

UNIVERSITY OF LJUBLJANA
SCHOOL OF ECONOMICS AND BUSINESS

MASTER'S THESIS
**A COMPARATIVE ANALYSIS OF PREFERENTIAL TAX
TREATMENT OF FOOTBALL PLAYERS' SALARIES IN TURKEY**

Ljubljana, March 2021

EREN CAN GÖRGÜLÜ

AUTHORSHIP STATEMENT

The undersigned Eren Can Görgülü, a student at the University of Ljubljana, Faculty of Economics, (hereafter: FELU), author of this written final work of studies with the title A COMPARATIVE ANALYSIS OF PREFERENTIAL TAX TREATMENT OF FOOTBALL PLAYERS' SALARIES IN TURKEY, prepared under supervision of red. prof. dr. Andreja Cirman.

DECLARE

1. this written final work of studies to be based on the results of my own research;
2. the printed form of this written final work of studies to be identical to its electronic form;
3. the text of this written final work of studies to be language-edited and technically in adherence with the FELU's Technical Guidelines for Written Works, which means that I cited and / or quoted works and opinions of other authors in this written final work of studies in accordance with the FELU's Technical Guidelines for Written Works;
4. to be aware of the fact that plagiarism (in written or graphical form) is a criminal offence and can be prosecuted in accordance with the Criminal Code of the Republic of Slovenia;
5. to be aware of the consequences a proven plagiarism charge based on the this written final work could have for my status at the FELU in accordance with the relevant FELU Rules;
6. to have obtained all the necessary permits to use the data and works of other authors which are (in written or graphical form) referred to in this written final work of studies and to have clearly marked them;
7. to have acted in accordance with ethical principles during the preparation of this written final work of studies and to have, where necessary, obtained permission of the Ethics Committee;
8. my consent to use the electronic form of this written final work of studies for the detection of content similarity with other written works, using similarity detection software that is connected with the FELU Study Information System;
9. to transfer to the University of Ljubljana free of charge, non-exclusively, geographically and time-wise unlimited the right of saving this written final work of studies in the electronic form, the right of its reproduction, as well as the right of making this written final work of studies available to the public on the World Wide Web via the Repository of the University of Ljubljana;
10. my consent to publication of my personal data that are included in this written final work of studies and in this declaration, when this written final work of studies is published.

Ljubljana, March 24th, 2021

Author's signature: _____



TABLE OF CONTENTS

INTRODUCTION.....	1
1 THE FOOTBALL INDUSTRY	2
1.1 General Overview	2
1.2 Development of the Football Industry	3
1.3 Financial Fair Play (FFP)	12
2 THE TURKISH FOOTBALL INDUSTRY.....	14
2.1 General Overview	14
2.2 Economical Overview	16
2.3 The Impact of Financial Fair Play on the Turkish Football Industry	18
3 TAX SYSTEMS	22
3.1 General Overview	22
3.2 Classification of Taxes	24
4 EMPIRICAL ANALYSIS OF INCOME TAX	25
4.1 Personal Income Tax in Turkey.....	26
4.2 Personal Income Tax in Spain	29
4.3 Personal Income Tax in the United Kingdom	31
4.4 Personal Income Tax in Germany	33
4.5 Personal Income Tax in Italy	36
4.6 Personal Income Tax in France	41
4.7 Personal Income Tax in Portugal.....	46
4.8 Personal Income Tax in Russia	49
4.9 Personal Income Tax in Belgium	50
4.10 Personal Income Tax in The Netherlands.....	51
4.11 Personal Income Tax in Ukraine	53
4.12 Comparison of Personal Income Tax Liability in the Top 10 Football Countries and Turkey.....	54

4.13 Case of Non-Appearance of Granted Tax Privilege to Football Players in Turkey ..	56
CONCLUSION	57
REFERENCES	60
APPENDICES	65

LIST OF TABLES

Table 1: Development of Football History	4
Table 2: Top 10 Football Countries according to UEFA’s Association Club Coefficients	6
Table 3: Major Leagues' Revenues of the Top 10 Football Countries(€m).....	9
Table 4: Total Revenue and Its Growth of the Top 5 Football Countries(€m).....	10
Table 5: Top 10 Transfer Records(€m).....	11
Table 6: Highest Wages in the Football Industry(€m).....	12
Table 7: Distribution of Foreign Players by the 2019/2020 Regular Season.....	16
Table 8: Value of the Top 10 Football Countries.....	17
Table 9: Ratio of Rental Players in Turkey.....	19
Table 10: Youngest Players Who Played in the Süper Lig.....	21
Table 11: Top 10 Highest Transfer Figures of Turkish Players(€m).....	22
Table 12: Personal Income Tax Rates in Turkey, 2020	27
Table 13: Personal Income Tax Rates of Spain, 2020	29
Table 14: Personal Income Tax Rates of the United Kingdom, 2020.....	32
Table 15: Personal Income Tax Rates of Germany, 2020.....	34
Table 16: Personal Income Tax Rates of Italy, 2020	38
Table 17: Personal Income Tax Rates of France, 2020.....	43
Table 18: Personal Income Tax Rates of Portugal, 2020	47
Table 19: Personal Income Tax Rates of Belgium, 2020.....	50
Table 20: Personal Income Tax Rates of the Netherlands, 2020	52
Table 21: Tax Liability of a Football Player in the Top 11 Football Countries.....	55

LIST OF FIGURES

Figure 1: EUR/TRY Historical Data (Jul 2015-Jul 2020).....	20
--	----

LIST OF APPENDICES

Appendix 1: Povzetek (Summary in Slovene language).....1

LIST OF ABBREVIATIONS

sl. Slovene

AC – (sl. Nogometna zveza); Associazione Calcio

AD – (sl. A.D.); anno Domini

AFC – (sl. Azijska nogometna konfederacija); The Asian Football Confederation

AS – (sl. Športno društvo); Associazione Sportiva

BC – (sl. pred Kristusom); before Christ

CAF- (sl. Konfederacija afriškega nogometa); Confederation of African Football

CAS – (sl. Športno arbitražno sodišče); Court Of Arbitration For Sport

CGI – (sl. Splošni davčni zakonik); Code général des impôts

CIRS – (sl. Koda Davčnega Davka); CÓDIGO DO IMPOSTO SOBRE O RENDIMENTO

CONCACAF – (sl. Konfederacija Severne, Srednje Amerike in Karibskega združenja Nogomet); Confederation of North, Central America and Caribbean Association Football

CONMEBOL – (sl. Južnoameriška nogometna konfederacija); Confederación Sudamericana de Fútbol

CRDS – (sl. Prispevek k poplačilu socialnega dolga); Contribution au Remboursement de la Dette Sociale

CSG – (sl. Splošni socialni prispevek); Contribution Sociale Généralisée

EUR – (sl. Evro); Euro

FA – (sl. Nogometna zveza); Football Association

FC – (sl. Nogometni klub); Football Club

FFP – (sl. Finančni pošteni igra); Financial Fair Play

FIFA – (sl. Mednarodna nogometna zveza); The Fédération Internationale de Football Association

FK – (sl. Nogometni klub); Futbol'nyy klub

FOD – (sl. Zvezna javna služba); Federale Overheidsdienst

GBP – (sl. Britanski funt); Great Britain Pound

IRPF – (sl. Davek na dohodnino); Impuesto sobre la Renta de las Personas Físicas

ITEPA – (sl. Zakon o dohodnini in pokojnini); Income Tax Earnings and Pensions Act
JK – (sl. Gimnastični klub); Jimnastik Kulübü
OECD – (sl. Organizacija za gospodarsko sodelovanje in razvoj); The Organisation for Economic Co-operation and Development
OFC – (sl. Nogometna zveza Oceanije); Oceania Football Confederation
PFA – (sl. Združenje profesionalnih nogometašev); Professional Footballers' Association
RUB – (sl. Ruski rubelj); Russian Ruble
SK – (sl. športni klub); Spor Kulübü
SRT – (sl. Predpisani test prebivališča); Statutory Residence Test
TFF – (sl. Turška nogometna zveza); Turkish Football Federation
TRY – (sl. Turška lira); Turkish Lira
TUIR – (sl. Prečiščeni zakon o davkih na dohodek); Testo Unico delle Imposte sui Redditi
TV – (sl. Televizija); Television
UEFA – (sl. Zveza evropskih nogometnih zvez); Union of European Football Associations

INTRODUCTION

Football, which was initially considered as the sport of the people, gradually began having an economical featuring, along with the sporting characteristic at the present time, which can be accepted as the golden era of entertainment and industrialisation. Cash flow into football clubs through private investments and expansion of advertising, promotions and broadcast rights, increased the amount of money in the football industry. Therefore, it caused a rise in football players' salaries and wages over the years. Several new systems, practices and restrictions have been implemented, such as transfer limitations and sanctions by the authorities such as FIFA (The Fédération Internationale de Football Association), UEFA (Union of European Football Associations), CAS (Court Of Arbitration For Sport), or local football federations. As described by the governing body of football, UEFA, "Financial fair play is about improving the overall financial health of European club football." (UEFA, 2015) However, despite all the implemented restrictions and practices, football players' transfer fees and salaries keep increasing every day. Moreover, this increase naturally plays a significant role in football players' decisions about their next club and country to continue their career. This increase also diversifies countries' practices and implementations – more precisely, it guides the focus about the local leagues' practice implementation.

In previous years, the Top 10 football countries according to UEFA's association club coefficients introduced new implementations, and applied various taxation systems in order to make their local leagues more desirable for both domestic and foreign football players. However, some of these implementations are currently under discussion, not only by football authorities, but also the citizens and public groups, due to potential violation of equality principles in terms of taxation systems. As mentioned by Schubert and Frias (2019) : "Fairness in sport cannot be achieved without addressing and restructuring the economical background.". These discussions result in regular updates in taxation systems and the ways of their implementation.

The differences in taxation systems affect many different aspects of the local football environment. Firstly, the varying quality of football players who choose their career at the specific local league level, secondly the overall quality of the local league, thirdly, the competitiveness of the players and local league (inter-clubs or inter-leagues), and last but not least, the international ranking of the local clubs and leagues.

It can clearly be observed that the growth of the Turkish football industry as an effect of the globalisation of football, has had a strong influence on the quality of football players, their professional improvement and competitiveness among the local clubs. Since the purpose of the decision-making bodies of Turkish football is to make the Turkish football league more attractive for the players, to improve the quality and competitiveness of the Turkish league and to improve the success level among other European countries, Turkish football authorities develop specific taxation systems in favour of the football industry continuously. As a result,

Turkey has been called a “Tax Haven” (Daily Sabah, 2015) in comparison to the Top 10 football countries, due to having a competitive advantage in terms of the taxation system.

