

**Finance Workshop**  
-  
**Taxation For Athletes**



## Meet the Tax Team!



**Julia Sailer**  
Head of Indirect  
Tax



**Mattias Schmid**  
Head of Tax



**Harry Singh**  
Indirect Tax  
Lead



**Giorgio Mattioni**  
Corporate Tax  
Specialist

**Rapid fire questions**



- **What is VAT?**
- **Why is VAT important for Athletes?**





- **What is income tax?**
- **Why is income tax important for athletes?**



# Introducing our athletes

- **Meet Emily and Jacob**
- **Emily resides in Germany, while Jacob is a resident of Switzerland.**



Whilst competing at the world championship in Budapest this year, Emily and Jacob both take home a Gold Medal.

Both Athletes receive EUR 50.000 as prize money.

After celebration and joy for the results obtained, it is finally time to receive the prize!

However, everything is not as easy as it seems...



**WORLD ATHLETICS  
CHAMPIONSHIPS  
BUDAPEST 23**

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# Scenario 1 - income tax

When it is time to cash the prize money, our athletes end up receiving “only” **EUR 40.000**. Is this a mistake?

After year-end, Emily and Jacob go to their respective tax advisors to prepare their tax returns.

The tax advisors include **EUR 50.000** and not **EUR 40.000** in their tax returns.

## WHY IS THIS HAPPENING?

- Taxation in your State of residence → income and expenses
- Taxation at source → what is a withholding tax?
- Taxation of income of sportspersons
- How to avoid double taxation on the same income (i.e., Emily and Jacob’s case) → tax credit

KEY MESSAGE: in cross-border situations it is possible to be taxed on the same income in two states. However, double taxation is usually solved with the tax credit. Make sure to keep track of the withholding taxes paid abroad!



- Participating in an event and earning income may lead to a possibility that you'll need to pay VAT in the country where the event takes place.
- Emily and Jacob competed in Hungary and emerged as winners, earning prize money.
- Emily and Jacob need to check whether they need to register for VAT and make VAT payments in Hungary.
  - Some countries offer simplifications, whereby the organiser of a sporting event can take care of the VAT payments on behalf of the the athletes.
  - Some countries only require registration once a threshold has been reached.
- Emily and Jacob need to be aware that VAT may reduce their prize money. VAT rates can be as high as 27% in Europe. Better not spend that money before you know whether the taxman may come knocking on your door.

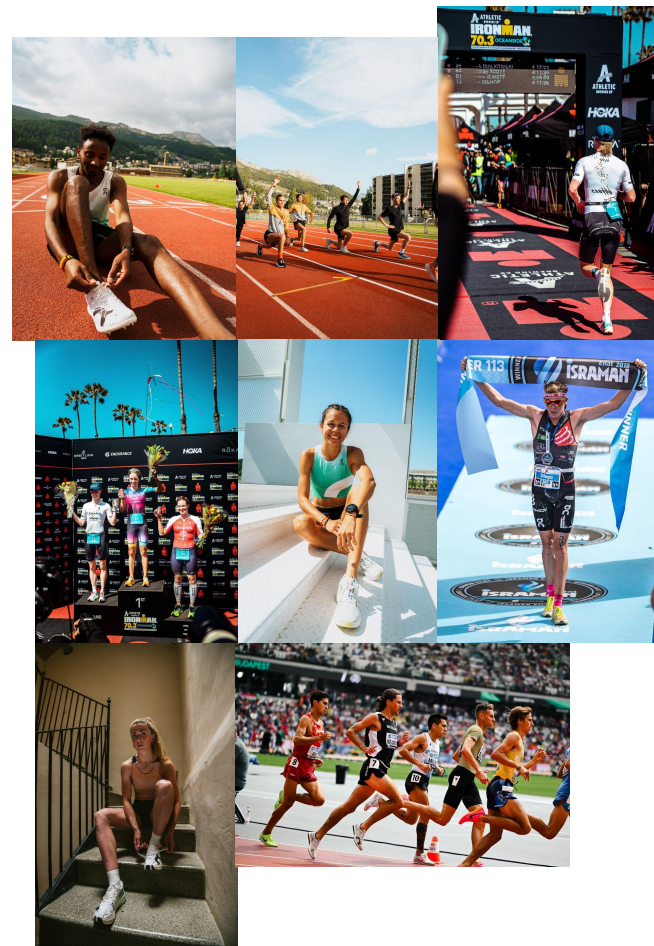


Emily and Jacob's careers have taken off: our athletes are now celebrities!

They are attending lots of sports competitions and events, but they also receive other income such as royalties for the concession of the right to use their image rights, sponsorship and marketing fees.

Their life is full and they are constantly travelling.

Furthermore, they are thinking of going to St. Moritz to train on a regular basis.



Emily and Jacob think they have learnt the lesson: everything is taxed at source and all they need to do is to request a tax credit in Switzerland and Germany. Is it correct?

## WHAT HAPPENS WHEN YOU HAVE DIFFERENT SOURCES OF INCOME?

- Different types of income are taxed differently
- Reduced/exemption from withholding tax in the case of payment of royalties
- Tax residence

KEY MESSAGE: different incomes are taxed differently. Make sure to keep track of all your sources of income and of your days spent abroad!

- At this point It's important to consider and understand **NET & GROSS** amounts when negotiation sponsorships and other contracts deals.
  
