Football finances: HMRC’s crackdown on non-compliance

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HMRC is intensifying its crackdown on tax non-compliance across football.

Key Points

What is the issue?

HMRC has intensified investigations into football, challenging unpaid taxes, image-rights arrangements, agent-fee structures and historic avoidance schemes. Enforcement is now broader, tougher and aimed at long-standing industry practices.

What does it mean to me?

Anyone involved in football faces greater scrutiny, with routine arrangements now at real risk of reclassification and back-tax claims. Financial exposure, penalties and reputational damage are far more likely.

What can I take away?

Review image-rights contracts, agent-fee splits, PSC arrangements and past schemes immediately. Strong documentation and clear commercial justification are essential to avoid costly HMRC challenges.

In September 2025, former England and Liverpool footballer John Barnes was declared bankrupt following a petition by HMRC. The bankruptcy order was made in the High Court on 23 September 2025, after Barnes' company, John Barnes Media Limited, went into liquidation in March 2023 owing more than £1.5 million.

Liquidator reports showed that the company owed £776,878 to HMRC in unpaid VAT, PAYE and National Insurance, and a further £461,849 to unsecured creditors. Earlier Insolvency Service findings also recorded unpaid corporation tax between 2018 and 2020.

As a result of the company's failure to pay its taxes, Barnes accepted a three-and-a-half-year director-disqualification undertaking in April 2024. Announcing the disqualification, Mike Smith, Chief Investigator at the Insolvency Service, said that Barnes' failure to ensure that taxes were paid 'should serve as a deterrent to other directors'.

The petition forms part of HMRC's broader and increasingly assertive investigation into tax avoidance across professional football.

The wider HMRC probe into football

HMRC has significantly escalated enforcement activity across the football sector. Since its probe into tax avoidance schemes in football began in 2015, clubs, players and agents have been told to hand over £888 million to HMRC. In the most recent season alone, this includes £90 million, comprising £73 million from clubs, £15 million from players, and £2 million from agents.

Over the last five years, HMRC has collected £384 million in unpaid taxes from the football sector, including £67.5 million in the year to March 2024. In many cases, this is due to players' limited understanding of their tax responsibilities. However, tax avoidance schemes have also spread quickly within the football industry, and HMRC

cites incorrect or fraudulent repayment claims as the main reason for underpayment of tax. HMRC currently has 397 investigations ongoing: 32 involving clubs, 277 involving players, and 88 involving agents.

HMRC is also investigating several anti-avoidance schemes which relate to image rights, ‘dual representation’ agent fees and film finance schemes.

Image rights investigations

It is common for players to establish image rights companies (usually a limited company) to manage and profit from the commercial use of their name, image, likeness or personal brand, including payments from sponsors. These structures allow income to be taxed as corporation tax – generally at lower rates than higher rate income tax – and in some cases in low tax jurisdictions rather than the UK.

A footballer might have a contract of employment with their club (for playing football), and a separate contract between the club and the player’s image-rights company, allowing the club to use the player’s image in advertising, merchandising and media.

HMRC’s position is that many of these arrangements lack commercial substance and are used principally to obtain a tax advantage, making them vulnerable to challenge under anti-avoidance legislation and transfer pricing rules. Under Employment Income Manual EIM738, HMRC states that there must be ‘commercial justification for differentiating between payment for performance of the duties of the employment and the promotional services’.

However, in the Overview of tax legislation and rates following Budget 2025, the government has stated that it will introduce legislation in a future Finance Bill to clarify the tax treatment of image rights to ensure that all image rights payments related to an employment are treated as taxable employment income and subject to income tax and NICs. This change will take effect from April 2027.

Dual representation agent fees

In May 2024, HMRC published new guidelines targeting tax evasion through dual-representation contracts (see ‘Help with football agents’ fees and dual

representation contracts') where an agent is purported to represent both the club and the player in a transfer negotiation. Under these arrangements, the agent's fee is usually split between club and player, often referred to as 'dual representation'. The split value of payment must reflect the commercial reality – requiring audit trails, evidence and documentation – and HMRC has stated that it does not accept a 50/50 split as the 'default position'.