The purpose of this Master thesis is to show why Turkey has been called a ‘Tax Haven in comparison to the Top 10 football countries by giving the reasons behind it and making comparisons with real cases. The thesis strives to describe the different taxation systems, and focuses mainly on personal income tax, screens and compares personal income tax on football players’ income in the Top 10 Football countries and in Turkey. This research aims to discover the competitive advantage of the Turkish income tax system, more specifically from granting the privileged personal income tax level to football players, and also to show the unfair tax treatment that arises from having different taxation criteria for citizens and football players. This study will give the answers to the following research questions:

1. Why is Turkey called a 'Tax Haven' in comparison to the Top 10 football countries?
2. What competitive advantages does Turkey have in terms of personal income tax for football players?

A quantitative research method based on the case study will be used in this Master thesis. The secondary data obtained from national income tax laws and national football federations will be analysed and compared. Books, articles, web sites, newspapers, magazines and laws will create the framework for the study, which will guide to finding answers to the research questions. Observations, data collections and comparisons will be used to lead to the conclusion.

The structure of the thesis is the following. Firstly, the football industry will be explained, and, more precisely, the Turkish football industry. Tax systems and, more precisely, personal income tax will follow. In the third part, personal income tax in Turkey and its application to the Turkish football industry will be observed, as well as its impact on creating inequalities among Turkish citizens and football players.

1 THE FOOTBALL INDUSTRY

1.1 General Overview

In its simple definition, “football, also called association football or soccer, is a game in which two teams of 11 players, using any part of their bodies except their hands and arms, try to manoeuvre the ball into the opposing team’s goal. Only the goalkeeper is permitted to handle the ball, and may do so only within the penalty area surrounding the goal. The team that scores more goals wins.” (Giulianotti, 2020)

Football is the world's most popular sport regarding the number of participants and spectators. According to audience data of FIFA (2018), 3.572 billion viewers, more than half of the world's population aged four or over, followed the games of the 2018 FIFA World Cup.

Simple in its principal rules and essential equipment, the sport can be played almost anywhere, from official football fields to schools, gymnasiums, playgrounds, parks, streets or beaches by children to the elderly, regardless of the gender, race, religion or wealth.

As Franz Anton Beckenbauer, a former German professional football player and Manager, says "Football is one of the world's best means of communication. It is impartial, apolitical and universal. Football unites people around the world every day. Young or old, players or fans, rich or poor, the game makes everyone equal, stirs the imagination, makes people happy and makes them sad." This unifying feature gives football a very different and special place among other sports. It causes people's hearts to beat with the same excitement, not only when doing the sport itself, but also when supporting their teams in stadiums, tournaments and even behind the screens while watching a game from different cities, countries and continents.

As Joseph "Sepp" Blatter, former President of FIFA said: "Football is as old as the world... People have always played some forms of football, from its very basic form of kicking a ball around to the game it is today." Records show that the very first version of the game was played in the 2nd and 3rd centuries BC in China. It was initially called Tsu' Chu, and it evolved from a kicking a leather ball into an opening shaped by long bamboo canes (FIFA).

Greece, Rome, the Far East and parts of Central America also claim to have started the sport. Another form of the game, originating from the Far East, was the Japanese Kemari. The Greek Episkyros was another version of the game which was more dynamic. However, it was England that transitioned soccer, or, as many other people around the world call "football", into the game we know today.

1.2 Development of the Football Industry

The early version of football was not well organised in terms of the rules and regulations. It was usually played in any kind of available field with an indefinite number of players. The sport was more violent than the current version. For example, during the game, kicking each other was allowed, which is currently not and, therefore, called a foul (FIFA, History of Football - Britain, the home of Football).

Today's football emerged officially in England at the end of 19th century in the wake of the mentioned historical development. With the Football Association (FA), English football's governing body, football earned a new and organised identity. The FA was formed on 26 October, 1863. Representatives of football clubs playing their own versions of football met to create one umbrella organisation with the purpose of forming definite rules and regulations

(Football Association(FA), n.d.). In the meetings of the FA, some opposing views came out, related mostly to being able to play with the ball by hand. During these meetings, rugby and football were clearly separated due to these different ideas (Wahl, 1990). After the foundation of the FA in 1863, the rules were agreed, and formalised in the meeting by the representatives.

Later in 1863, the first ever football match took place at Mortlake, London, between Barnes Football Club and Richmond Football Club, and ended in a 0-0 draw. The first official international football match was played between Scotland and England in Glasgow, in 1872, and ended in a 0-0 draw. In 1885, the first international match played outside of Great Britain, in Newark, between the USA and Canada, ended with Canada's victory by 1-0. In 1900, football was accepted as an exhibition sport, and became the first team sport in the Olympic Games. Following the Olympic Games, FIFA was founded in Paris on 21 May, 1904 (FIFA, 2003).

Table 1 below gives us a more detailed history of development of the football industry.

Table 1: Development of Football History

1863	26th October, the Football Association was formed.
1863	8th December, Association Football and Rugby Football were finally split into two different organisations.
1863	19th December, the first ever football match was played.
1869	The Football Association rules were amended to exclude any touch of the ball by hand.
1872	30th November, the first official international football match was played.
1883	A uniform code was agreed, and formed the International Football Association Board.
1885	The first international match was played outside Great Britain.
1888	Introduction of the penalty kick.
1900	Played at the Olympic games for the first time.
1904	Establishment of FIFA.

Source: FIFA (2003).

When FIFA was founded it had seven founding members: France, Belgium, Denmark, the Netherlands, Spain (represented by Madrid FC), Sweden and Switzerland. The German Football Federation showed its intention to join on the same day. This international football community grew continuously over the years, and, by 1912, had reached 21 national associations, by 1925, 36, and by 1930, when the first World Cup was held in Uruguay, reached 41. Currently, FIFA has 211 associations divided into 6 regional confederations: Africa, Asia, Europe, North Central America and the Caribbean, Oceania and South America. The Asian Football Confederation (The AFC) in Asia, Confederation of African Football (CAF) in Africa, Confederation of North, Central America and Caribbean Association Football (CONCACAF)

in North and Central America and the Caribbean, Confederación Sudamericana de Fútbol (CONMEBOL) in South America, Oceania Football Confederation (The OFC) in Oceania, and Union of European Football Associations (UEFA) in Europe, are the governing bodies in their own continents and all provide support to FIFA.

UEFA is the governing body of European football. It is an Association of Associations with 55 national football associations across Europe under its umbrella. As described by UEFA itself: “Its objectives are, among other things, to deal with all questions relating to European football, to promote football in a spirit of unity, solidarity, peace, understanding and fair play, without any discrimination on the part of politics, race, religion, gender or any other reason, to safeguard the values of European football, promote and protect ethical standards and good governance in European football, maintain relations with all stakeholders involved in European football, and support and safeguard its member associations for the overall well-being of the European game.” (UEFA, 2019) The most important events organised by UEFA are undoubtedly the Champions League and the Europa League. The UEFA Champions League is one of the most prestigious football tournaments, along with the FIFA World Cup in the world, and the most prestigious club competition in Europe. It was introduced in 1955 as the European Champion Clubs' Cup. It was initially a straight knockout tournament open only for the champion clubs of each League. The tournament took its current name in 1992, adding a round group stage and allowing multiple entrants from its member countries. The UEFA Europa League is a competition organised by UEFA since 1971. It is accepted as the second tier competition for European club football following the UEFA Champions League. Following the UEFA Champions League and the UEFA Europa League, the UEFA Super Cup takes 3rd place. As a format, it is based on a single match between the Champions of the two main European club competitions, the UEFA Champions League and the UEFA Europa League. According to UEFA, the gross commercial revenue from the 2019/2020 UEFA Champions League, the 2019/2020 UEFA Europa League and the 2019 UEFA Super Cup is estimated at around €3.25 billion (UEFA, 2019).

UEFA has a specific calculation system to determine the number of places allocated to each association country for participation in the events in the European continent. The association club coefficients, also called country coefficients, are calculated based on the results of each country's football clubs in the five previous UEFA Champions League and UEFA Europa League seasons. The rankings determine the number of places allocated to each association (country) in upcoming UEFA club competitions. The season association club coefficients are calculated based on the results of each country's clubs in the current UEFA Champions League and UEFA Europa League season. The rankings determine the number of places allocated to each association (country) in the upcoming UEFA club competitions (UEFA, n.d.).

In Table 2 below, you can see the most successful countries, considering the total collected points, according to the association club coefficients for the 2019/2020 football season.

Table 2: Top 10 Football Countries according to UEFA's Association Club Coefficients

POSITION	COUNTRY	POINTS
1	Spain	99.426
2	England	88.176
3	Germany	71.641
4	Italy	68.367
5	France	56.915
6	Portugal	49.449
7	Russia	45.549
8	Belgium	37.900
9	The Netherlands	35.750
10	Ukraine	34.500
11	Turkey	33.600

Source: UEFA (no date).

At the early stage of football, making payments to the footballers was prohibited by the FA board. According to the FA at that time, the entrance of money to football would undermine the morale of football, and also cause change of control of the game from the noble and wealthy classes to the working class.

In January 1884, after the FA Cup game between Preston North End and Upton Park, Upton Park complained to the FA that the Preston North End football team was not an amateur, but a professional team. Major William Sudell, the Secretary/Manager of Preston North End accepted the fact that Preston North End team players were being paid, but also stated that this was a common practice among the other teams too, and did not violate the rules. However, the FA did not agree with this and expelled Preston North End from the competition. It was a well-known fact that Major William Sudell tried to improve the quality of the team, in order to be more successful by importing players from other areas. Sudell did not pay football players directly for their services to the football team, but found them highly paid jobs in the region. On 20th July, 1885, the FA accepted the fact, and announced that payment to football players was in the interests of Association Football. Therefore, employments of professional football players were legalised, but only under a certain condition, being that the football players had either been born and had lived for two years within a six mile radius of the ground where the football club was located (Simkin, 1997). By changing this rule, paying salary to the football players became legal, and this change became a milestone on the way to the industrialisation of football.

Thanks to the games being held after three o'clock, people found a cheap and fun activity at which to spend time together on Saturday afternoons. Due to its entertaining nature, simplicity,

and availability, it increased its popularity thoroughly, and, by the 20th century, it started to be known as the people's game.

Following the interest in this beautiful sport, football gradually started creating its own industry through payments to professional football players, or games to be watched in exchange for money. In 1920, Britain launched the first betting on football games, based on predicting the league games, and created a new economic field in this sport.

