



## IMAGE RIGHTS EXPLAINED

# How careful Image Rights management could save you from a hefty tax bill.

Traditionally, the majority of sports clubs have remunerated players solely for their playing abilities; however, as the sports sector becomes ever more commercialised, this concept is changing and is doing so through the use of Image Rights.

### WHAT ARE IMAGE RIGHTS?

Image Rights enable a sports club to use a player's name, performance, reputation, autograph, statements, endorsements, promotional services, image and other personal characteristics for any commercial purpose. In principle, clubs now purchase players not just based on their playing ability but their worldwide image and marketability. This means that a contract's value can be increased as clubs can gain from their players image and the exploitation of it.

Increasingly, if a player signs a contract without any modification, they are signing away most of their rights to income outside of their sport, which could equate to a substantial amount. Therefore, we highly recommend that all players are aware of the options available to them and seek professional advice before any agreement is signed.

### WHAT ARE MY OPTIONS?

When a player signs for a club, there are two options available, with most players adopting the latter:

- the player looks to profit from selling their own Image Rights; or
- the player allows their club to exploit their image in exchange for an annual payment to the player's 'Image Rights Company'.

### WHAT IS AN IMAGE RIGHTS COMPANY?

An Image Rights Company (IRC) is a structure established by the player to which their Image Rights have been transferred. Therefore, as well as the player's regular salary, an additional payment is required from the player's club to the IRC; covering the use of the individual's Image Rights and any other commercial rights associated with the player. Additionally, through the careful management of Image Rights, an individual's brand can continue to earn endorsements after retirement.

However, the largest benefit of establishing an IRC is arguably the tax savings that can be established. Many sporting professionals are subject to income tax at 45%, however, IRC's are subject to corporation tax at 20%. Therefore, through transferring a player's Image Rights into an IRC, a significant tax saving can be made.

### HOW CAN WE HELP YOU?

If you are considering the use of Image Rights, we can provide the following services to ensure you are making the most informed decision that is right for you:

- advice on registering an image and IRC structures;
- the set-up of IRCs; and
- tax compliance and planning with UK tax legislation.

Our national team of sports specialists will work collaboratively with you to structure your Image Rights in the most efficient way possible. The services they provide will enable you to minimise tax payable on endorsement income whilst minimising the risk of being pursued by HMRC in the public domain; which could detract from the value of your image.



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Whether at the beginning of your career or entering retirement, we understand the pressures of being a sportsperson.

### THE NEXT STEP

For further information on the sporting services we can provide or to discuss your specific circumstances, please contact the head of our national sports desk:

**Elliott Buss**  
Partner

t: +44 1633 213 318

e: [e.buss@uhy-uk.com](mailto:e.buss@uhy-uk.com)

Alternatively, read more about us on our website at [www.uhy-uk.com/sports](http://www.uhy-uk.com/sports).



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