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Sport, Entertainment and Creatives

Football agent fees

Tax considerations for clubs and players

Professional football clubs frequently engage with intermediaries, commonly referred to as agents, when negotiating player transfers or employment contract renewals. In many cases, the same agent may provide services to both the player and the club. Where the club pays the agent's fee, the tax treatment depends on the capacity in which the agent acted, the contractual position and the evidence available to support any allocation between player services and club services.

HMRC's published guidance makes clear that there is no automatic or default split for dual representation arrangements. Instead, clubs, players, and agents should be able to demonstrate, by reference to contemporaneous evidence, how the fee allocation was determined and why it reflects the commercial substance of the services provided.

This briefing note summarises the key UK tax considerations in relation to football agent fees.

Key tax implications

The tax position will depend on the facts of each case. Broadly, where a club settles a player's liability to an agent, the payment may give rise to a taxable benefit for the player for income tax purposes. The club may be able to deduct the cost for corporation tax purposes and recover input Value Added Tax ("VAT"), subject to the usual conditions. In dual representation cases, the critical issue is the evidence supporting the split between player services and club services.

The following tables outline a typical scenario, whereby the club and agent are VAT registered, the club pays the full agent fee including the player's portion, and any amount paid by the club on behalf of the player is reported as an employment benefit on a P11D Expenses and Benefits form. It also assumes the player in question is a UK tax resident. The position may differ depending on the contractual arrangements, evidence of services provided, residence status, Scottish taxpayer status, and other relevant facts. To re-iterate, it is imperative to obtain appropriate professional tax guidance on a case-by-case basis.

It is important to note that HMRC has confirmed that mandatory payrolling of most benefits in kind and taxable employment expenses is now expected to apply from April 2027. From that point, most benefits will need to be reported through payroll in real time, with income tax and Class 1A National Insurance reporting moving into the Real Time Information ("RTI") process. It is therefore possible that a P11D form will no longer be produced for agent fees and the tax implications should be re-considered at that time.

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Player tax implications

Contractual scenario	Income tax	National Insurance ("NIC")
Agent acting for the player only	Taxable on the VAT-inclusive player services fee as a pecuniary liability (see more information below) and subject to income tax.	Employee NIC where considered pecuniary liability.
Agent acting for the club only	No benefit in kind ("BIK") or pecuniary liability where the fee is wholly for club services.	No employee NIC.
Agent acting for both parties / dual representation	Taxable on the VAT-inclusive proportion attributable to player services as a BIK and subject to income tax.	No employee NIC where reported on P11D.

Club tax implications

Contractual scenario	Corporation tax	VAT	NIC
Agent acting for the player only	Generally deductible where the cost is incurred wholly and exclusively for the club's business, notwithstanding that the payment settles the player's liability. Deductible cost would typically include irrecoverable VAT and any Class 1 NIC borne by the club.	Not recoverable; included in the player's BIK value.	Class 1 employer NIC on the VAT-inclusive BIK value where considered a pecuniary liability
Agent acting for the club only	Generally deductible if incurred wholly and exclusively for the club's business. As VAT should normally be recoverable on the club services element, the deductible cost would typically be the net fee only.	Recoverable, subject to normal VAT rules.	No Class 1 or 1A NIC.
Agent acting for both parties / dual representation	Generally deductible where incurred wholly and exclusively for the club's business. Deductible costs would typically include the club services fee net of recoverable VAT, plus the player services fee including irrecoverable VAT and any Class 1A NIC borne by the club. Allocation remains important.	Recoverable only on the club services element; player services VAT is included in the BIK value.	Class 1A NIC on the VAT-inclusive player services element only.

HMRC guidelines state that if a player pays an agent's fee directly (either personally or by a deduction from their net pay) and the club reimburses the player through an additional payment, the 'reimbursement payment' should be processed through the payroll as payment of earnings, with PAYE and Class 1 National Insurance contributions paid.

If a club pays the agent directly for the player services, the reporting method and whether Class 1 or Class 1A NIC need to be paid will depend on the specific circumstances and whether the payment is considered a benefit in kind (Class 1A and only employer NIC) versus a pecuniary liability (Class 1 and both employer/employee NIC due).

The definition of a pecuniary liability is likely to be met where the contracting parties in the arrangement are the player and the agent. Where the contracting parties are instead the club and the agent, benefit in kind treatment is more likely. This should be assessed carefully on a case-by-case basis depending on the specific facts and circumstances.

Illustrative cost comparison

Illustrative cost to club and player	**100% player services**	**100% club services**	**50:50 split**
Agent fee net of VAT	£1,000,000	£1,000,000	£1,000,000
Irrecoverable VAT on player-services element	£200,000	Nil	£100,000
Employer's Class 1/1A NIC on player-services element (illustrative 15%)	£180,000	Nil	£90,000
Corporation tax relief at 25% on deductible costs	(£345,000)	(£250,000)	(£297,500)
Illustrative net cost to club	**£1,035,000**	**£750,000**	**£892,500**
Illustrative income tax cost to player at 45% on VAT-inclusive benefit	£540,000	Nil	£270,000
Employee's Class 1 NIC (illustrative 2%)	£24,000	Nil	Nil
Illustrative net cost to player	**£564,000**	**Nil**	**£270,000**

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Payment timing for players and cash flow

For players, it is equally important to understand when the tax liabilities will be collected. The timing differs materially depending on whether the agent fee gives rise to a pecuniary liability (i.e. the player's own debt to the agent, paid by the club) or a benefit in kind, and from April 2027 the position will change significantly for all players as HMRC moves to mandatory real-time payrolling of benefits in kind. The below tables assume that players fall within Self Assessment given the likely complexity of their affairs.

