

Tax Relief on Retirement for Certain Income of Certain Sportspersons – S480A TCA 1997

Part 15-01-36

This document should be read in conjunction with section 480A, Part 30 Chapter 2 and Part 30 Chapter 2A of the Taxes Consolidation Act 1997

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1. Introduction

Section 12 of Finance Act 2002 introduced section 480A into the Taxes Consolidation Act 1997 (TCA 1997). The section provides income tax relief on the retirement of certain sportspersons, specified in Schedule 23A TCA 1997, where certain conditions are satisfied.

The relief, given by way of repayment of tax, takes the form of a deduction from earnings and can be claimed for any 10 years of assessment chosen by the taxpayer from -

- the year of retirement, and
- the preceding 14 years of assessment.

2. Who can avail of the relief?

The following sportspersons (specified in Schedule 23A TCA 1997) can avail of the relief:

Athlete	Badminton Player
Boxer	Cyclist
Footballer	Golfer
Jockey	Motor Racing Driver
Rugby Player	Squash Player
Swimmer	Tennis Player*
Cricketer**	

* Applicable for the year of assessment 1999/2000 and subsequent years

**Applicable for the year of assessment 2012 and subsequent years

The present list is confined to persons involved in various sports where participants would be expected to have a relatively short earnings span.

It is available to sportspersons who are employees or self-employed on a professional basis. It is not available to persons engaged in sport primarily as a leisure activity or on an amateur basis, rather than a competitive one.

3. Conditions for relief

3.1 Permanent Cessation

A qualifying sportsperson must satisfy Revenue that he or she has ceased permanently to be engaged in that occupation or to carry on that profession.

It is a question of fact in each case as to whether an individual has permanently ceased to be engaged in an occupation or to carry on a profession. In many cases, the fact of permanent cessation may be obvious from the circumstances, for example, in the case of significant career ending injuries. If there is a doubt, it is necessary to have regard to all the circumstances, including the particular nature of the sporting activities carried on. For example, a jockey or boxer may cease permanently to be engaged in his or her profession if his or her professional licence has not been renewed.

Evidence such as a testimonial match following an announcement of retirement would indicate that a football player ceased permanently to be engaged in the sport of playing football on a professional level. The fact that a sportsperson continued to participate in the sport on an amateur basis would not necessarily preclude a claim under this section.

The date of the permanent cessation is also a matter of fact in each case.

Relief granted under this section will be withdrawn if the person recommences to engage in the sport on a professional level. The withdrawal is done by making an assessment under Case IV of Schedule D for the years in respect of which the relief was originally given. Where relief is withdrawn this does not prevent a subsequent claim for the relief if and when the sportsperson finally does retire at a later time.

3.2 Residence Requirement

From 1 January 2014, a sportsperson must be resident in the State, the UK, an EEA state or an EFTA state for the year of assessment in which he or she ceases permanently to be engaged in that occupation or to carry on that profession. Prior to that date, the requirement was that the sportsperson must be resident in the State.

3.3 Making Claims

A sportsperson claims the relief by including a claim in his or her Income Tax Return. However, where the sportsperson is not required to submit an Income Tax Return, he or she may submit a claim directly to Revenue (to the office dealing with his or her tax affairs by using "MyEnquiries").

A claim for relief must be made within 4 years from the end of the year of assessment in which the sportsperson retires.

4. How does the relief work?

Qualifying sportspersons will be entitled to a deduction from total income for up to any 10 of the years of assessment claimed. The amount of deduction available is set at 40% of the gross receipts, before deducting expenses, which arose wholly and exclusively from engaging in the sport.

Meaning of income which arises "wholly and exclusively". Subsection (6) of section 480A TCA 1997 defines the meaning of "wholly and exclusively" as -

salaries, fees, wages, bonuses or perquisites received as a direct consequence of playing the game, in the case of an employee, and all match or performance fees, prize moneys and appearance moneys received directly from playing the game, in the case of a self-employed person.

Thus, the relief is restricted to direct earnings from participation in certain sports and does not apply where no direct sports earnings exist.

As mentioned above, the relief, given by way of repayment of tax, takes the form of a deduction from earnings and can be claimed for any 10 years of assessment chosen by the taxpayer from -

- the year of retirement, and
- the preceding 14 years of assessment.

Although the relief is given by way of repayment of tax, no interest is payable in respect of these repayments.

Also, the relief cannot be used to create or augment an income tax loss.

