The taxpayer as the unofficial sponsor of the London 2012 Olympic Games

Karolina Tetłak

Abstract The package of special tax arrangements for the 2012 London Olympics ensures a beneficial treatment for numerous people officially involved in the organization of, and participation in, the Games. British taxpayers may not realize that they are unofficial sponsors of the 2012 London Olympics. Sports fans and haters alike are going to foot the tax bill for the International Olympic Committee and businesses involved in the Olympic Games because the UK government has offered a full tax exemption for any Olympics-related income. However, unlike in the case of official sponsors, there has been no negotiation or a contract with the general public which has to cover the cost of a privately held sports event. The bargaining power of the IOC has enabled it to demand tax-free treatment and an above the law position. As a result, the Olympic Games in London have their own tax regime that constitutes a departure from the general principles of taxation in force in England.

Keywords London 2012 · Olympic Games · Tax · Taxation of the Olympics

1 Introduction

British taxpayers may not realize that they are unofficial sponsors of the 2012 London Olympics. Sports fans and haters alike are going to foot the tax bill for the International Olympic Committee (IOC) and businesses involved in the Olympic Games because the UK government has offered a full tax exemption for any Olympics-related income. However, unlike in the case of official sponsors, there has been no negotiation or a contract with the general public which has to cover the cost of a privately held sports event. The bargaining power of the IOC has enabled it to demand tax-free treatment and an above the law position. As a result, the Olympic Games in London have their own tax regime that constitutes a departure from the general principles of taxation in force in England.

This article will explain the 2012 Olympic bid process and contractual obligations of the UK with respect to taxation. It will also show that the fiscal measures for the Olympics raise considerable controversies. Not only does the package of special tax arrangements for the 2012 London Olympics ensure a beneficial treatment for numerous people officially involved in the organization of, and participation in, the Games. The Olympic legislation likewise benefits the IOC and its commercial partners, for whom the normal rules are being suspended for the period of the Games. Yet in order to substantiate the funding of sport with public funds, there must be real social benefits. Subsidizing a sporting event with the taxpayers’ money can be considered to be justified if the event has the ability to generate positive public results or global promotional value.

2 Bidding promises

The 2012 Olympic host city selection procedure required candidate cities to submit a plan for the organization of the Olympic Games in the form of bid documents (bid books). The bid books were prepared in response to a questionnaire drawn up by the IOC and covering a series of key organizational issues, from venues and security to legal and
financial framework for the event. The purpose of the bid books is to ensure that the information presented to the IOC can be clearly and objectively analyzed and compared. Thematics arranged candidature files allow to thoroughly examine the conditions for staging the event, and avoid unforeseen situations arising from the ignorance of the realities of the host city.

In the bidding phase candidate, cities were also presented with a model host city contract that contains non-negotiable terms and conditions for organizing the Olympics, including tax exemptions required by the IOC. The cities thus had the opportunity to become familiar with the scope of responsibilities to be taken by the Olympic host. The accession to the agreement in the shape imposed by the IOC was ensured by government guarantees granted under the bidding procedure. The guarantees are an expression of support by the government for championships and are intended to provide legal and financial security of the event, forming a kind of a warrant from the state treasury of forming a kind of a warrant from the state treasury of executing contractual obligations by the organizers. A separate guarantee was required as to tax-free treatment of Olympics-related income and duty-free import and export of certain goods during the preparation and organization of the Games.