As a result of the rapid spread of football, about 25 countries in Europe have established their own football federation. The first federation outside of England, the birthplace of football, was established in Denmark in 1889, and until 1908, nearly each Central and Northern European country had its own football federation. In this region, the number of football clubs and players increased significantly in line with this rapid spread (Dalkılıç, 2017).

Until 1974, FIFA was managed by giving more importance to the amateur values. The era which started with Joao Havelange, the 7th President of FIFA in 1974, is a period when commercialisation in football came to the forefront (Goldblatt, 2008). Besides the commercialisation of football, the Havelange era was a new and important process in terms of the globalisation of football, with the increase of the member countries and football organisations. During the Havelange era, the participant country number was increased to 24 for the 1982 World Cup in Spain, and 32 for the 1998 World Cup in France. FIFA's commercialisation moves were not only limited to the World Cups. Youth and Women's Football Championships were also launched with the help of sponsors. As a natural consequence of this process, football became more watched, followed, and became a global sport. Revenues of the clubs and associations increased accordingly due to broadcast rights, sponsorships, game day profits and merchandising.

If we wish to list the income sources of a football club, we need to consider three main sources:

- Media rights/broadcasting: The amount paid by the broadcaster in order to broadcast the game of the club/league,
- Sponsorships/commercial incomes: Sponsorships and other business incomes such as promotional items and services,
- Match day revenues: Money from ticket sales, expenses by the supporters inside the stadium.

As Goddard & Sloane (2014) mentioned in their earlier work, sponsorship has become one of the most essential parts of football revenues, and football as a sport is the most sponsored sport in financial terms with \$2,714 million in 2011 according to one estimate. Naming rights for

competitions and stadiums, shirt sponsorships are the most important components of sponsorships revenues. (Goddard & Sloane, 2014).

Considering the size and popularity of football, sponsorship deals have become an important income channel, not only for football clubs, but also for brands who offer sponsorships to football clubs. Brands have increased their profits by increasing their recognition by audiences thanks to sponsorship deals. Lately, it has become such a big deal that sponsorship has evolved into a kind of show of strength among the brands.

When we have a look at the Deloitte Annual Review of Football Finance 2019 Report, we can get a clearer picture of the sponsorship revenues, including other types of commercial revenues, based on leagues. The English Premier League has the biggest sponsorship revenues with €1,473 million, followed by the German Bundesliga with €1,382 million, the Spanish La Liga with €954 million, the Italian Serie A with €791 million and the French Ligue 1 with €710 million for the 2017/2018 season.

Domestic and foreign broadcasting stations bid for rights to broadcast live matches to millions of football fans via their TV channels and platforms. Broadcasting rights have the largest share among the other types of football revenues. According to Deloitte`s Annual Review of Football Finance 2019 report, the English Premier League holds the biggest broadcasting revenues with €3,210 million, followed by the Spanish La Liga with €1,609 million, the Italian Serie A with €1,294 million, the German Bundesliga with €1,248 million and the French Ligue 1 with €791 million for the 2017/2018 season.

When a football team plays at its home stadium, they sell tickets to individuals that enter the stadium on match day. The size of a football club's stadium and the ticket price determines how much the club makes on the match day. According to Deloitte`s Annual Review of Football Finance 2019 report, the English Premier League has the biggest match day revenues with €757 million, followed by the German Bundesliga with €538 million, the Spanish La Liga with €510 million, the Italian Serie A with €257 million and the French Ligue 1 with €191 million for the 2017/2018 season.

In Table 3 below, there is a more detailed presentation of the 2017/2018 revenues of the most succesful European leagues according to the association club coefficients calculated by UEFA(€m) (Deloitte, 2019).

Table 3: Major Leagues' Revenues of the Top 10 Football Countries(€m)

Country \ Revenue	Broadcasting		Sponsorship		Matchday		Total
	€	%	€	%	€	%	
Spain	1,609	52%	954	31%	510	17%	3,073
England	3,210	59%	1,473	27%	757	14%	5,440
Germany	1,248	39%	1,382	44%	538	17%	3,168
Italy	1,294	58%	666	30%	257	12%	2,217
France	791	47%	710	42%	191	11%	1,692
Portugal	225	52%	148	34%	58	14%	431
Russia	112	14%	649	80%	52	6%	813
Belgium	Not Available		Not Available		Not Available		Not Available
The Netherlands	89	18%	286	58%	120	24%	495
Ukraine	Not Available		Not Available		Not Available		Not Available
Turkey	376	52%	281	38%	74	10%	731

Source: Deloitte (2019).

Comparison of Tables 2 and 3 shows us how money and success follow each other, and money and success cannot be considered separately when talking about industrialised football. After a quick overview of Table 2, we can see that the top 5 places are occupied by Spain, England, Germany, Italy and France respectively. If we consider the total revenue of European league clubs as determined in Table 3, we can see that the top 5 places belong to the same leagues; England, Germany, Spain, Italy and France respectively.

Considering all the factors which contribute to total revenue, in Table 4 below, we can see the biggest European league clubs` revenue and its growth from 2015/2016 to 2019/2020(€m) (Deloitte, 2019).

Table 4: Total Revenue and Its Growth of the Top 5 Football Countries(€m)

Season League	2015/2016	2016/2017	2017/2018	2018/2019 (Projected)	2019/2020 (Projected)
England	4,865	5,301	5,440	5,730	5,940
Spain	2,437	2,865	3,072	3,420	3,790
Germany	2,712	2,793	3,168	3,470	3,720
Italy	1,917	2,062	2,217	2,520	2,570
France	1,485	1,643	1,692	1,860	1,930

Source: Deloitte (2019).

Table 4 indicates that there has been growth in the revenue of the biggest 5 European league clubs since 2015/2016 to 2017/2018, and projected growth for 2018/2019 and 2019/2020 seasons continuously. According to the projected values for 2018/2019, the English Premier League is expected to have a 5.3% increase in the total revenue, Spain by 11.3%, Germany by 9.5%, Italy by 13.6% and France by 9.9% annually.

As a natural outcome of the mentioned growth of revenues, football clubs have begun spending more money via different investment channels. One of the most common practices in the industry is to invest in the football players by transferring them in exchange for money which is called a transfer fee. In order to achieve their goal and, consequently, achieve success, football clubs transfers football players to play for their team. However, the idea of transferring a player is not only limited to achieving good results and success. It is also a way of marketing for clubs to get more attention from their audience, which, moreover, helps to increase broadcasting, sponsorship and match day revenues accordingly. This method, which is mostly used by the football clubs who want to increase their popularity and stay in the high level competition or sell the player in order to the collect transfer fee, seems to have helped to attract the attention of audiences. For instance, the transfer of the UEFA Champions League winner Didier Drogba from the Ivory Coast takes an important place in the recent history of Galatasaray SK. The transfer movement of Didier Drogba, who won the UEFA Champions League title with Chelsea F.C. from England, and continued his career in Shanghai Shenhua F.C. from China in 2012, to Galatasaray SK, took the attention of football fans in Asia to the Turkish Süper Lig. After the completion of this transfer, Galatasaray SK decided to open stores in various locations on the Asian continent, or started exporting club products to mainstream sport stores in Asia in order to meet the demand. Meanwhile, the Turkish Süper Lig started to be broadcast due to growing demand, and, by that, it created an additional broadcasting revenue for the club and the National Football League.

Considering the volume of the football industry, transfer fees increased significantly over the years. Football clubs have started breaking transfer records one after another in terms of the transfer fees. Table 5 shows us the Top 10 transfer records over the last 20 years (Transfermarkt, n.d.).

Table 5: Top 10 Transfer Records(€m)

PLAYER(Country)	Transfer Fee	Season	From/To
Neymar (Brazil)	220	2017/2018	Barcelona/Paris SG
Kylian Mbappé (France)	145	2018/2019	Monaco/Paris SG
Philippe Coutinho (Brazil)	145	2017/2018	Liverpool/Barcelona
João Félix (Portugal)	126	2019/2020	Benfica/Atl. Madrid
Ousmane Dembélé (France)	125	2017/2018	Dortmund/Barcelona
Antoine Griezmann (France)	120	2019/2020	Atl. Madrid/Barcelona
Cristiano Ronaldo (Portugal)	117	2018/2019	Real Madrid/Juventus
Paul Pogba (France)	105	2016/2017	Juventus/Man. United
Gareth Bale (Wales)	101	2013/2014	Tottenham/Real Madrid
Eden Hazard (Belgium)	101	2019/2020	Chelsea/Real Madrid

Source: Transfermarkt (no date).

In Table 6 below, we can observe the football players who have the highest annual wages in the football industry according to their current contracts with clubs (Finance Football, 2020).

Table 6: Highest Wages in the Football Industry(€m)

Football Player	Annual Wage (€m)	Current Club
Lionel Messi	96	Barcelona
Cristiano Ronaldo	54	Juventus
Antonie Griezman	38	Barcelona
Neymar	35	PSG
Luis Suarez	34	Barcelona
Gareth Bale	28	Real Madrid
Andres Iniesta	27	Vissel Kobe
Alexis Sanchez	25	Manchester United
Philippe Coutinho	25	Bayern Munich
Oscar	24	Shanghai SIPG

Source: Finance Football (2020).

As we can see by comparing Table 5 and Table 6, football clubs from England, Spain, France and Italy are taking the top places when talking about paying the highest transfer fees and wages to football players. By combining the outcomes from the Table 2 and Table 3 comparison with Table 5 and Table 6, we can observe that league clubs who are able to earn more revenue are also the ones who are able to spend more money.

This money circulation among the competitive clubs and leagues also brought a concern to the industry. Having the most popularity led to attracting the investors, and bigger broadcasting and sponsorship deals to clubs. Top clubs from top leagues created big income, which was to be spent further on in any future transactions. However, most of the clubs from different European leagues incurred debts in order to be able to remain in the competition, and soon enough they became unable to pay their debts. Consequently, the governing body of the European football, UEFA, took various measures in order to maintain the fairness of the game, increase the competitiveness and protect the long-term viability and sustainability of European club football. The most known measure is Financial Fair Play.

1.3 Financial Fair Play (FFP)

Financial Fair Play (FFP) is a set of regulations adopted by UEFA in 2009 for football clubs to maintain their financial stability and continuity, with the simplest rule in principle that football clubs were not spending more than they earned, and, in doing so, protected the game.