Where a club pays a significant proportion of the agent's fee (or pays the agent directly for both its player and club services), HMRC considers this a benefit in kind provided to the player, subject to income tax and Class 1A NIC – and the tax at stake is significant. If VAT was paid, the club would not be able to reclaim it because the payment would be treated as a benefit in kind, not a business cost.

HMRC maintains that, in practice, agents act for the player not the club. Their job is to connect the player with clubs, manage contract negotiations, find sponsorship and generally advance the player's career, and agents are paid by receiving a percentage of the player's remuneration.

HMRC asserts that dual-representation arrangements have, in some cases, been deliberately engineered to shift tax liabilities. The football governing body FIFA reports that $3.5 billion was paid to agents between 2011 and 2020, illustrating the financial scale of the issue. HMRC now requires clubs to provide clear evidence that the agent was genuinely working on their behalf; otherwise, the full fee will be deemed to be paid in its entirety by the player.

Where fees are wholly allocated to the club or split so as to be likely to benefit the player, this significantly increases the potential for an Employer Compliance Check.

Film finance schemes

Another failed model that has caused significant financial harm to football players and other high net worth individuals are film finance schemes. These arrangements were heavily promoted in the early 2000s and 2010s as tax-efficient investments under the government's original policy to encourage private funding of the UK film industry.

Players were encouraged to invest in film productions through complex partnerships or limited liability companies. The schemes were designed to show an artificial

trading loss on film production costs, which could then be used to claim tax relief against the player's other income, effectively deferring their personal tax payments.

However, following investigations under the Disclosure of Tax Avoidance Schemes regime, HMRC later determined that many of these film partnerships were artificial tax avoidance schemes, designed to create losses for tax planning purposes. It successfully argued that the schemes were not trading with a view to profit, meaning the tax reliefs claimed were invalid. The schemes were ruled invalid, leaving players facing large tax demands when HMRC reclaimed the disallowed reliefs – sometimes reaching back several years.

Bryan Robson Ltd v HMRC

The case of *Bryan Robson Ltd v HMRC* [2025] UKFTT 56 case illustrates the widening scope of HMRC's scrutiny of how footballers and ex-players structure their earnings, particularly around image rights and personal service company (PSC) arrangements.

The case centred on a contract between Bryan Robson Ltd, the former England and Manchester United captain's PSC, and his former club. The agreement covered both ambassadorial services (such as appearances, public relations and hospitality events) and a licence to exploit Robson's image rights for promotional and commercial purposes. HMRC argued that the contract fell within the IR35 'off-payroll working' rules, meaning the income should be taxed as if Robson were a direct employee of the club, rather than as company income.

The First-tier Tribunal delivered a split outcome. It agreed with HMRC that the ambassadorial duties created a relationship equivalent to employment – and therefore those payments were subject to PAYE and National Insurance. However, it also accepted that the portion of the contract genuinely relating to licensing Robson's image for commercial exploitation was distinct and not automatically caught by IR35. The tribunal emphasised that where there is clear evidence of real commercial value – such as merchandising, marketing or sponsorship activity – image rights income can still be treated separately from employment income.

The case is significant because it shows HMRC's increasingly expansive approach: it is no longer confining its challenges to current players' image-rights structures but extending them to former players' ambassadorial, media and promotional work, and to PSC-based contracts more broadly.

Other areas of concern

In parallel, many clubs have come under scrutiny from HMRC for claiming R&D tax relief on activities such as performance analytics, training techniques and sport science programmes that HMRC believes do not meet the qualifying criteria.

HMRC has also investigated clubs for the misclassification of staff – particularly medical and backroom staff – as self-employed contractors, rather than employees, a practice often intended to lower employers' NICs. HMRC have issued stop notices to those engaged in the promotion of these schemes.

If found guilty of anti-avoidance, both clubs and players engaged in these schemes have had to repay the tax reliefs claimed, pay interest on overdue tax, and in some cases have faced severe financial penalties. In addition, many have suffered reputational damage, legal expenses and in some cases criminal proceedings.

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