- If we consider that Emily and Jacob have each successfully obtained a one-year sponsorship agreement, specifying a total **GROSS** amount of EUR 100.000 inclusive of VAT at a 20% rate, what will be the ultimate amount that Emily and Jacob will receive?
  - a. **120,000 EUR**
  - b. **83,000 EUR**
  - c. **80,000 EUR**
  - d. **60,000 EUR**

- You might be required to register for VAT in several countries.
- Emily and Jacob are registered for VAT in their respective countries. With sponsorship agreements, the VAT is payable in the sponsor's country.
- Despite the paperwork, remember that a VAT registration not only incurs costs but allows VAT recovery on expenses.





Emily and Jacob are now at the peak of their careers and they start thinking of different ways to manage their business activities and investments.

In this respect, they are considering the possibility to set up their own company to which they will grant their image rights and which will be the collector of their income.

What would change if they pursue this idea?

- Separation and two “spheres”:
  - **Company** → corporate taxation
  - **Individual** → individual taxation
- Different forms and different structures
- Important to have an adequate structure - be aware of the consequences!

KEY MESSAGE: make sure to consult a tax advisor before setting up an entity and changing your income structure!




You've established a business: What does this mean from a VAT point of view?

- Register your business for VAT
- Issue invoices in the name of the company
- Make sure that expenses are invoiced to your company's name

Following these three steps can provide you with a good starting point off the blocks, that ensures you meet your tax obligations whilst simplify the process of preparing the VAT return.

## Final notes and key takeaways

- Keep track your income and transactions worldwide
- Obtain invoices for all business expenses
- Many people will try to give you advice and tell you what to do: please make sure to consult a tax advisor for any question you may have
- ChatGPT is not the answer! 

Don't worry... we are working to create something for you!

16:48



 GIORGIO

Can you please give me tax advice?

 CHATGPT

I can provide general information about taxes, but I'm not a licensed tax professional, and I can't offer personalized tax advice. If you have specific tax-related questions, it's best to consult with a qualified tax advisor or accountant who can provide guidance tailored to your individual circumstances.



# Q&A



# Athletes Finance & Operations

## F&O On Crew



**Claudio Jampen**  
Lead F&O for Athletes



**Lisa Kroth**  
Business Operations for Athletes



**Agnes Simay**  
Cross teams enabler

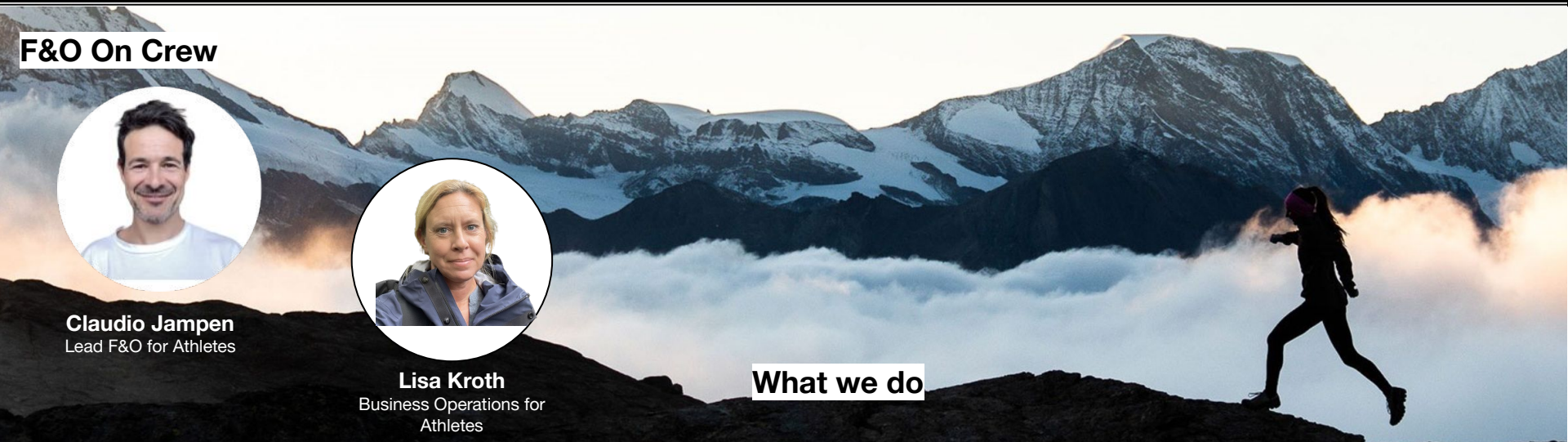


**Katalin Kalinka**  
Expense payments

## What we do

Team created in October '23 with the mission to enable On to provide the outstanding Finance & Ops support that our world-class Athletes deserve

- Make interactions smoother, faster and free of pain points for you
- Explore new ways to be able to give you a more tailor-made experience
- Get the right products in the right place and time
- Help you navigate with the admins by dropping knowledge, organizing trainings or providing individual support
- Set up dedicated teams to speed up issue resolution
- Rethink our collaboration with our Athletes to show we care



We greatly appreciate your participation in today's training.

Your valuable insights will help us provide you with trainings that better fit your needs.

Please share your feedback generously on today's training but also on topics where in the future we can bring more value to you.

Thank you for taking the time



SCAN ME







**Thank you**