In response to the questionnaire, the London bid book states that the UK government will ensure that tax issues will not have a significant impact on the Games. Equipment and goods for the Olympics that are imported and subsequently re-exported will not be subject to customs duties. The IOC will not have to pay UK corporation tax, but will recover VAT on their costs incurred in the UK. Athletes’ performances will also be tax-free. The promises were backed up with a guarantee regarding the issuance of new legislation, under which the UK government assured that if London was selected as the host city of the Olympic Games in 2012, the appropriate legislative changes necessary for the proper staging of the Games in line with the expectations of the IOC would be introduced as soon as possible.\(^2\)

The existing general tax law in force when the bid was submitted was incompatible with the bidding promises. As a rule, United Kingdom imposes a tax on earnings from duties performed in the UK by non-resident employees, as well as profits from business activities of non-residents, in so far as these activities are conducted in the UK. For example, describing the British tax system in response to the questionnaire, the London bidding committee pointed out that—like many other countries—the UK has provisions regarding taxation of income and tax collection from foreign athletes who perform in the UK. The general tax rules provide for a withholding tax on payments made to non-resident athletes. The tax covers all income, regardless of where it was paid, as long as it can be attributed to the performance of sporting activities in the UK. The UK Revenue also taxes non-resident sportsmen on a proportion of their worldwide sponsorship income, based on the percentage of the individual’s competitive appearances which take place in the UK.\(^3\) Double tax treaties do not protect foreign sportsmen from taxation in the UK because they generally allow the state of performance to tax athletes at source. Where the treaty contains an equivalent of art 17(2) of the Model tax convention on income and on capital adopted by the Organization for Economic Cooperation and Development (“OECD Model Tax Convention”) applicable to star companies and third parties receiving income in respect of performance, the source tax is levied also on payments made indirectly to sportsmen via other persons.

Because of the potential tax implications and the special nature of the Olympics, as a candidate city, London managed to get the government to ensure tax immunity for sportsmen, the IOC, local organizing committee and their commercial partners. For this purpose, the government promised to introduce appropriate legislation covering persons coming to England temporarily in order to conduct activities related to the Olympic Games.\(^4\) In its candidature file, London very clearly showed the willingness to create the most favorable regime for the Games, accurately pointing out the possible tax concessions.

3 London host city contract

Having won the right to host the summer Olympic Games in 2012 through competitive bid, London entered into an agreement with the IOC on the organization of the event. Paragraphs 49 a) and b) of the London Olympic contract contain detailed tax clauses regarding payments to be made and received by the IOC or certain third parties. Pursuant to these provisions, the City and the local organizing committee shall bear all taxes, including direct and indirect taxes, whether they be withholding taxes, customs duties, value-added taxes or any other indirect taxes, whether present or future, due in any jurisdiction on a payment to be made to or by the IOC or any third party owned or controlled by the IOC, with respect to the revenues generated in relation to the Games, including without limitation

---

1 London 2012 Olympic Games bid book, p. 99.
2 London 2012 Olympic Games bid book, p. 47.
3 Agassi v. Robinson (Inspector of taxes) (2006) UKHL 23.
4 London 2012 Olympic Games bid book, p. 101.
pursuant to any agreement with an Olympic sponsor, supplier, licensee, broadcaster or other commercial partner. The contract requires the city to indemnify the IOC or such third party for any taxes that could be due on a payment to be made or received by the IOC or such third party, so that the IOC or such third party shall be put in the same situation as if such taxes had not been due. The contract also contains a reimbursement mechanism with respect to taxes paid by the IOC or such third party.

With respect to Olympic athletes, in a paragraph entitled “Competitors’ performances”, the IOC gave the host country a choice of whether to grant a tax exemption for any financial or other rewards received by the competitors as a result of their performance at the Games, or increase payments to the athletes, so that the competitors, after the applicable taxes, receive an amount that equals the amount they would have received had there been no such taxes.\(^5\)

The scope of the clause is very narrow and does not limit the state’s right to tax Olympians on profits other than prizes. Pursuant to the requirements of the IOC, the UK is committed to the exemption or tax indemnification exclusively with respect to cash prizes and other awards, such as prizes in kind. The provision in question clearly relates to cash bonuses and premiums earned by Olympians in recognition of their performance at the Olympics. Since the origin of these awards has not been specified, in light of the provision, it is not relevant whether the prize is paid or offered by a public entity (such as government or local government) or private business (e.g. sponsor). It also does not matter in which country the payment is made. The clause covers awards obtained both in the host country and the residence country of the athlete or third countries. However, other possible income earned by Olympic athletes, such as scholarships, payments under sponsorship contracts (unless they can be classified as a reward), salaries paid under contracts of employment or contracts for services, and other payments not constituting awards for performances, are not covered by the contractual arrangements governing the host state’s commitment to introduce a favorable tax regime for the 2012 Olympics.

