

The taxation of referees

For tax and National Insurance purposes, referees are engaged by County Football Associations (CFAs) on a self-employed basis. Whilst HM Revenue & Customs (HMRC) may enquire into whether a referee's fees have been fully declared for tax purposes, they are less likely to challenge their self-employed status, as there is no mutuality of obligation – ie there is no obligation on the CFA to provide a particular referee with work and there is no obligation on the referee to accept an invitation to referee a particular game. In this factsheet we outline some of the key considerations for referees and the tax allowances available to them.

Registering with HMRC

As a self-employed individual, it is the responsibility of each referee to notify HMRC that they are self-employed and to report their income via self-assessment tax returns. If a referee is not already registered for self-assessment, they can register online via the [HMRC website](#).

If a referee is already registered for self-assessment and they have a unique tax reference number (UTR), then they should complete the form on the [HMRC website](#).

Referees are recommended to register with HMRC as soon as they start to receive fees, if they anticipate making a profit. The latest they should register is by 5 October after the end of the tax year for which a tax return is needed. So, for income first received in 2013/14, they should register on or before 5 October 2014. Late registration could result in penalties being charged – the initial penalty is £100, but daily and tax geared surcharges can also be imposed.

Any referee who has undeclared income in relation to prior tax years should consider seeking professional tax advice.

Taxable profits

To calculate their profit from refereeing, individuals can deduct the following expenses from their refereeing income to the extent that they are incurred wholly and exclusively for the purposes of refereeing activities:

- Affiliation and subscription fees;
- Kit required specifically for refereeing activities (see note 1);
- Training kit (see note 1);
- Laundry of kit (see note 1);
- Accountancy fees;
- Insurance;
- Mileage expenses (see note 2) for business journeys, such as:



- Refereeing;
- CPD training;
- Society meetings;
- Fitness training;
- Relevant training publications;
- Postage and stationery;
- Relevant computer software (see note 3);
- Use of home as office (see note 4);
- Business telephone and broadband costs (see note 5); and
- Capital allowances on computer equipment (see note 3).

Notes

1. HMRC may contend that items of clothing and footwear have a duality of purpose and are therefore not deductible. It should, however, be possible to convince HMRC to accept that kit (and associated laundry costs) used specifically for refereeing is allowable as it is only used on the pitch. This argument is weaker for training

kit and where items of clothing are used for purposes other than specific referee training.

2. Mileage can be claimed using HMRC's approved mileage rates, which are currently 45p per mile for the first 10,000 miles per annum and 25p per mile thereafter. These rates can only be used if business income is below the VAT threshold (currently £79,000 per annum). Alternatively, the business proportion of the running costs of the vehicle can be claimed. Capital allowances in relation to the vehicle can only be claimed where the approved mileage rates are not used.
3. Relevant computer software can be claimed where it is purchased separately from the computer equipment itself and then only if it has an expected useful life of no more than two years. In other cases, it must be treated as capital expenditure and capital allowances claimed. Capital allowances can also be claimed in relation to computer equipment used in the business, but must be apportioned between business and private use and only the business proportion claimed.
4. Where a room in the home is used as an office for business purposes, a proportion of household expenses attributable to the room and for the time it is used for business can be claimed. What is allowable depends on the particular facts, including the extent and nature of the business activities undertaken in the home. For 2013/14, HMRC has issued standard rates based on the number of hours worked at home per month.
5. Business calls and the business proportion of line rental and other fixed charges may be claimed.

National Insurance

Class 4 National Insurance is payable on profits above a lower profit limit (£7,755 per annum for 2013/14) and is calculated and paid together with income tax via self-assessment.

Class 2 National Insurance is payable separately at a weekly rate (£2.70 per week for 2013/14) by monthly or six-monthly direct debit. If profits are below the small earnings exception (£5,725 for 2013/14) then an individual can apply for exception from paying Class 2 National Insurance, although they may wish to continue payment to retain state pension and certain other state benefits.

Tutors

Whether a tutor is employed or self-employed will depend upon the nature of the relationship between the individual and the CFA engaging them. Detailed guidance and best practice can be found in the CFA's finance guide. HMRC's historic view was that tutors were employees. However, of particular relevance is the level of control that is exercised over the way tutors work. For example, if the CFA dictates the format and content of the training, the tutor is more likely to be an employee, but where the tutor has more flexibility around delivery of courses, it may be that they are able to demonstrate that they are self-employed.

Note that the cost of training to become a tutor, which is currently met by the individuals, is not an allowable expense in calculating any profit on a self-employed basis.

Assessors

As with tutors, whether an assessor is employed or self-employed will depend upon the nature of the relationship between the individual and the CFA engaging them. If the reporting format is dictated by the CFA, then they are more likely to be employees. It is understood that the amounts paid per assessment are relatively low (£10 - £20 per assessment) and in the event of any challenge from HMRC, it may be possible to demonstrate that there are sufficient allowable expenses to result in a negligible or no tax liability. However, a prudent approach would be to pay the fees via the payroll with tax and National Insurance accounted for as appropriate.

This factsheet is based on law and HMRC practice at 1 October 2013.

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