

Is it right that Usain Bolt should be given a special tax exemption when he competes in the UK – or is this an expedient too far?

My eye was drawn to a recent announcement by the Treasury ('Statement regarding the London anniversary games') that Usain Bolt, alongside other competitors attending the games in July, are going to have a special exemption from UK tax. In the current climate, giving a tax exemption to somebody reputed to earn £12m a year is an interesting idea.

Of course it makes commercial sense. Apart from the London Olympics (for which there was a blanket tax exemption anyway) Usain Bolt has not competed in the UK since 2009. He made it quite clear (along with others including such names as Rafael Nadal and Sergio Garcia) that the tax consequences of coming here were simply too punitive; so they have all stayed away. The Treasury has obviously recognised that it is not such a great plan to penalise people who want to bring their business here and generally add to the country's prosperity. So they are giving Usain Bolt a tax exemption.

However, it is not only Usain Bolt who is discouraged from coming to the UK. There are thousands of people who are deterred from bringing their business to the UK and creating employment here. So why don't we give the same exemption to other people for the benefit of the country? Usain Bolt maybe sublimely gifted, indeed touched by genius, but that is not usually grounds for a tax exemption.

If the Treasury think that the rules which cause these major players to stay away from the UK (and which has already cost us important sporting events such as the Champions League Final in 2010) need to be disapplied because they are causing us such damage, what on earth is the purpose of having them. It cannot possibly be so that Usain Bolt and other people bringing wealth and employment to the UK will pay their fair share of taxes. The effect of these rules is that they do not come here and do not pay any tax at all so we are impoverished both by their absence and by the lack of tax revenue. I think that is called a lose/lose situation. There may be some who feel it is better for us to be impoverished than to encourage wealthy people to our shores and that we should confine our encouragement to those in need. Let us hope that is a minority view.

The current debate about taxes is spectacularly ill informed and is certainly not improved by giving a special tax exemption to selected celebrities – for no other reason than they are celebrities. This diminishes the integrity of our tax code. The decision by the Treasury to provide this exemption – and the obvious motivation behind it – clearly acknowledge that the existing rules cause positive damage to the UK economy and are well overdue for serious reform.

The idea that we should give a tax exemption for foreign celebrities is about as absurd as imposing punitive taxes on them in the first place. A more sensible and less vindictive approach would be to impose reasonable taxes on Usain Bolt and others so that they feel happy to come here. We would benefit from experiencing their genius first hand and we would receive some tax (and generate employment) into the bargain. I think that could be said to be a win/win situation.

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