A much wider provision appeared in the London host city contract in relation to persons carrying out certain functions related to the preparation and staging of the Games. Paragraph 49 d) stipulates that all persons who are temporarily in the UK carrying out their Olympic-related business (e.g. persons working for broadcasting rights holders and other commercial partners; team doctors) shall not be required to pay any tax in the UK on revenues they earn in relation to the work which they perform in connection with the Games. The reference in this clause to any income received in respect of the activities associated with the Olympics means that it includes income of various nature and legal form. The personal scope of this provision is also very broad, as it applies to all persons engaged in activities related to the Olympics. In this case, the host country was not allowed to choose to exempt or gross up the amounts received by the persons indicated by the IOC.

### 4 Olympic tax legislation

The contractual obligations undertaken by London with respect to taxation required the UK to introduce appropriate legislation amending the existing general rules. As promised to the IOC during the bidding process, the UK adopted a package of Olympic tax measures. In particular, the British government explained that certain non-residents who temporarily come to the UK in order to conduct activities related to the Olympics will be exempt from corporate tax, income tax and capital gains tax in respect of earnings derived from activities performed in connection with the Olympics in London.\(^6\) Withholding tax will not be charged on the amounts paid to the local organizing committee or the IOC by third parties who acquired the television or marketing rights connected with the Olympics, or on payments made by the local organizing committee to the IOC. This includes royalties, interest and other annual payments. In addition, a package of special regulations is to provide foreign athletes with an exemption from tax on income derived from their performance at the Olympic Games in London. Any payments received for activities related to the Olympics in London may of course be subject to tax in the taxpayer’s country of residence.

An extremely detailed statutory authority\(^7\) granted by the Parliament provided for the power of the Treasury to issue regulations exempting certain categories of persons from income tax on certain types of income arising in connection with participation in the Olympic events in London. It also allowed to disregard certain types of activities undertaken in connection with the Olympics for the purposes of corporation tax, income or capital gains tax. The authorization also covered the exemption of withholding agents from the obligation to collect tax at source. Classes of persons covered by the regulations were to be determined on the basis of residence and the possession of documents or authorization to perform certain Olympic functions under the terms of these regulations. The statutory delegation allowed to issue provisions applicable generally or in specific cases or circumstances. The introduction of different rules for different situations

---

5 London host city contract, para. 49c Taxes, p. 28.
6 London Olympic Games and Paralympic Games, BN 12.
7 S. 68 (“Competitors and Staff”) Finance Act 2006; s. 966(6) and 970(5) (“Visiting Performers”) Income Tax Act 2007.
was approved. The regulations might contain transitional, consequential and accompanying provisions. The legal form of the regulations was prescribed as a statutory instrument. The law could be set aside on the basis of a resolution of the House of Commons.