Realising the worsening financial conditions in European football, UEFA accepted the Financial Fair Play unanimously in September 2009, and introduced it to European football in

June 2010. The regulations, which have been updated and developed regularly over the years, continue to preserve the initial purpose. As defined by UEFA itself, the fundamental principles and objectives are:

- “To improve the economic and financial capability of the clubs, increasing their transparency and credibility;
- To place the necessary importance on the protection of creditors, and to ensure that clubs settle their liabilities with employees, social/tax authorities and other clubs punctually;
- To introduce more discipline and rationality in club football finances;
- To encourage clubs to operate on the basis of their own revenues;
- To encourage responsible spending for the long-term benefit of football;
- To protect the long-term viability and sustainability of European club football.” (UEFA, 2019)

As noted by UEFA, when looking at the Balance Sheets of European football clubs, it was observed that there has been a positive momentum on club Balance Sheets, and net debt decreased from 65% to 35% since the introduction of the Financial Fair Play regulations (UEFA, 2019).

Since the introduction of Financial Fair Play to the football industry, several football clubs from several national leagues have been punished. Manchester City FC from England, AC Milan from Italy, Panathinaikos FC from Greece, FK Rubin Kazan from Russia, FC Rapid Bucuresti, CFR Cluj from Romania, are just a few of the football clubs that have been penalised and banned temporarily from UEFA's international organisations by UEFA due to the Financial Fair Play criteria. Turkish clubs are the first among the teams or national leagues who have been banned from UEFA's international organisations due to Financial Fair Play. 6 Turkish football clubs, including Galatasaray SK, Beşiktaş JK, Trabzonspor, have been penalised and banned by UEFA because they did not comply with the Financial Fair Play criteria.

All in all, the development, introduction and continued evolution of Financial Fair Play remains one of UEFA's most ambitious but successful governance projects.

2 THE TURKISH FOOTBALL INDUSTRY

2.1 General Overview

In Turkey, modern football began to be played in the later 19th century. Since football was incompatible with Islamic traditions according to the understanding of that time, initiators of the sport were the non-Muslim minority society.

The first fire of football was ignited in Thessaloniki during the Ottoman period, and spread to Bornova and the Izmir grasslands over time. The first football club was founded in Izmir by the British. Afterwards, this beautiful epidemic reaching to Istanbul has managed to draw the attention of almost the entire city with the influence of Kadıköy and the Moda grasslands (TFF, n.d.).

According to the Turkish Football Federation (TFF), the game of the Istanbul team against the Izmir team in 1897 was noted in history as the first football match on Turkish land. The first Turkish football team was Black Stocking, which was founded with an English name by Mr. Fuad Hüsnü and Mr. Reşat Danyal. The reason why the name was chosen in English despite being a Turkish club was so as not to draw British spies' attention on it. The match that Black Stocking played against the Greeks was recorded as the first football match of a Turkish team.

The love of football, led by the British who were living in Istanbul and expanding with the participation of the Greeks, caused the establishment of several football clubs in a row. In 1903, Istanbul Football League was established, with the participation of the Kadıköy Football Club founded jointly by the British and Greek, Elpis and Imogene football clubs founded by the Greeks and Moda Football Club, founded by the British. However, until the foundation of Galatasaray in 1905, all the competitors of the Istanbul Football League were founded by the non-Turkish society. With the foundation of Galatasaray, Galatasaray became the first official Turkish football club, which joined the Istanbul League in the 1905-1906 season, and became the champion of the Istanbul Football League in the 1907-1908 season. Fenerbahçe, founded in 1907, and Beşiktaş, founded in 1903 as a sport club however, established a football branch later in 1910, followed by Galatasaray, and became the other first Turkish football clubs. These 3 clubs are currently the most successful football clubs in Turkish football.

Football in Turkey began to spread rapidly, thanks to the foundation of the Turkish Football Federation (TFF) in 1923. Youths in many cities were directed to football, and teams were established in almost every city. Following the foundation of the TFF, Turkey also became a member of FIFA on 21st May, 1923. 5 months after becoming a member of FIFA, Turkey played its first international match against Romania on 26th October in Istanbul. The match that Turkey played against Czechoslovakia at the 1924 Paris Olympics, and lost 5-2, was recorded as the first game of the National Team abroad.

The following period can be summarised as a continuation of the development of Turkish football. Acceptance of professionalism in 1952, the first participation of the World Cup in Switzerland in 1954, and some Turkish football players joining teams abroad were important developments (TFF, n.d.).

The Turkish National Team, for the first time its history, earned a place in the 1950 World Cup finals, which were organized 12 years after the end of World War II. FIFA chose Brazil as the host country for the finals. However, Turkey could not participate due to financial problems, and accomplished this dream in the 1954 World Cup in Switzerland.

The establishment of professional leagues in Istanbul, Ankara and Izmir, increased the number of football clubs, earned successful results of Turkish football clubs in European competitions, and the increase in the number of foreign football players playing for Turkish clubs, were noted as the main milestones of the period from the '50s to the '60s.

In 1962 UEFA announced Turkey as a new member of the Association. From the 1962-1963 season onwards, the Turkish Football Federation organised the Turkish Cup, in order to encourage participants' teams to compete in the Cup Winners' Cup upcoming season.

During the '70s Turkish football was improved, as well as the world football. One of the indicators of this improvement was that foreign coaches started working for Turkish football clubs. Also, during this period, many Yugoslavian football players joined Turkish football clubs and took an important role in the football clubs' squads and strategies until the '90s.

The development and change in football had revealed that football was not just a sport. In 1992 the Turkish Football Federation earned autonomy. The increasing monetary values created by football and the widespread interest in football made it necessary to manage the sport in an independent structure within the local federations. On June 17, 1992, the Turkish Football Federation became an autonomous organisation with Law No. 3813 (TFF, n.d.).

With the Pool System, which was put into practice in 1996, the live broadcasting revenues of the clubs were increased to an amount which can be pronounced with a hundred million dollars. In subsequent years, especially the successes of Turkish national team paved the way for sponsorship, and the Turkish Football Federation created a big economy in the football industry thanks to agreements. The importance of the football economy had been understood by the clubs, and also by society.

As expressed by Zdeněk Zeman, the Czech-Italian football coach: “Nowadays, football is more and more an industry, less and less a game.” Turkish football has also strengthened its position in this industry, along with the other countries, and internationalised.

Table 7 below shows the size of the National Leagues in terms of the amount of football clubs in the Top 10 football countries along with Turkey, and, moreover, the distribution of foreign players over these leagues.

Table 7: Distribution of Foreign Players by the 2019/2020 Regular Season

Competition	Country	Clubs	Players	Ratio of Foreigners*	Game ratio of Foreigners**
La Liga	Spain	20	511	40.9%	41.2%
Premier League	England	20	552	64.9%	64.7%
Bundesliga	Germany	18	563	51.3%	58.5%
Serie A	Italy	20	553	60.4%	62.2%
Ligue 1	France	20	570	47.4%	48.5%
Liga NOS	Portugal	18	508	57.7%	61.8%
Premier Liga	Russia	16	432	32.2%	39.6%
Jupiler Pro	Belgium	16	420	55.7%	61.3%
Eredivise	Netherland	18	380	39.5%	43.1%
Premier Liga	Ukraine	12	316	20.6%	20.5%
Süper Lig	Turkey	18	514	49.8%	67.6%

*Ratio of foreigners to local football players.

** Ratio of foreigners to local football players who played in the games.

Source: Transfermarkt (no date).

Considering the 2019/2020 football season, the Turkish Süper Lig, first division of Turkish football, hosts 18 teams with 514 football players of which 260 are foreign players. The game ratio of the foreign players is calculated as the highest among the other European football countries, with 67.6% (Transfermarkt, n.d.). As previously shown in Table 2, Turkey is also the 11th most successful country in European football according to the Association club coefficients for the 2019/2020 football season.

2.2 Economical Overview

Turkey is not only one of the Top 11 countries according to UEFA's club coefficient, but also one of the biggest economies in the European football industry. As shown in Table 3, Turkey takes 7th place, following England, Germany, Spain, Italy, France and Russia respectively, considering the total revenue of European Leagues. When we look at detailed separated revenues, the Turkish Süper Lig can be considered as 6th on broadcasting revenues with €376 million, 8th on sponsorship revenues with €281 million, and 7th on matchday revenues with €74 million in comparison to other European football leagues.

According to the KPMG Football Benchmark team analyses, the Turkish Süper Lig ranks as one of the Top 10 most prestigious leagues according to the financial value of the Süper Lig, with €615.02 million. In Table 8 we see the rankings of the Top 10 football country leagues in the UEFA rankings according to their values (KPMG, 2019).

Table 8: Value of the Top 10 Football Countries

POSITION	LEAGUE	VALUE(€m)
1	Premier League (England)	8,520
2	La Liga (Spain)	5,690
3	Seria A (Italy)	4,890
4	Bundesliga (Germany)	4,540
5	Ligue 1 (France)	3,430
6	Liga NOS(Portugal)	1,130
7	Premier Liga (Russia)	922
8	Pro League(Belgium)	690
9	Süper Lig (Turkey)	615
10	Premier Ligi (Ukraine)	300

Source: KPMG (2019).

The Turkish Süper Lig hosts 18 teams every year in the competition. Galatasaray SK from Istanbul is the most successful football club in the league, with 22 champion titles, followed by Fenerbahçe SK from Istanbul with 19 titles, Beşiktaş JK from Istanbul with 15 titles and Trabzonspor from Trabzon with 6 titles respectively. Considering the 2019/2020 football season, the Turkish Süper Lig hosts 5 teams from Istanbul, 2 teams from Ankara, 2 teams from Antalya, 1 team from Trabzon, Izmir, Sivas, Gaziantep, Rize, Malatya, Konya, Kayseri and Denizli. However, when we look at the dynamics of Turkish football, we can easily see the dominance of the teams from Istanbul, more specifically Galatasaray SK, Fenerbahçe SK and Beşiktaş JK. Considering the completed 2018/2019 football season, Beşiktaş JK ranked as 25th, Fenerbahçe SK as 45th and Galatasaray SK as 68th according to the UEFA club coefficients (UEFA, 2019).

These teams are not only the most successful teams in Turkish football history, but they also have the largest market value. Considering the completed 2019/2020 football season, Fenerbahçe SK took the lead financially with €150 million total market value, followed by Galatasaray SK with €127 million and Beşiktaş JK with €111 million respectively (Transfermarkt, n.d.). Considering the beginning of the 2019/2020 football season, Alexander Sörloth, a 24 year old Norwegian who plays for Trabzonspor, was the most valuable football player with €16 million market value, followed by Abdülkamir Ömür, a 20 year old Turk who

plays for Trabzonspor with €14 million, and Mario Lemina, 26 years old from Gabon, who plays for Galatasaray SK, with €13 million (Transfermarkt, n.d.).

