



International tax comparison for athletes

Focus: EU/EEA Countries

| Professional athletes working internationally ^{1,2} | Germany | | Croatia ³ (country of residence) | Netherlands (country of residence) | France (country of residence) | Czech Republic (country of residence) | Austria (country of residence) | Spain (country of residence) | Italy ⁴ (country of residence) | Slovakia (country of residence) | Switzerland ⁵ (country of residence) |
|--|--|--|--|---|---|--|---|--|--|---|---|
| Fiscal conditions⁶ | Full tax liability (place of residence = Germany) | Limited tax liability (place of residence = outside of Germany) | Top income tax rate | Top income tax rate | Top income tax rate | Top income tax rate | Top income tax rate | Top income tax rate | Top income tax rate | Top income tax rate | Top income tax rate |
| Earned income⁷ (Income from sporting activities) Income from indirect sporting activities⁸ (advertising, autograph sessions, athletic awards) | Progressive up to 45.0% Solidarity surcharge 5.5% Possible church tax 8%/9% (amount of income tax) | Foreign athletes who are neither habitually resident nor domiciled in Germany face limited tax liability on the income earned from their sporting activities performed within the country. Income tax for employed athletes is levied by means of a pay-as-you-earn (PAYE) system. | The top tax rate starts from a taxable income of €13,868 National 40.0% District of Zagreb 18.0% Surcharge on national tax 7.2% Total 47.2% | The top tax rate starts from a taxable income of €56,531 Progressive up to 52.0% | The top tax rate starts from a taxable income of €150,000 National: 45.00% Special contribution surcharge 4.00% (from a taxable income of €500,000) Social tax surcharge 8.00% Total: 54.61% | Standard from gross wages 15.0% Income over 100,000 CZK 7.0% Flat tax on €45,350 | The top tax rate starts from a taxable income of €60,000 Progressive up to 50.0% | The top tax rate starts from a taxable income of €175,000 National: 45.00% Surcharge 7.00% (from a taxable income of €300,000) Total: 52.00% | The top tax rate starts from a taxable income of €75,000 National: 43.00% Special contribution surcharge 3.00% (from a taxable income of €300,000) Regional 1.78% Total: 47.78% | The top tax rate starts from a taxable income of €35,022 Top national tax rate 25% | The top tax rate starts from a taxable income of €621,564 (Federal)/€209,794 (District of Zurich) Federal 11.50% Canton/District of Zurich 28.47% Total: 39.97% |
| Business income⁹ (Business taxation)¹⁰ | 29.83% | | 20% | 25% | 38% | 19% | | 30% | 31% | 22% | 20.65% |
| Income from investments in corporations | 25% | | 12% (dividends and profit distributions) Dividends are tax-exempt up to an amount of 12,000 HRK | 15% | 21% | 15% | 25% | 21% | 26% | - | 35% |
| Income from savings and investments | 25% (capital gains tax) | - | - | - | 24% | 15% | | 21% | 26% | 19% | 35% |
| Taxation of world income | Yes | | Yes | Yes | Yes | Yes | Yes | | | | Yes |
| Double taxation agreement with Germany | | | Yes | Yes | Yes | Yes | Yes | Yes | Yes | No | Yes |
| Employment undertaken by the player in Germany taxed in... | | | DE | DE | DE | DE | DE | DE | DE | DE | DE |
| Avoidance of double taxation | | | through double taxation agreement | through double taxation agreement | through double taxation agreement | through double taxation agreement | through double taxation agreement | through double taxation agreement | through double taxation agreement | possible credit or deduction | through double taxation agreement |

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| Value-added tax | No special rules apply to independent professional athletes under value-added tax legislation. Invoices from sports agents as part of transfers and contract renewals for professional athletes entitle the national football league club to input tax deductions. |
| Procedure for processing transfer fees to professional players | Transfer fees paid by clubs in the national football league in connection with the transfer of professional players to the club surrendering the player must be capitalised as acquisition costs on the intangible asset of the exclusive potential use "of the player" and written off on the term of contract |
| Sports agent commissions | If commissions are paid to sports agents, these are considered acquisition costs that are subject to mandatory capitalisation. Commissions paid in connection with a player's liability on a free transfer are not to be capitalised; |