The below examples assume that payments on account under Self Assessment are not required. This will be the case where at least 80% of the player's total income tax liability for the relevant year is collected at source through PAYE, however this should be reviewed on a case by case basis.

Current Rules

	100% player services	**100% club services**	**50:50 split**
When does the liability arise?	At the point the club pays the agent.	No player liability arises.	At the point the club pays the agent.
How is the liability collected?	Through payroll as earnings deducted at source.	N/A	Reported on P11D after the tax year end; income tax is collected via Self Assessment.
When is the liability collected?	When the player is paid.	N/A	31 January following the end of the tax year.
Cash flow position	Immediate reduction of net pay.	N/A	Retention of gross benefit value meaning the tax cost is met later; must budget for a significant lump sum.

Post-April 2027 BIK Reform

As outlined above, HMRC has confirmed that mandatory payrolling of most benefits in kind is expected to apply from April 2027, with income tax and Class 1A NIC reporting moving into the RTI process. This has significant practical implications on the payment timeline:

- Income Tax on agent fees will now be collected in real time through the monthly payroll in the same month that the benefit arises.
- Class 1A NIC will similarly move to RTI, meaning that a monthly liability will be settled alongside the regular payroll.
- BIKs will no longer need to be included on Self Assessment tax returns as they would be payrolled instead.

Illustrative examples: August transfer pre and post April 2027 BIK Reform

The following examples illustrate how the cash timeline works in practice, using a typical summer transfer window scenario before and after the April 2027 changes take effect.

<u>Example 1 — August 2025 transfer (current rules)</u>

A player joins a new club in August 2025. The club pays a £1,000,000 (net of VAT) agent fee under a dual representation arrangement, split 50:50 between player services and club services. The player is UK tax resident and within Self Assessment.

Date	Event	Cash impact for player
August 2025	Club pays agent. A BIK of £600,000 arises (50% of the VAT-inclusive fee of £1,200,000).	None – no cash leaves the player's hands at this point.
6 July 2026	Club files P11D reporting the £600,000 benefit.	None – filing only.
31 January 2027	Player's Self Assessment payment deadline for 2025/26. Income tax of £270,000 (45% of £600,000) falls due.	£270,000 payable approximately 17 months after the benefit arose.

The player has enjoyed the full value of the agent's services since August 2025 but faces a significant lump sum payment in January 2027. Players who do not set funds aside at the time the benefit arises can find themselves under cash pressure at the Self Assessment deadline (31 January following the end of the relevant tax year).

<u>Example 2 — August 2027 transfer (post April 2027 mandatory payrolling)</u>

The same arrangement, a £1,000,000 agent fee, 50:50 split, but the agent is paid in August 2027, after mandatory payrolling of benefits in kind has come into effect.

Date	Event	Cash impact for player
August 2027	Club pays agent. A BIK of £600,000 arises. Under mandatory payrolling, the club processes the benefit through the August 2027 payroll in real time.	Income tax of £270,000 deducted from the player's August 2027 net pay

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		in the same month the benefit arises.
No P11D filed	The benefit has been payrolled; no P11D is required.	None.
No January 2028 liability	There is no deferred Self Assessment payment in respect of this benefit.	None.

The tax liabilities remain the same in both scenarios but the timing differs. A player receiving a BIK in August 2027 will feel the full tax cost immediately. For players with significant agent fees in the first transfer window after April 2027, the impact on net monthly pay could be substantial and should be planned for well in advance.

HMRC guidance and areas of compliance risk

HMRC guidance on the subject can be found here. Their current approach places significant emphasis on substance and evidence. A 50:50 allocation between player services and club services should not be treated as a safe harbour. The appropriate allocation should be determined by reference to the services actually provided, the commercial rationale for the engagement, and the documentation retained by the parties.

HMRC expects clubs to retain an audit trail supporting the split of any agent fee. This may include contracts, representation agreements, tripartite agreements, emails, messages, meeting notes, call notes, evidence of instructions given to the agent, details of services performed and contemporaneous records explaining how the fee and any split were agreed.

Particular attention should be given to consistency between the player's personal representation agreement and any tripartite agreement involving the club. Where the player's agreement indicates that the player is liable for a higher fee than the amount treated as player services for tax purposes, HMRC may challenge the position unless there is clear evidence supporting the lower taxable amount.

HMRC may also regard arrangements involving family members or connected persons as higher risk. In those circumstances, the parties should be prepared to demonstrate that the agent provided identifiable services to the club and that the allocation is not simply a re-characterisation of services provided to the player.

Find out more...

Deloitte can support players in reviewing the tax treatment of agent fees. Early review can help reduce the risk of unexpected tax exposures. This note reflects that law in force on 9 July 2026 and also refers to planned upcoming changes to P11D forms. These changes have not yet come into force and changes could be made before enactment.

If you would like to find out more, please contact your usual Deloitte contact or, if you do not have one, please contact a member of the Sport, Entertainment and Creatives team.

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