone bills, medical insurance. HMRC may regard these as part of an employee's wages that should therefore be subject to PAYE and NI. Dispensations may be obtained from HMRC in respect of certain benefits. Clubs should seek advice from their professional advisors or from their local HMRC office in relation to benefits due to a player (and others). HMRC website also provides guidance at:

<http://www.hmrc.gov.uk/payee/exb/overview/basics.htm>

Action plan for Clubs

FA Rules require a Club to apply PAYE and NI to payments to players in accordance with HMRC requirements. A failure to operate PAYE and NI correctly may result in a Club facing disciplinary action for breaching FA Rules and also facing action from HMRC for breaches of the law.

The application of PAYE and NI to payments to players is becoming increasingly more complex. Maintaining a system of recording payment of expenses can be a significant administrative burden for a Club.

Clubs should review their current procedures for making payments to players to ensure that they meet the requirements of FA Rules and of HMRC. If necessary Clubs should obtain advice from their professional advisors or from their local HMRC office in relation to their procedures for making payments to players and others.

Expense Claim Form forFootball Club

Name:

Date:

Mileage

Car used: Own / Club / company car – with fuel / without

Date	From	To	Reason	Mileage	Rate/mile	Claim £

Total mileage claim in period A

Other expenses

Date	Details of amount claimed (receipts to be attached)		Claim £

Total other expenses claimed in the period B

Total amount claimed in the period A + B

I hereby claim the above expenses and confirm that I have personally incurred the expenses wholly, exclusively and necessarily in the course of my duties for the Club.

Signature of claimant: **Date:**

Authorised by: **Date:**

Example 1:

A contract player is reimbursed £24 per week at approved HMRC rates for travelling from home to ground for two training sessions and one match. He also receives a weekly wage of £50 per week and £25 appearance money. As a contract player, he is regarded as an employee by HMRC and the full £99 is subject to PAYE, including the travelling expenses as the player is travelling to the normal place of employment.

Example 2:

The contract player in Example 1 travels fortnightly to away grounds from home. Since this travel is not classed as being from home to his normal place of employment then the reimbursement of the away mileage only is not subject to PAYE. The weekly wage, appearance money and travel to home games and training are subject to PAYE.

Example 3:

A player without a written or oral contract receives £24 a week for the reimbursement of travelling expenses from home to ground for two training sessions and one match. The player is also paid £25 per week appearance money. By receiving something more than reimbursement of his out of pocket expenses, the player is making a profit from the game and PAYE should be applied to all the money received. i.e. £49 (£24 travelling expenses plus £25 appearance money).

Example 4:

A player without a written or oral contract receives £24 per week at HMRC rates for the reimbursement of travelling expenses from home to ground for two training sessions and one match. The player is not regarded as an employee and does not make a profit out of the game. Consequently, the £24 of expense reimbursement is not subject to PAYE, as long as the player makes the three trips each week and appropriate records are maintained for the amounts claimed and paid including a completed, expense claim form signed by the player and authorised on behalf of the club.

Example 5:

A player without a written or verbal contract incurs travel expenses of £24 per week at HMRC rates but receives a round sum allowance in respect of his travelling expenses of £30 per week. Since the payment more than reimburses his actual travelling expenses computed on a reasonable basis, the entire amount is subjected to PAYE as the player is profiting from playing.

Example 6:

A player without a written or verbal contract attends the club's home ground three times per week incurring £80 per week at HMRC approved rates. He completes a signed expense claim form that is reviewed and authorised by the club. Providing that each week the payment to him does not exceed the £80 allowance for miles travelled during the week, then the sum paid to him should not attract PAYE. He is then considered to be "playing for the love of the game".

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