As can be seen from our previous examples and comparisons, there is a positive correlation between the revenue and success in the football industry. Most successful clubs and leagues are also the ones who have the highest revenue and the largest budget. The Turkish football industry also follows this trend, and defends its ranking among the top football countries in Europe. However, we can see the differences in terms of budget and success when we compare Turkey to the Top 5 most successful football countries in Europe. In order to increase the competitiveness of Turkish football clubs in Europe, Turkey has set its strategy as lower personal income tax on football players' salary. This measure has been introduced in order to make Turkey more attractive for both foreign and domestic football players, or, in other words, to convince the talented ones to come and play in Turkey, and, with that, help in putting the success bar higher for Turkish football.

2.3 The Impact of Financial Fair Play on the Turkish Football Industry

The implementation of Financial Fair Play was an important turning point for the Turkish football industry as much as for the other countries in the competition. With the Financial Fair Play clubs will no longer be able to report a budget deficit by spending more than their annual income, and club owners and managers will not be able to spend money from their personal accounts. As of the 2013-2014 season, clubs are not able to spend more than their income for transfers, and those who exceed their budgets will not be able to participate in UEFA's competitions .

The fear of being banned from UEFA's competitions, which are the highest income source of Turkish football clubs, has enabled the clubs not to go beyond their income and break the rules of the Financial Fair Play, and to fulfill its requirements. In the process of compliance with the Financial Fair Play requirements, or, in other words, in the process of obeying the break even rule, in other words, saying the rule of the more you sell, the more you can buy, Turkish football clubs have sought alternative methods. The increasing trend of renting players in exchange for a rental fee instead of a transfer fee is one of the most obvious examples in recent years.

In Table 9 we can see the ratio of the players who played on loan over the players who were transferred with a transfer fee in recent years in Turkey, excluding the clubs' internal transfers and returning to the home club from lease (Transfermarkt, n.d.).

Table 9: Ratio of Rental Players in Turkey

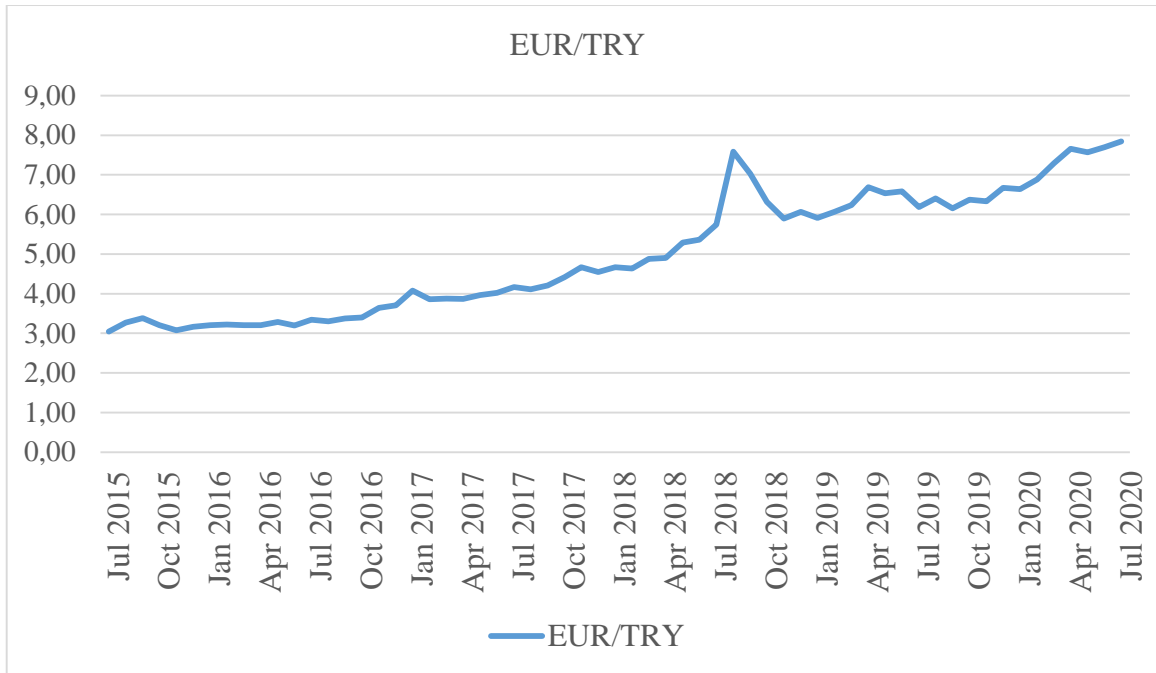
Football Season	Number of Purchased(P) Players with Fee	Number of Rental(R) Players	Sum(S) of Purchased&Rentals Players(P+R)	Ratio of R/S
2015 / 2016	73	47	120	39.1%
2016 / 2017	58	56	114	49.1%
2017 / 2018	63	54	117	46.1%
2018 / 2019	55	55	110	50.0%
2019 / 2020	61	70	131	53.4%

Source: Transfermarkt (no date).

When we examine Table 9, we can observe that the ratio of rental players to the sum of all players in the Turkish football industry is increasing gradually. In the years after the introduction of the Financial Fair Play, the importance given to the rental players, especially without the rental fee, has increased gradually, in order to avoid the Financial Fair Play's »you can spend the amount of money you earned annually«. As of 2019/2020, the proportion of rental players has exceeded the number of players transferred through the purchase method.

The currency difference and the depreciation of the Turkish Lira (TRY) against the Euro (EUR) in recent years also limited the freedom of Turkish football clubs on the transfer market. The fact that the general accepted currency used in transfer exchanges is the Euro and revenues of Turkish football clubs are mostly in Turkish Liras, causes the clubs to lose purchasing power of their revenue on international football market, even if they reached the same amount of annual revenue every year. In Figure 1, we can see a short summary of conversion rates between EUR and TRY (Investing.com, 2020).

Figure 1: EUR/TRY Historical Data (Jul 2015-Jul 2020)



Source: Investing.com (2020).

As can be seen from Figure 1, the depreciation of the TRY against the EUR has lowered the amount of money that the clubs are allowed to spend for transfers in EUR, as well as the amount of money they can offer to foreign players in order to convince them to play in Turkey. As a result, Turkish football clubs started to turn to their own resources, and youth development. The importance and the awareness given to youth development has increased in the following periods. Football teams started investing more and more into youth development to bring up their own future players. Especially in recent years, clubs started accomodating young talents in their game squads and giving them chances to play and gain experience as if clubs are competing in this sense. Table 10 below gives us more detailed information about the youngest players who had the chance to rise from youth developments divisions and play for their major club in the First Division League. (Transfermarkt, n.d.).

Table 10: Youngest Players Who Played in the Süper Lig

Player	Club	Date	His Age Then
Fehmi Koç	Antalyaspor	24 Dec 2018	15 years 3 months and 26days
Emre Demir	Kayserispor	19 May 2019	15 years 4 months and 4 days
Enes Ünal	Bursaspor	25 Aug 2013	16 years 3 months and 15 days
Muhammed Sarıkaya	Bursaspor	18 May 2018	16 years 4 months and 15 days
Mustafa Kapı	Galatasaray	23 Dec 2018	16 years 4 months and 15 days
Serkan Bakan	Gaziantepspor	28 May 2017	16 years 4 months and 26 days
Adem Doğan	Kayserispor	18 May 2018	16 years 7 months and 13 days
Alpay Koçaklı	Karabükspor	29 May 2015	16 years 8 months and 10 days
Hasan Ali Adıgüzel	Akhisarspor	21 Jan 2017	16 years 9 months and 18 days
Emin Bayram	Galatasaray	26 Oca 2020	16 years 9 months and 24 days

Source: Transfermarkt (no date).

The appearance of these young players with the first string has an important place, both in terms of the career of the players and the future of the clubs. The clubs that turn their faces to a youth development team show their talents to the world, and open a career path for them by bringing their young players to the stage on both national and international platforms. In this way, football clubs fulfill the requirements of Financial Fair Play by selling young talents and obtaining income in EUR through transfer fees, and, with that, minimise the risk of being banned from European tournaments.

In the following Table 11, we will take a look at the Top 10 Turkish football players who rose from the youth development teams and were then exported later on, as well as what were their transfer fees in Turkey (Transfermarkt, n.d.).

Table 11: Top 10 Highest Transfer Figures of Turkish Players(€m)

Player	From – To	Season	Transfer Fee (€m)
Cenk Tosun	Beşiktaş – Everton	2017/2018	22.5
Yusuf Yazıcı	Trabzonspor – Lille	2019/2020	17.5
Cengiz Ünder	Başakşehir – AS Roma	2017/2018	14.25
Arda Turan	Galatasaray – Atl. Madrid	2011/2012	13
Ozan Kabak	Galatasaray – Stuttgart	2018/2019	11
Emre Belözoğlu	Galatasaray – Internazionale Milano	2001/2002	10.33
Mehmet Topuz	Kayserispor – Fenerbahçe	2009/2010	9
Alpay Özalan	Fenerbahçe – Aston Villa	2000/2001	9
Gökdeniz Karadeniz	Trabzonspor – Rubin Kazan	2007/2008	8.70
Merih Demiral	Alanyaspor – Sassuolo	2019/2020	8

Source: Transfermarkt (no date).

As can be observed from Table 11, there has been an increase in the export of Turkish football players and their transfers fees with the impact of industrialised football, especially after the 2013-2014 period, when the Financial Fair Play started to be implemented. This increase naturally provided a profitable source of income for football clubs, and contributed towards them remaining within the Financial Fair Play's Regulations.

3 TAX SYSTEMS

3.1 General Overview

The simplest definition of tax according to the Cambridge Dictionary is: “ (an amount of) money paid to the government that is based on your income or the cost of goods or services you have bought. Taxation simply refers to the practice of a government collecting money from its citizens to pay for any type of public services. Taxes are levied in almost every country of the world, primarily to raise revenue for government expenditures” (Cox, Neumark, & Mclure, 2019).

Without taxes, governments would not be able to meet the demands of societies and citizens. Taxes are critical, because governments collect this money as income in order to use it for

financing investments in human capital, infrastructure and the provision of services for citizens and businesses (The World Bank, 2020).

According to Samson (2002), taxation is a mark of civilisation. Tax evolved and developed independently in the great ancient empires. The concepts that evolved were transported to other empires and cultures where tax ideas took root. This pattern continues through to today, as nations are influenced by developments in tax from other countries.

The history of taxation goes back to the earliest times that can be recorded. As explained in detail by Blankson (2007), in ancient Egypt (pre 3000 BC to 300 BC), taxes were collected by the order of the Pharaoh, who was regarded as the highest authority. It was the citizens' own responsibility to declare their means of living. In ancient Egypt, taxes were collected on grain, oil, beer, farm products, foreign trade, etc.