The statutory instrument\(^8\) issued by the Treasury comprehensively regulates the treatment of income earned by sportsmen and other foreign entities engaged in activities relating to the Olympic Games in London, such as the local organizing committee (the company formed to organize the Olympic Games), the IOC and the staff staying temporarily in the UK for the purpose of the Games. The essence of this instrument is to exempt the designated persons from income tax on income earned in connection with the Olympic Games in London in 2012. Due to the complicated structure of English tax law, the exemption covered income subject to corporate tax, income tax and capital gains tax. The concept of income has been defined by reference to several laws governing the taxation of income and includes employment income, profits of a trade, profession or vocation and annual payments such as interest and royalties.\(^9\) The statutory instrument provides that the income covered by the special regime shall not constitute taxable income and shall be exempt from income tax that would otherwise be chargeable under the existing legislation\(^10\), if this income is derived wholly and exclusively in return for carrying out in the UK activities connected with the Olympic Games in London in the relevant period. The Olympics-related activity means, in relation to competitors, the performance at a sporting event at the Olympics in London in 2012, or activities primarily to support or promote the London Olympics or the Olympic or Paralympic Movement.\(^11\) It will be interesting to see how this test of ‘primarily to support or promote’ is defined by the tax authorities and whether it would include only appearances at promotional events for the Games or use of images in adverts for official sponsors of the Games. This wording suggests that athletes may be subject to tax on income from sponsorship or advertising contracts concluded with entities who are not official sponsors of the Olympics in London\(^12\) or in respect of services rendered to sponsors but not directly related to the Olympics. The exemption covers, for example, payments for trackside interviews or commentating on the Games where there is no element of commercial product endorsement. If a competitor has a long-term endorsement or sponsorship contract which is not directly linked to London 2012, any payment under the contract which would normally be chargeable to UK tax will be pro-rated excluding the days of performance at the Games. In relation to individuals other than competitors “London 2012 activity” means the activity necessary to perform the London 2012 function for which that individual receives an accreditation card or for which that individual would have received an accreditation card if it were his or her only London 2012 function. The London 2012 functions are competitor, media worker, representative of an official body, service technician, team official, and technical official. A “competitor” means an individual who has been entered by a National Olympic or Paralympic Committee to perform in a sporting event which forms part of London 2012.\(^13\) Some sportsmen are considered team officials because this term means an individual who is part of the reserve athlete, support athlete, coaching, technical, carer or medical staff of a National Olympic or Paralympic Committee. A separate exemption has been provided for individuals performing at the opening or closing ceremonies of the Olympic Games in London\(^14\). The personal scope of the exemption includes individuals who are not resident in the UK in the tax year during which the activity related to the Olympics in London is performed, provided that such individuals have an accreditation card and perform one or more Olympic functions.\(^15\)

Such determination of the personal scope of the exemption allows for the inclusion of members of national teams, as well as persons who provide essential technical, medical, media or support services (e.g. judges, referees, doping testers, managers, sparing partners, journalists, photographers and sport officials, media managers, producers and technicians, media support workers, and radio or television workers). Because the exemption applies to persons staying temporarily in the UK for the purpose of the Games, it is available only to non-residents.\(^16\) Stringent criteria for tax residence may be burdensome for the players training in the UK before the Games or persons making preparations for the Games. This rule is also of particular risk to persons from non-treaty countries because under the UK law they might be considered UK tax residents in the tax year of the Games. The UK definition of resident is unclear and subject to constant litigation which makes it more difficult to apply.

---

\(^8\) Statutory instruments 2010 No. 2913 Income Tax Corporation Tax—The London Olympic Games and Paralympic Games Tax Regulations 2010, 7 December 2010 (Olympic Tax Regulations). The Regulations entered into force on 11 January 2011.

\(^9\) S. 2 (2) Olympic Tax Regulations.

\(^10\) S. 3 Olympic Tax Regulations.

\(^11\) S. 4 (2) (a) Olympic Tax Regulations.

\(^12\) Boyce 2011.

\(^13\) S. 5 (3) Olympic Tax Regulations.

\(^14\) S. 6 Olympic Tax Regulations.

\(^15\) S. 5 (1) Olympic Tax Regulations.