4.1 Excluded income

The following income, regarded as indirect income, is excluded -

- sponsorship moneys received,
- receipts received for participation in advertisements, promotions, videos or television or radio programmes etc.,
- receipts for personal appearances or interviews, newspaper articles or magazines, and
- receipts for the right to use the individual's image or name to promote or endorse products or services or in any other manner.

Example 1

Paul is a professional rugby player who retired from rugby in 2023. He wishes to claim sportsperson's relief. To do so, he reviewed his income from playing rugby for:

- the year of his retirement, and
- the 14 years prior to the year of his retirement.

He selected the 10 years which allowed him to maximise his relief claim.

One of the years he wishes to claim for is 2017.

Paul's taxable income for 2017:

Rugby salary	€250,000
Employment expenses	<u>(€7,000)</u>
Net Schedule E income	€243,000
Personal appearance income	<u>€15,000</u>
Taxable income	€258,000

After claiming sportspersons relief for 2017, his taxable income will change.

Paul's taxable income for 2017, after sportspersons relief:

Rugby salary	€250,000
Employment expenses	(€7,000)
Sportsperson's relief (€250,000 × 40%)	<u>(€100,000)</u>
Net Schedule E income	€143,000
Personal appearance income	<u>€15,000</u>
Taxable income	€158,000

Paul will receive a deduction of €100,000 for 2017 relating to this relief. He will carry out a similar review for the other 9 years he selects to use for the purposes of this relief. The relief will be given by way of repayment of tax.

Example 2

Anna is a professional golfer who retired from golf in 2024. She wishes to claim sportsperson's relief. To do so, she reviewed her income from playing golf for:

- 2024, the year of her retirement , and
- the 14 years prior to the year of her retirement (2010 to 2023).

She selected the 10 years which allowed her to maximise her relief claim.

One of the years she wishes to claim for is 2020. Anna is single.

Anna's income tax for 2020:

Golf earnings	€200,000
Golf expenses	(€60,000)
Sponsorship income	<u>€70,000</u>
Taxable income	€210,000

Income tax	
€35,300 @ 20%	€7,060
€174,700 @ 40%	<u>€69,880</u>
Income tax for 2020	€76,940
(before credits and reliefs)	

After claiming sportsperson's relief for 2020, her income tax for 2020 will change.

Anna's income tax for 2020, after sportsperson's relief:

Golf earnings	€200,000
Golf expenses	(€60,000)
Sportsperson's relief	(€80,000)
(€200,000 × 40%)	
Sponsorship income	<u>€70,000</u>
Taxable income	€130,000

Income Tax	
€35,300 @ 20%	€7,060
€94,700 @ 40%	<u>€37,880</u>
Income Tax for 2020	€44,940
(before credits and other reliefs)	

Anna will receive a deduction of €80,000 for 2020, which will reduce her income tax liability before personal tax credits and other reliefs etc. by €32,000. Anna will carry out a similar review for the other 9 years she selects to calculate her total relief and revised liability to income tax. The relief will be given by way of repayment.

5. Interaction with pension products

Although the sportsperson's relief operates as a deduction, this deduction is not to be taken into account in determining the net relevant earnings of the person for the purposes of Part 30 Chapters 2 (retirement annuities) and 2A (Personal Retirement Savings Accounts) of the TCA 1997. The application of Chapter 2A applies with effect from 1 January 2017, in accordance with section 6 Finance Act 2016.

5.1 Retirement Annuity Contracts

A retirement annuity contract (RAC), or personal pension, is generally a contract between an individual and a life assurance company, which provides a tax-free lump sum, within certain limits, and a pension or other benefits at retirement. For more information, see [Chapter 21](#) of the Pensions manual and Part 30 Chapter 2 of the TCA 1997.

To obtain tax relief on contributions to an RAC, an individual must have a source of "relevant earnings", which means income arising in a tax year from a trade or profession or from non-pensionable employment. This tax relief is subject to two main limitations:

- an age-related percentage limit, and
- an upper limit¹ on the amount of earnings that may be taken into account for relief purposes.

To note, a claim for sportsperson's relief in any year will not affect the calculation of the individual's net relevant earnings for the purposes of tax relief on his or her RAC contributions.

¹ Section 790A of the TCA 1997

Example 3

Denise is a swimmer who retired from swimming in 2024. She wishes to claim sportsperson's relief. To do so, she reviewed her income from swimming for

- 2024, the year of her retirement, and
- the 14 years prior to the year of her retirement (2010 to 2023).