In ancient Chinese history (2100 BC to 1911 AD), heavy taxes levied by the Emperor were mainly on the agricultural economy. Throughout the period, the emperors held power, and the duty of tax collection was given to authorised local magistrates. The empire collected income taxes on salt, natural productions and land. Excise taxes were levied on products such as gold, silver, lead, tea and tobacco products, and later on, tax revenues were generally used to finance the military and empire expenditures.

In ancient Greece (pre 1600 BC to 146 BC), taxes were collected mainly on manufacturing goods, lease contracts over the public lands, imports and exports and ports. Tax revenues were used to finance the government and military spendings, and the construction and maintenance of temples.

In India (pre 3000 BC), the direct taxation system was in effect. For instance, two important literary texts, Manu Smriti and Arthashastra, comprised of advices to kings about taxation and the rates of taxation. In India (pre 3000 BC), taxes were collected on agricultural products, on the profits of traders and craftsmen. Income taxes were also collected on the income of various classes, such as actors, dancers and performers.

The Inca Empire's (1400 AD to 1600 AD) state economy was based not on currency systems, but on extracting taxes in the form of labour service. There were three primary forms to this taxation:

- Agricultural levies on local community-managed lands
- A labour service, required of able-bodied males, that provided for monumental construction projects and military campaigns
- The textile production, required of women, children and older men

The goods and services gathered in these ways were distributed to support god(s), the emperor and the empire's spending and military spending.

Tax was, in essence, the making and breaking of the Roman Empire (pre 753 BC to 663 AD). Public taxes in the early Roman Republic consisted of charges on imports and exports called Portoria, wealth and property tax.

In 2019, Cox and co-workers stated that, during the 19th century, the common idea was that taxes should serve mainly to finance the government. According to Cox, Neumark, & Mclure, one useful way to view the purpose of taxation is to distinguish between the objectives of resource allocation, income redistribution and economic stability. In modern economies taxes are the most important source of governmental revenue, and they differ from other revenues in terms of being compulsory (Cox, Neumark, & Mclure, 2019).

As a result of the development of taxation over time, the emperor, or the authority of the ruler to collect taxes arbitrarily, has now been lost, and authority to collect tax has passed to parliamentary organisations. Nowadays, taxes are collected by the civil servants as money, not goods.

In the light of the work of Cox and co-workers, we can say that the dependence on customs duties in taxation has decreased over the years. Many countries have focused taxation on sales and other consumption taxes. One of the most important developments of the late 20th century was the introduction of Value Added Tax. Individual and corporate income taxes, payroll taxes, sales taxes and property taxes have become important parts of today's tax systems. The income tax ceased to belong only to a certain class in the society, but began to be paid by all classes of the public (Cox, Neumark, & Mclure, 2019).

3.2 Classification of Taxes

In the literature of public finance, taxes are classified in several ways, based on who is the payer, who bears the burden, the extent to which the burden can be shifted and several other criteria. Taxes are classified mainly as direct and indirect taxes. There are continuous disagreements among the economists with regard to the criteria for distinguishing between direct and indirect taxes. Following Martinez-Vazquez and his colleagues (2011), we can define direct taxes as taxes that can be adjusted based on the characteristics of a certain taxpayer, and indirect taxes as taxes levied on transactions made by a buyer or seller, regardless of the characteristics of the buyer or seller (Martinez-Vazquez, Vulovic, & Liu, 2011).

An example of direct tax is personal income tax, which is levied on the personal income of the taxpayers. During its calculation, conditions such as family status, number and age of children and other financial burdens are taken into account. Personal income tax generally rises as the amount of income rises.

Indirect taxes are levied on the production or consumption of goods and services, or on transactions, including imports and exports. General sales tax, Value Added Tax, production related taxes and customs duties can be considered as a few examples of indirect taxes (Cox, Neumark, & McLure, 2019).

Taxes can be classified under three main categories, based on how the tax burden is levied:

- Proportional tax, also referred to as flat tax, is a tax applied at the same rate to all levels of income.
- Progressive tax, also referred to as graduated rate, is the system where the rate of tax increases on marginal amounts as the amount of taxable income rises.
- Regressive tax is the opposite of the progressive tax system, the higher the taxable income, the lower the rate.

The football industry can be considered as one of the important contributors to a tax system. Marian Otamendi, the World Football Summit's Director, was interviewed by the daily sport newspaper *Diario AS* in 2018, and described the importance of football to the economy as: “Without a shadow of a doubt, football could become the 17th largest world economy. ” Furthermore, Mrs. Otamendi added: “I have recently read several reports in which it is analysed as one of the sectors that are generating the largest amount of employment, and that is experiencing the fastest growth” (*Diario AS*, 2018). Considering the popularity, internationalism, sponsorships and, consequently, the income of the this sport, made football also important for the tax system for governments. Not only the taxes collected directly from football clubs, but also the taxes collected from people employed by the clubs, contribute to the tax system over personal income tax. Revenues of the clubs also lead the increase on the football players' salaries. As a natural consequence of income tax, the income tax paid by football players also increases, and creates a source of income for governments. In the following parts of this research, we will focus mainly on the football players' salaries.

4 EMPIRICAL ANALYSIS OF INCOME TAX

Income tax is a tax that is collected by governments and levied on the earnings and income earned by individuals and businesses within a year. Income taxes are one of the important source of revenues for governments, and are used to finance public services, government obligations and providing good for citizens. Income taxes are usually classified as a direct tax, because the tax burden is on taxpayers. Most of the countries in the world follow a progressive tax system, which means a higher income brings a higher tax rate.

Income tax is divided into two parts and defined as the following:

- **Corporate Income Tax:** Corporate income tax is defined as the taxes levied on the net profits (gross income minus allowable tax reliefs) of enterprises. It also covers taxes levied on the capital gains of enterprises (OECD, 2020).
- **Personal Income Tax:** Personal income tax is defined as the taxes levied on the net income (gross income minus allowable tax reliefs) and capital gains of individuals (OECD, 2020).

The profession of football can be considered as different from many other profession in various ways. One of the main reasons is that the football players tend to earn a lot of money (or seem to earn a lot of money in the public's eyes) in a relatively short period of time. According to OECD, in 2018, the OECD average normal retirement age was equal to 64.2 years for men and 63.5 years for women (OECD, 2019), whereas, in the football profession, this age is usually 35 years old according to the PFA (Professional Footballers' Association) Charity. Considering the popularity of football, the size of the industry and the duration of football players in their career, it can easily be said that the wages of people who earn from this profession are higher than other professionals. In today's economies, where we are talking about higher wages, higher tax rates come into play. In this Section, we aim to show the differences and impacts of the adopted individual income tax rates in the Top 10 football countries and Turkey by comparing the real cases.

Under this case, we shall simply consider a single football player without any child or dependant, who is signing an employment contract with a gross yearly salary of €1 million, and have a look at his tax liability for each country. For the sake of clarity, in terms of local taxes (municipal, regional and church etc.), we will consider the football player whose employment place is in the capital city of each country, and not a member of any religious group. While making this comparison, we will use the mentioned extracted exchange rates by the national banks of the countries which currently use a different currency than the EUR.

4.1 Personal Income Tax in Turkey

For Turkey, the period between 1946-1960 holds an important place in the history of not only Turkish political system's development, but also the Turkish economical system's development. It was important politically because of the transition from uncontested political structure to a multi-party political structure. It was also important economically, because of the transition from a protectionist and conservative economical structure to a liberal economical structure. Tax reform studies had started and the tax system was revised comprehensively in this period. Personal income tax and corporative income tax were introduced with the Income Tax Law No. 5421, which was accepted in the parliament on June 3, 1949, and published in the Official Gazette of the Republic of Turkey. This law was applicable until 1961 with small updates. In 1961, Income Tax Law No. 193 was put into practice instead of Tax Law No. 5421. Since then, It has been applied to this day, with some extensive and minor changes made.

Individuals whose domicile is in Turkey, and who reside in Turkey for more than 6 months in a calendar year, are assumed as residents of Turkey.

Table 12 shows us the Personal Income Tax Rates in Turkey in 2020 (PWC, 2020d):

Table 12: Personal Income Tax Rates in Turkey, 2020

Up to TRY 22,000	Up to EUR 2,868.8	15%
TRY 22,000 – TRY 49,000	EUR 2,868.8 – EUR 6,389.6	20%
TRY 49,000 – TRY 180,000	EUR 6,389.6 – EUR 23,472	27%
TRY 180,000 – TRY 600,000	EUR 23,472 – EUR 78,240	35%
More than TRY 600,000	More than EUR 78,240	40%

* TRY 1 = EUR 0.1304 by 6 June 2020 (Central Bank of the Republic of Turkey, 2020).

Source: PWC (2020d).

Employees' social security contributions are deductible from gross salary. The social contributions rate is 15% (9% for old age, disability and death insurance, 5% for sickness and 1% for unemployment) of gross income, and calculated on salary limits of a minimum of TRY 98.10 and a maximum of TRY 735.75 per day between 1 January, 2020 and 31 December, 2020. The stamp tax is also applicable to an employee's gross income at the rate of 0.759%, and is not deductible for personal income tax purposes. There is no personal allowance in Turkey (PWC, 2020d).

Considering the higher income higher taxes principle, as can be observed from Table 12, the progressive tax system is in force in Turkey. However, when we look at the taxation of football players' income in Turkey, we can see that a flat tax rate is applicable, regardless of the salaries of the football players. Based on the 72nd provisional article of the Income Tax Law No. 193 in question, until the date of December 31st, 2017, withholding income tax is made at the following rates from the payments and fees counted:

- 1) 15% for the top leagues,
- 2) 10% for the following six leagues of the top league,
- 3) 5% for other leagues.

As indicated above, Turkey has its own currency, Turkish Lira (TRY), follows a progressive tax system and imposes 15% individual income tax on football players' salaries. Turkey is the only country in our list which grants a lower tax rate to football players, and also has the lowest individual income tax rate on football players' salaries.

Below, you can see the calculation of personal income tax of a football player who continues his career in Turkey while taking the social security contributions and basic allowances into consideration.