\(^16\) Explanatory Memorandum to the Olympic Tax Regulations, para. 4.4, http://www.legislation.gov.uk/uksi/2010/2913/pdfs/uksiem_2010_2913_en.pdf.
The time frame of the exemptions for athletes and workers of London 2012 commercial partners covers the period from 30 March to 8 November 2012. Longer periods are provided for other individuals, such as employees of broadcasters and owners of television rights, whose income is exempt during the period from 6 April 2011 to 5 April 2013, allowing for a time of preparation and tidying up. The right to relief depends on the qualification of activities as related to the Olympics, rather than on the geographical location of the activities in London. The exemption extends to income paid to companies in respect of the activities of individuals, which may actually help to exploit loopholes in double tax treaties and avoid taxation in the residence county. A number of athletes will have their affairs structured so that remuneration is received via a company or other entity and such payments will still benefit from the exemption. Where the exemption applies, the obligation to withhold UK income tax on payments to non-UK residents is lifted. It was also envisaged that the activities for which individuals receive income exempt from tax shall not create a permanent establishment of the employer for the purposes of corporation tax. In other words, any employer whose employees carry out the Olympic duties, e.g. in broadcasting or promoting, will not be deemed to have a permanent establishment in the UK simply by virtue of these activities.

In order to prevent any possible abuse of the favorable tax regime, the regulation contains special anti-abuse rules. A general clause against the misuse of the exemption provides that the exemption does not apply if arrangements have been made, which—but for this provision—would result in obtaining an exemption, and those arrangements have, or form part of arrangements which have, as their main purpose, or one of their main purposes, the obtaining of that exemption. This provision excludes tax benefits in relation to contractual optimization structures, whose aim was primarily to purposefully qualify an item of income for the Olympic tax exemption. The rule stating that exempt activities do not create a permanent establishment of the employer of the individual carrying out the activity does not apply if arrangements have been made which, but for this regulation would result in a person obtaining the permanent establishment benefit in respect of an activity and those arrangements have, or form part of arrangements which have, as their main purpose, or one of their main purposes, the obtaining of that benefit. Furthermore, the temporal scope of the exemption is limited in such a way as to exclude from the exemption the income which arises in relation to a competitor performing at the Olympics under a contract entered into on or after 25 July 2012, or as a result of any amendment, on or after 25 July 2012, of a contract entered into before 25 July 2012, being 2 days before the Games begin. In respect of the players performing at the Paralympics, the limiting date is 29 August 2012.

5 International aspects of the Olympic tax regime

The full scope of the benefits under the Olympic tax regime depends also on double taxation conventions concluded by UK with the residence countries of the persons covered by the Olympic exemption. As a rule, tax treaties contain provisions similar to Article 7 of the OECD Model Tax Convention for companies and self-employed individuals and Article 15 for employees, alongside Article 17 for sportsmen. Articles 7 and 15 allocate the primary taxing right to the residence country, disallowing taxation at source if, respectively, the taxpayer does not have a permanent establishment in the source country or is present there for less than 183 days during a tax year and receives income from a non-UK employer (and not from a UK permanent establishment of a non-UK employer). Due to the short duration of the Games, most of the persons covered by the Olympic tax exemption and resident in treaty countries would escape taxation in the UK anyways. For example, employees of European organizations responsible for producing international television and radio transmissions from the Olympics may already be free from UK taxation under the terms of a double tax treaty. Similarly, tax treaties containing Article 12, applicable to royalties, assign the exclusive taxing right to the country of residence. Under Article 12 of the UK-Swiss tax treaty, no withholding tax would be levied in relation to the sums of money paid to the IOC in the form of royalties.

As per athletes, Article 17 is an exception from the general rules on taxation of business profits and employment income. It assigns a full taxing right with respect to income earned by sportsmen to the country of performance, regardless of the time spent there. If it was not for the Olympic exemption, UK would have the right to collect tax on income connected with London 2012 earned by competitors resident in tax treaty countries. It might seem that, in practice, the Olympic tax exemption merely equates the situation of sportsmen covered by Article 17, who would otherwise be taxable at source, with that of taxpayers covered by Articles 7 (self-employed and companies) and 15 (employees) of UK tax treaties, under which the taxing right is allocated to the residence state. However, this is only true for residents of tax treaty countries. Media workers and other individuals from many non-treaty

---

17 Explanatory Memorandum to the Olympic Tax Regulations, para. 4.2.
18 S. 10 Olympic Tax Regulations.
19 S. 9 Olympic Tax Regulations.
jurisdictions still need to rely on the special Olympic exemption under UK law, because they cannot benefit from double tax treaties. From this perspective, the Olympic exemption creates a level playing field for everyone involved in the Games.