She selected the 10 years which allowed her to maximise her relief claim.

One of the years she wishes to claim for is 2024. Denise is single. In 2024 she was 30 and contributed €20,000 to a RAC.

Denise's taxable income for 2024:

Swimming earnings	€70,000
Swimming expenses	(€10,000)
Personal appearances	€30,000
RAC contribution	<u>(€20,000)</u>
Taxable income	€70,000
Income tax	
€42,000 @ 20%	€8,400
€28,000 @ 40%	<u>€11,200</u>
Income tax for 2024 (before credits and other reliefs)	€19,600

After claiming sportsperson's relief for 2024, her income tax for 2024 will change.

Denise's taxable income for 2024, after sportsperson's relief:

Swimming earnings	€70,000
Swimming expenses	(€10,000)
Personal appearances	€30,000
RAC contribution	(€20,000)
Sportsperson's relief (€70,000 x 40%)	<u>(€28,000)</u>
Taxable income	€42,000
Denise's income tax for 2024	
€42,000 @ 20%	€8,400
Income tax for 2024 (before credits and other reliefs)	€8,400

Denise will receive a deduction of €28,000 for 2024, which will reduce her income tax before credits and other reliefs by €11,200. However, it will not affect the

calculation of her net relevant earnings for the purposes of tax relief on her RAC contributions. Denise will carry out a similar review for the other 9 years she selects to calculate her total relief and revised liability to income tax. The relief will be given by way of repayment.

5.2 Personal Retirement Savings Accounts

A PRSA is a long-term savings account designed to assist individuals save for their retirement. For more information, see [Chapter 24](#) of the Pensions manual and Part 30 Chapter 2A TCA 1997.

To obtain tax relief on contributions to a PRSA, an individual must have a source of “relevant earnings”, which means income arising in a tax year from a trade, profession or employment. This tax relief is subject to two main limitations:

- an age-related percentage limit, and
- an upper limit on the amount of earnings that may be taken into account for relief purposes.

To note, a claim for sportsperson relief in any year will not affect the calculation of the individual’s net relevant earnings for the purposes of tax relief on his or her PRSA contributions (meaning the original tax calculation and relief for the PRSA contributions remains unchanged by claiming sportsperson relief).

Example 4

Michael is a cyclist who retired from cycling in 2024. He wishes to claim sportsperson's relief. To do so, he reviewed his income from cycling for -

- 2024, the year of his retirement, and
- the 14 years prior to the year of his retirement (2010 to 2023).

He selected the 10 years which allowed him to maximise his relief claim.

One of the years he wishes to claim for is 2020. Michael is single. In 2020 he was 42 and contributed €34,000 to a PRSA.

Michael's taxable income for 2020:

Cycling earnings	€200,000
Cycling expenses	(€15,000)
Sponsorship income	€60,000
PRSA contribution	<u>(€34,000)</u>
Taxable income	€211,000
Income Tax	
€35,300 @ 20%	€7,060
€175,700 @ 40%	<u>€70,280</u>
Income tax for 2020 (before credits and other reliefs)	€77,340

After claiming sportsperson's relief for 2020, his income tax for 2020 will change.

Michael's taxable income for 2020, after sportsperson's relief:

Cycling earnings	€200,000
Cycling expenses	(€15,000)
Sponsorship income	€60,000
PRSA contribution	(€34,000)
Sportsperson's relief (€200,000 x 40%)	<u>(€80,000)</u>
Taxable income	€131,000
Michael's income tax for 2020	
€35,300 @ 20%	€7,060
€ 95,700 @ 40%	<u>€38,280</u>
Income tax for 2020 (before credits and other reliefs)	€ 45,340

Michael will receive a deduction of €80,000 for 2020, which will reduce his income tax before credits and other reliefs by €32,000. However, it will not affect the calculation of his net relevant earnings for the purposes of tax relief on his PRSA contributions (the original relief and position remains unchanged by a claim for this relief). Michael will carry out a similar review for the other 9 years he selects to calculate his total relief and revised liability to income tax. The relief will be given by way of repayment.

6. USC and PRSI

As USC is calculated on income without regard to any amount deductible in calculating total income (section 531AM(1)(b) TCA 1997), the individual remains liable to USC on his or her income before the relief is given.

PRSI also continues to be payable on the income before relief because it is charged on income before deductions.