According to the Central Bank of the Republic of Turkey, by 6 June, 2020 (Central Bank of the Republic of Turkey, 2020):

EUR 1 = TRY 7.6644

TRY 1 = EUR 0.1304

- Gross Yearly Income = EUR 1,000,000
Gross Yearly Income in TRY = 1,000,000 x 7.6644
Gross Yearly Income = TRY 7,664,400

- Social Security Contributions:
Maximum limits of salary for social security contributions = 365 days x TRY 735.75
Maximum limits of salary for social security contributions = TRY 268,548.75
Social Security Contributions = TRY 268,548.75 x 15%
Social Security Contributions = TRY 40,282.31

- Taxable Income = Gross Yearly Income – Social Security Contributions
Taxable Income = TRY 7,664,400 – TRY 40,282.31
Taxable Income = TRY 7,624,117.69

- Income Tax Due for football players: 15% for the top leagues.
Income Tax Due = TRY 7,624,117.69 x 15%
Income Tax Due = TRY 1,143,617.65

- Stamp Tax: 0.759% of gross income.
Stamp Tax = TRY 7,664,400 x 0.759%
Stamp Tax = TRY 58,172.79

- Total Tax Due = Income Tax Due + Social Security Contributions + Stamp Tax
Total Tax Due = TRY 1,143,617.65 + TRY 40,282.31 + TRY 58,172.79
Total Tax Due = TRY 1,242,072.75
Total Tax Due in EUR = TRY 1,242,072.75 x 0.1304
Total Tax Due in EUR = EUR 161,966.28

- Net Income After Tax = Gross Yearly Income – Total Tax Due
 Net Income After Tax = EUR 1,000,000 – 161,966.28
Net Income After Tax = EUR 838,033.72

4.2 Personal Income Tax in Spain

In Spain, an individual who is a resident of Spain is liable to individual income tax, and the main criterion for an individual to be considered a resident of Spain for tax purposes is the fact of staying in Spain for more than 183 days during a calendar year, according to Article 9 of Impuesto sobre la Renta de las Personas Físicas (IRPF – Individual Income Tax Law). Although the duration of stay is the most common criterion in order to be considered as resident, another established criterion under Article 9 of IRPF is to have business or economic interests which are, directly or indirectly, located within Spanish territory. Employment incomes, business incomes, capital gains and incomes from movable & immovable capitals fall under the IRPF as taxable income types (Noticias Jurídicas, 2006).

A special tax regime is also available for inbound expatriates. Under this regime, individuals who become tax residents may choose between being taxed as tax residents with a progressive income tax rate, or as non-resident with a flat tax rate. However, professional sports-persons are excluded from this regime, and subject to income tax as residents (KPMG, 2020c).

Considering that a single football player who continues his career in Spain and meets the above residency criteria, is considered as a Spanish resident for tax purposes.

In Table 13 below, we can see the income tax rates for 2020 approved by the State. For simplicity purposes, below are the basic Spanish tax rates on employment income. In reality, total liable tax may, therefore, differ from one autonomous community to another, based on the State’s general tax rates plus the relevant regional tax rates.

Table 13: Personal Income Tax Rates of Spain, 2020

Up to EUR 12,450	19%
EUR 12,450 – EUR 20,200	24%
EUR 20,200 – EUR 35,200	30%
EUR 35,200 – EUR 60,000	37%
More than EUR 60,000	45%

Source: KPMG (2019).

Personal income taxes in Spain are split between the State and regions. Each of the 17 autonomus regions sets its own tax rates, so how much income tax you will pay depends on where you live, and tax liability may differ from one autonomous community to another. However, for simplicity purposes, the above are the basic Spanish tax rates on employment income approved by the State and can be considered as a general guideline of applicable rates for a general taxable base.

Resident taxpayers in Spain receive certain tax deductions. A basic personal allowance for everyone under the age of 65 is EUR 5,500, or EUR 6,700 from age 65 and EUR 8,100 from age 75. Every employee in Spain must contribute to social security. The standard rate for the employee is 6.35% (old age pension, sickness and disability with 4.7%, unemployment with 1.55% and professional training with 0.1%), with a maximum cap of EUR 4,070 and minimum cap of EUR 1,050 from gross employment income. Additionally, up to EUR 2,000 can be deducted from the income as other expenses allowance.

Below you can see the calculation of personal income tax of a football player who continues his career in Spain while taking the social security contributions and basic allowances into consideration.

➤ **Gross Yearly Income = EUR 1,000,000**

➤ Taxable Income = Gross Yearly Income – Social Security Contributions – Personal Allowance – Other Expenses Allowance

Taxable Income = EUR 1,000,000 – EUR 4,070 – EUR 5,500 – EUR 2,000

Taxable Income = EUR 988,430

➤ Income Tax Due:

Tax Bracket of Spain 1 (TBS1) = (EUR 12,450 – EUR 0) x 19% = EUR 2,365.5

Tax Bracket of Spain 2 (TBS2) = (EUR 20,200 – EUR 12,450) x 24% = EUR 1,860

Tax Bracket of Spain 3 (TBS3) = (EUR 35,200 – EUR 20,200) x 30% = EUR 4,500

Tax Bracket of Spain 4 (TBS4) = (EUR 60,000 – EUR 35,200) x 37% = EUR 9,176

Tax Bracket of Spain 5 (TBS5) = (EUR 988,430 – EUR 60,000) x 45% = EUR 417,793.5

Income Tax Due = TBS1 + TBS2 + TBS3 + TBS4 + TBS5

Income Tax Due = EUR 435,695

➤ Total Tax Due = Income Tax Due + Social Security Contributions

Total Tax Due = EUR 435,695 + EUR 4,070

Total Tax Due = EUR 439,765

➤ Net Income After Tax = Gross Yearly Income – Total Tax Due

Net Income After Tax = EUR 1,000,000 – EUR 439,765

Net Income After Tax = EUR 560,235

4.3 Personal Income Tax in the United Kingdom

In the United Kingdom, according to the Finance Act 2013, a Statutory Residence Test (SRT) is required in order to determine if an individual can be considered as a resident (or not). SRT includes three sets of test for determining the residency:

- The automatic UK residence tests,
- The automatic overseas tests,
- The sufficient ties tests.

According to the basic rule of SRT, an individual is considered as resident in the UK for a tax year if the automatic residence test is met for that year, or the sufficient ties test is met for that year. When we look into a chapter which is called “The automatic residence test”, the automatic residence test is met for a year if an individual meets at least one of the automatic UK tests. There are 4 automatic UK tests under the SRT, and the first automatic test is that an individual spends at least 183 days in the UK in that year. Thus, considering a single football player who continues his career in the United Kingdom, he is classified as a United Kingdom resident for tax purposes (UK Public General Acts, 2013).

In the UK, the legislation relating to the taxation of employment income is determined under the Income Tax Earnings and Pensions Act 2003 (ITEPA 2003). Therefore, a professional football player is also taxed under ITEPA in respect of his general earnings and specific employment income (UK Public General Acts, 2003).

Income tax is charged at graduated rates, with higher rates of income tax applying to higher bands of income as a principle of the progressive tax system. Tax is charged on total income less certain deductions and allowances. The main allowance in the United Kingdom is the personal allowance, which was GBP 12,500 in 2019/2020. The personal allowance is then tapered away by GBP 1 for every GBP 2 of income above GBP 100,000, meaning that individuals whose annual salary is higher than GBP 125,000 are not allowed to receive a personal allowance.

Table 14 below shows us income tax bands and rates for United Kingdom in 2020.

Table 14: Personal Income Tax Rates of the United Kingdom, 2020

Up to GBP 37,500	Up to EUR 41,670	20%
GBP 37,501 – GBP 150,000	EUR 41,670 – EUR 166,680	40%
More than GBP 150,001	More than EUR 166,680	45%

* Scotland has different different tax rates and separate football leagues.

** GBP 1 = EUR 1.1112 by 6 June 2020 (Bank of England, 2020).

Source: KPMG (2020d).

National insurance is a contribution that enables taxpayers to access certain benefits, such as state pensions, jobseeker or maternity leave allowances. Depending on the employment status and income level, a taxpayer must pay one of the four different national insurance classes. Employed individuals, in our case a single football player, qualify for Class 1. Every individual under Class 1 must contribute 12% of the gross salary if the weekly salary is between GBP 166 and GBP 962, or 2% if the weekly salary is higher than GBP 962 (OECD, 2020c).

Below you can see the calculation of the personal income tax of a football player who continues his career in the United Kingdom while taking the social security contributions and basic allowances into consideration.

According to the Bank of England, by 6 June, 2020 (Bank of England, 2020):

EUR 1 = GBP 0.8999

GBP 1 = EUR 1.1112

- Gross Yearly Income = EUR 1,000,000
Gross Yearly Income in GBP = 1,000,000 x 0.8999
Gross Yearly Income = GBP 899,900
- Personal allowances are not available, since the annual salary is higher than GBP 125,000.
So:
Taxable Income = GBP 899,900
- Income Tax Due:
Tax Bracket of UK 1 (TBUK1) = (GBP 37,500 – GBP 0) x 20% = GBP 7,500
Tax Bracket of UK 2 (TBUK2) = (GBP 150,000 – GBP 37,500) x 40% = GBP 45,000
Tax Bracket of UK 3 (TBUK3) = (GBP 899,900 – GBP 150,000) x 45% = GBP 337,455

Income Tax Due = TBUK1 + TBUK2 + TBUK3

Income Tax Due = GBP 389,955

- National Insurance = (GBP 962 – GBP 166) x 12% + Weekly Income x 2%
National Insurance = (GBP 962 – GBP 166) x 12% + (GBP 899 900 ÷ 52 weeks) x 2%
National Insurance = GBP 422.39 per week
National Insurance (yearly) = GBP 422.39 x 52 weeks
National Insurance (yearly) = GBP 21,964.56

- Total Tax Due = Income Tax Due + National Insurance
Total Tax Due = GBP 389,955 + GBP 21,964.56
Total Tax Due = GBP 411,919.56
Total Tax Due in EUR = GBP 411,919.56 x 1.1112
Total Tax Due in EUR = EUR 457,725

- Net Income After Tax = Gross Yearly Income – Total Tax Due
Net Income After Tax = EUR 1,000,000 – EUR 457,725
Net Income After Tax = EUR 542,275

4.4 Personal Income Tax in Germany

In Germany, the habitual place of abode is the main criterion in order to be considered as tax resident according to Section 8&9 of Abgabenordnung (The Fiscal Code of Germany). According to the exact definition in Section 8, Residence of The Fiscal Code of Germany: “Persons shall be resident at the place at which they maintain a dwelling under circumstances from which it may be inferred that they will maintain and use such dwelling.” Furthermore, Section 9, Habitual Abode defines the duration of stay as an unbroken stay of not less than six months (Federal Ministry of Justice and Consumer Protection, 2017).

In addition to the mentioned criteria for tax residency, German Income Tax Law does not provide any tax free expatriate regime, and treats the German nationals and foreigners equally for taxation (KPMG, 2020a).

In our case, considering a single football player who continues his career in Germany by signing a contract with any German football club, he is considered as a German resident for tax purposes.

Germany follows a progressive tax system, and in Table 15 below, we will find more detailed information of the taxable income range for single taxpayers in Germany.