United Kingdom has unilaterally given up its taxing right with regard to Olympics-related income, but the residence countries of the taxpayers still have to take the relevant double tax treaties into consideration. Depending on the provisions of the applicable treaty, the residence country must use the tax credit or exemption method for the avoidance of double taxation. The credit method requires the residence country to sum up the domestic and foreign income of the taxpayer and calculate tax in accordance with domestic tax rules and rates. The tax is then reduced by the amount of the tax withheld at source. Since there is no withholding tax in the source country, the credit method does not influence the tax assessment in the country of residence. The taxpayer is taxed in full on his foreign income and no foreign tax is available to set-off against the domestic tax.\(^{20}\) However, the country of residence may unilaterally offer a tax exemption to the Olympians, which is actually often the case. In such situation, the athletes will also be able to avoid taxation in their residence countries.

Different tax implications follow from tax treaties with the exemption method. Under this method, the residence country exempts the income earned in the country of performance from domestic tax. The exemption with progression allows the country of residence to take foreign income into consideration for the purpose of establishing the tax rate applicable to domestic income. Such a mechanism may be of relevance if the domestic law of the residence country applies a progressive tax and the taxpayer moves up the tax scale when foreign income is added up to domestic income. In such a case, the domestic income may be taxed at a higher rate whereas the foreign income is tax free. If the source country offers a tax exemption, the taxpayer will enjoy double non-taxation of foreign income.\(^{21}\) The same effect arises if under the treaty exclusive taxing rights are given to the host country. In such a case, any income received in connection with the Olympics is tax-free as the treaty will prevent the residence country from taxing. Similar considerations apply if the source country does not tax profits earned abroad or a new company structure is set up for the purpose of income arising from the Games.

6 Tax policy analysis

The package of special tax arrangements for the 2012 Olympics ensures a beneficial treatment for numerous people involved in the Games. Without a doubt, the special regime for London 2012 puts Olympians in a favorable position in comparison to sportsmen participating in other sports competitions, for which UK has not granted any tax exemption. Moreover, the Olympic legislation benefits the IOC and its commercial partners, for whom the normal rules are being suspended for the period of the Games. The fiscal benefits for businesses involved in the Olympics raise considerable controversies. The Olympic package of tax regulations met with criticism, as a result of which the exemption for the income related to the Olympics was given up by two of the major Olympic sponsors: Coca-Cola and McDonald’s. This unprecedented reaction seems to reflect certain limits of tolerance for tax benefits for sports events. Nonetheless, while the official sponsors enjoy a favorable treatment, the British taxpayer is, in effect, paying twice for the privilege of staging the London 2012 Olympics, first in the cost of the Games themselves of some £11 billion and also in the lost tax revenue as a result of the Olympic tax exemption. While there is no official estimate, it is bound to cost the UK tens of millions of pounds to give tax concessions to all the large companies who are operating at the Olympic site.\(^{22}\) The overall cost of the athletic tax breaks to the Treasury is estimated at £1.5 million a year.

Granting tax exemptions for the Olympics is motivated by complex considerations of historical, economic, social and political nature, as well as the realities of the functioning of the modern world of sports, where the leaders are international sports organizations and big business. The immediate and essential cause of the introduction of Olympic legislation by the host country is the request for certain tax treatment, made by a sports organization. The IOC, as the owner of the Olympic Games, expects the host to establish a preferential regime, and make legislative changes that are necessary for the proper course of the Olympics, consistent with the expectations of the IOC. Meeting the expectations of the sport organization and the provision of appropriate financial and legal guarantees are preconditions for getting the right to host the event. Consent to such conditions is expressed at the stage of submission of bids by candidate cities, and ensured by government guarantees. Waiver of the right to levy tax on income related to the Olympics is, therefore, essentially motivated by the desire to adapt to the requirements of decision-makers, and after the conclusion of an agreement on the organization of the sporting event becomes a

\(^{20}\) Tetlak and Molenaar 2012, p. 325.