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Focus: Selection of additional international countries

| Professional athletes working inter-nationally | Brazil (country of residence) | Japan (country of residence) | Qatar (country of residence) | China (country of residence) | Canada ¹¹ (country of residence) | USA ¹² (country of residence) |
|---|--|---|----------------------------------|-----------------------------------|---|---|
| Fiscal conditions | Top income tax rate | Top income tax rate | Top income tax rate | Top income tax rate | Top income tax rate | Top income tax rate |
| Earned income (Income from sporting activities) Income from indirect sporting activities¹³ (advertising, autograph sessions, athletic awards) | Progressive from 0 - 27.5% (withholding tax) | The top tax rate starts from a taxable income of €130,700 National: 40.00% 2.1% Surcharge on state tax 0.84% Prefecture 4.00% District 6.00% Total 50.84% | No tax on income earned in Qatar | 62.05% | The top tax rate starts from a taxable income of €93,825 National: 29.00% Province of Ontario 20.53% (from a taxable income of €151,473) Total 49.53% | The top tax rate starts from a taxable income of €300,428 Federal: 39.6% State of New York 8.82% (from a taxable income of €772,841) ¹⁴ City of New York 3.88% (from a taxable income of €772,841) Total 47.27% |
| Business income (business taxation) | No information | 37.36% | - | No information | 26.50% | 39.62% |
| Income from investments in corporations | No information | 20%/10% In certain cases, dividends from companies listed on a stock exchange are subject to the lower tax rate of 10% and may achieve a withholding tax effect per option. Otherwise, dividends are included in the income tax return with a withholding tax credit | - | 5%/10%/20% Dividends | - | - |
| Income from savings and investments | 15% | 20% | - | 0%/20% | - | - |
| Taxation of world income | Yes | Yes | | Yes | Yes | Yes |
| Double taxation agreement with Germany | No | Yes | No | Yes | Yes | Yes |
| Employment undertaken by the player in Germany taxed in... | BRA and DE → Risk of double taxation | DE | DE | DE | DE | DE |
| Avoidance of double taxation | possible credits or deductions | through double taxation agreement | effectively nearly impossible | through double taxation agreement | through double taxation agreement | through double taxation agreement |



1 General notice: Under Art. 17 of the OECD Model Tax Convention, taxation is reserved for the State in which the sporting activity is undertaken. The remuneration that is then domestically tax-exempt is subject to progression. If a professional athlete working internationally receives a total payment for performance and advertising abroad, this must be divided into remuneration for advertising and for performance since the remuneration is subject to the respective double taxation agreement in place for domestic taxation.

2 No amateur athletes are included in the following. Amateur athletes = sport enthusiasts who do not perform the sport for profit.

3 Further subdivisions are in place in this country, varying by district and city

4 No local tax on productive activities of 3.5% of net value added (not profit!).

5 Further subdivisions are in place in this country, varying by canton and district.

6 Top income tax rate; cf. Federal Ministry of Finance, *Die wichtigsten Steuern im internationalen Vergleich 2014* (German only), legal status as of 31/12/2014.

7 Income from employment (Sec. 19 of the German Income Tax Act [*Einkommensteuergesetz* – EStG]) exists if the professional athlete is incorporated into a third-party organisational entity. Those primarily deemed employed are team athletes, such as professional footballers, handball players or ice hockey players. This is because they are bound by the directives of their club and receive a fixed salary, including performance-related bonuses. The same applies to coaches and trainers. Likewise, individual athletes may also earn income from employment in the absence of any economic risk. A player who is a member of a national team does not establish a new employment relationship as part of his or her appointment to the national team. The club (employer) must impose the remuneration for the performance on the national team on the wage (Sec. 38(1) Sentence 3 EStG).

8 These revenues are generally considered business income.

9 Professional athletes can also earn business income (Sec. 15 EStG) from their professional sporting activities. The determining factor here is whether the professional athlete is employed at his or her own economic risk. In particular, commercially active athletes are individual athletes, e.g., tennis and golf pros, ski racers and cross-country skiers, racing drivers, professional cyclists and mountain bikers, sailors, swimmers, track and field athletes); for more information on this, cf. Wirfler, *Beck'sches Steuer- und Bilanzrechtslexikon*, ref. 5.

10 The agreed liability on corporate profit (corporation tax, trade income tax and other similar central government and regional authority taxes)

11 Further subdivisions are in place in this country, varying by province and territory.

12 Further subdivisions are in place in this country, varying by individual state, district and county.

13 These revenues are generally considered business income.

14 Reduces the federal tax base.