\(^{21}\) Tetlak 2012, p. 11.

\(^{22}\) Birch 2012.
contractual responsibility of the host, sanctioned by loss of the right to conduct the championship.

Supporters of the public funding of the Olympics, also through fiscal relief, see them as economic benefits, but more and more studies indicate that international sports events are an economic burden for host countries and cause significant budget deficit. Hence, in order to substantiate the funding of sport with state funds, there must be real social benefits. If a sporting event has the ability to generate positive public results, funding of the event from the taxpayers’ money can be considered to be justified in the context of the multiple implications of the sporting event. In the case of London, the arguments for public subsidies for the Olympic Games were based largely on non-economic benefits. The Games were used, inter alia, as a factor in changing the image of the city and the region, the catalyst of urban projects on a large scale and as a tool of social engineering, aimed at countering the exclusion of various social groups, promotion of self-realization and improvement of social cohesion in the host region of the event by strengthening the local identity around a common project, the creation of social bonds and the reduction of certain forms of discrimination. These advantages, which make up the so-called psychic income, are likely to be considered as justification for public subsidies of the 2012 Olympics.

7 Conclusions

British taxpayers became unofficial sponsors of the 2012 London Olympics as a result of the fiscal measures offered for the Games by the UK government. Having won the right to host the summer Olympic Games in 2012 through competitive bid, London made numerous tax promises to the IOC. The contractual obligations undertaken by the government with respect to taxation required the UK to introduce appropriate legislation amending the existing general rules. The package of Olympic tax measures effectively secures an above the law position for the IOC. Using its bargaining power in the bidding process, the sports organization was able to demand tax-free treatment for its commercial partners, for whom the normal rules are being suspended for the period of the Games. The Olympic legislation beneficial to businesses involved in the Games met with public criticism, resulting in a decision by two Olympic sponsors to give up their tax breaks.

The arguments for public subsidies for the 2012 London Olympics are based largely on social benefits. The Games were used as a tool of social engineering and urban regeneration, as well as a factor in improving social cohesion and changing the image of the city. It is these non-economic advantages, and the global promotional value of the Games, that generate positive public results likely to be the key to justify the funding of the event from taxpayers’ money. Under such an approach to the potential of the Olympic Games, instead of treating them as a return investment, they should be classified as a form of public consumption and an opportunity for social development. Do taxpayers want to spend their taxes on such a goal, is an open question that can probably get a positive response but any public voices demanding “bread, not circuses” should not be a surprise.

Open Access This article is distributed under the terms of the Creative Commons Attribution License which permits any use, distribution, and reproduction in any medium, provided the original author(s) and the source are credited.

References

Birch S (2012) The great Olympic tax swindle. Independent Blogs: 17 July 2012. http://blogs.independent.co.uk/2012/07/17/the-great-olympic-tax-swindle/. Accessed 19 February 2013
Boyce L (2011) Olympics stars face tax sting in the tail from London 2012. This is Money.co.uk: 28 June 2011. http://www.thisismoney.co.uk/money/news/article-2009104/Olympics-stars-face-taxed-promotional-work-London-2012.html. Accessed 23 August 2012
Tetłak K (2012) Spain to win EURO 2012 for tax reasons if the boycotted final is moved to Poland. Global Sports Law Tax Rev 2:11–12
Tetłak K, Molenaar D (2012) Tax exemptions for EURO 2012 in Poland and Ukraine. Eur Tax 6:325–330