Table 15: Personal Income Tax Rates of Germany, 2020

Up to EUR 9,408	0%
EUR 9,408 – EUR 57,051	14%*
EUR 57,051 – EUR 270,500	42%
More than EUR 270,500	45%

* Geometrically progressive rates start at 14% and rise to 42%.

Source: PWC (2020b).

Below you can see the formula of how income tax is calculated according to Section 32 of the German Income Tax Act (Einkommensteuergesetz) (Federal Ministry of Justice and Consumer Protection, n.d.):

- ✓ Up to EUR 9,408; Income Tax = 0
- ✓ From EUR 9,409 to EUR 14,532;
Income Tax = $(972.87 \times Y + 1,400) \times Y$
 $Y = (\text{Taxable Income} - 9,408) \div 10,000$
- ✓ From EUR 14,533 to EUR 57,051;
Income Tax = $(212.02 \times Z + 2,397) \times Z + 972.79$
 $Z = (\text{Taxable Income} - 14,532) \div 10,000$
- ✓ From EUR 57,052 to EUR 270,500;
Income Tax = $42\% \times \text{Taxable Income} - 8,963.74$
- ✓ More than EUR 270,501;
Income Tax = $45\% \times \text{Taxable Income} - 17,078.74$

In addition to Table 15 below, taxes are additionally levied on all types of income:

- Solidarity surcharge: 5.5% of the income tax.
- Church tax: 8% to 9% of the income tax, depending on the federal state where the individual resides. Church tax is only levied if the taxpayer is a member of a church.

- Pension insurance: It is a social security tax and it represents 9.3% of the employee's gross income, up to an income ceiling of EUR 82,800.
- Unemployment insurance: It is a social security tax, and it represents 1.2% of the employee's gross income, up to an income ceiling of EUR 82,800. In case it exceeds EUR 1,900, it is already calculated in Health Insurance tax deductions and set to zero.
- Health insurance: It a social security tax and it represents 7.3% of the employee's gross income, up to an income ceiling of EUR 56,250.
- Care insurance: It is a social security tax, and it represents 1.775% of an employee's gross income, up to an income ceiling of EUR 56,250.

A taxpayer in Germany is entitled to deduct EUR 1,000 as a basic personal allowance, and EUR 36 (EUR 72 for couples) as a lump sum special expense allowance.

Below you can see the calculation of the personal income tax of a football player who continues his career in Germany while taking the social security contributions and basic allowances into consideration.

➤ Pension Insurance = EUR 82,800 x 9.3%

Pension Insurance = EUR 7,700.4

➤ Unemployment Insurance = EUR 82,800 x 1.2%

Unemployment Insurance = EUR 993.6

➤ Health Insurance = EUR 56,250 x 7.3%

Health Insurance = EUR 4,106.25

➤ Care Insurance = EUR 56,250 x 1.775%

Care Insurance = EUR 998.43

➤ **Gross Yearly Income = EUR 1,000,000**

➤ Taxable Income = Gross Yearly Income – Personal Allowance – Special Expense Allowance – Pension Insurance – Unemployment Insurance – Health Insurance – Care Insurance

Taxable Income = EUR 1,000,000 – EUR 1,000 – EUR 36 – EUR 7,700.4 – EUR 993.6 – EUR 4,106.25 – EUR 998.43

Taxable Income = EUR 985,165.32

- $\text{Income Tax Due} = (45\% \times \text{EUR } 985,165.32) - \text{EUR } 17,078.74$
Income Tax Due = EUR 426,245.65

- $\text{Solidarity Charge} = \text{EUR } 426,245.65 \times 5.5\%$
Solidarity Charge = EUR 23,443.51

- $\text{Total Tax Due} = \text{Income Tax Due} + \text{Solidarity Charge} + \text{Total Social Security Contributions}$
 $\text{Total Tax Due} = \text{EUR } 426,245.65 + \text{EUR } 23,443.51 + (\text{EUR } 7,700.4 + \text{EUR } 993.6 + \text{EUR } 4,106.25 + \text{EUR } 998.43)$
Total Tax Due = EUR 463,487.84

- $\text{Net Income After Tax} = \text{Gross Yearly Income} - \text{Total Tax Due}$
 $\text{Net Income After Tax} = \text{EUR } 1,000,000 - \text{EUR } 463,487.84$
Net Income After Tax = EUR 536,512.16

4.5 Personal Income Tax in Italy

In Italy, the conditions for determination of tax residency are defined under Article 2 of Testo Unico delle Imposte sui Redditi (TUIR – Italian Income Tax Code) (Presidency of the Council of Ministers, 1986). An individual will be considered as an Italian resident for tax purposes if he/she matches with any of the following criterias:

- The individual is registered in the Office of Records of the Resident Population for the greater part of the tax year (183 days or more).
- The individual stays for the greater part of the tax year in the territory of the State (183 days or more).
- The individual has his/her centre of business or economic interests in Italy for the greater part of the tax year (183 days or more).

Additionally, according to Article 6 of TUIR, individual income is classified as the following categories: Income from land, capital gains, income from work as an employee, income from self-employment, business income and different income.

The Italian tax system provides several tax regimes for individuals (foreigner or Italian) in order to attract human capital through tax incentives and boost the economy with new investments. With the Italian Budget Law 2017, a special tax regime which is called “Res non dom regime” (pursuant to Article 24bis of the Italian Income Tax Consolidation Act) was introduced for high-net-worth individuals’ foreign income generated by Italian or foreign citizens. The Res non dom regime is dedicated for individuals transferring their residence to Italy, and available

for the new residents in Italy who have not been tax resident in Italy for at least 9 years out of 10 years prior to their transfer to Italy. These individuals can opt for a substitute tax to their foreign income, amounting to EUR 100,000 for each fiscal year instead of the Italian Income Tax (Agenzia Entrate, 2020a).

In 2019, Italy introduced another tax regime which is called “Regime degli impatriati” with a new law (Law Decree No.34 of April 30, 2019) for the workers who transfer their tax residence to Italy. Regime degli impatriati is a temporary subsidised taxation regime, and in order to be applicable, the following conditions must be met:

- The worker was not resident in Italy in the two tax periods prior to the transfer, and undertakes to reside there for at least two years,
- The work activity is carried out mainly in the Italian territory.

Taxpayers who meet with the above conditions and generate income in Italy are subject to a reduction of 70% of income for taxation purposes. Employees who transfer their tax residence to one of the Abruzzo, Molise, Campania, Puglia, Basilicata, Calabria and Sardinia, Sicily regions are subject to reduction of 90% of their income for taxation purposes. Professional sportsmen, including football players, are an exception, whose income is always tax-free to the extent of 50% of income, and as long as they pay a contribution equal to 0.5% of the taxable amount, intended for the strengthening of the youth sectors (Agenzia Entrate, 2020b).

Every employee in Italy must contribute to social security. The employee's contributions are deducted from gross salary on a monthly basis. According to OECD's Italian Compulsory Social Security (OECD, 2020b):

- The average rate is 9.49% on earnings up to EUR 47,143,
- The average rate is 10.49% on earnings over EUR 47,143 and up to EUR 102,543,
- For earnings exceeding EUR 102,543, the employee pays a fixed amount given by $(9.49\% \times \text{EUR } 47,143) + 10.49\% \times (\text{EUR } 102,543 - \text{EUR } 47,143)$.

In Table 16 below, we can see the income tax rates of Italy for 2020.

Table 16: Personal Income Tax Rates of Italy, 2020

Up to EUR 15,000	23%
EUR 15,001 – EUR 28,000	27%
EUR 28,001 – EUR 55,000	38%
EUR 55,001 – EUR 75,000	41%
More than EUR 75,001	43%

Source: KPMG (2019).

In addition to the personal income tax, the regional tax is also due on the same taxable income, and the percentage depends on the the region in which the individual has his residence. Regional tax ranges between 1.73% and 3.33%, and can be listed in detail as the following:

- 1.73% if taxable income is up to EUR 15,000,
- 2.73% if taxable income is over EUR 15,000 and up to 28,000,
- 2.93% if taxable income is over EUR 28,000 and up to 55,000,
- 3.23% if taxable income is over EUR 55,000 and up to 75,000,
- 3.33% if taxable income is over EUR 75,000.

Municipal tax is also applicable for the taxpayers, depending on the municipality of residence of the taxpayer. This tax ranges between 0% and 0.9%. The municipal tax rate for Rome, the capital city of Italy, is 0.9%.

Below you can see the calculation of personal income tax of a football player who continues his career in Italy while taking the social security contributions and basic allowances into consideration.

➤ **Gross Yearly Income = EUR 1,000,000**

➤ Social security contributions:

Gross Monthly Income = EUR 1,000,000 ÷ 12 months = EUR 83,333.33

Social Security Contributions = (EUR 47,143 x 9.49%) + (EUR 83,333.33 – EUR 47,143) x 10.49%

Social Security Contributions = EUR 8,270.23

Social Security Contributions (yearly) = EUR 8,270.23 x 12 months

Social Security Contributions (yearly) = EUR 99,242.82

- Taxable Income = Gross Yearly Income – Social Security Contributions

Taxable Income = EUR 1,000,000 – EUR 99,242.82

Taxable Income = EUR 900,757.18

- Income Tax Due:

Tax Bracket of Italy 1 (TBI1) = (EUR 15,000 – EUR 0) x 23% = EUR 3,450

Tax Bracket of Italy 2 (TBI2) = (EUR 28,000 – EUR 15,001) x 27% = EUR 3,510

Tax Bracket of Italy 3 (TBI3) = (EUR 55,000 – EUR 28,001) x 38% = EUR 10,260

Tax Bracket of Italy 4 (TBI4) = (EUR 75,000 – EUR 55,001) x 41% = EUR 8,200

Tax Bracket of Italy 5 (TBI5) = (EUR 900,757.18 – EUR 75,001) x 43% = EUR 355,075.58

Income Tax Due = TBI1 + TBI2 + TBI3 + TBI4 + TBI5

Income Tax Due = EUR 380,495.58

- Regional Tax:

Regional Tax Bracket 1 (RTB1) = (EUR 15,000 – EUR 0) x 1.73% = EUR 259.5

Regional Tax Bracket 2 (RTB2) = (EUR 28,000 – EUR 15,000) x 2.73% = EUR 354.9

Regional Tax Bracket 3 (RTB3) = (EUR 55,000 – EUR 28,000) x 2.93% = EUR 791.1

Regional Tax Bracket 4 (RTB4) = (EUR 75,000 – EUR 55,000) x 3.23% = EUR 646

Regional Tax Bracket 5 (RTB5) = (EUR 900,757.18 – EUR 75,000) x 3.3% = EUR 27,429.98

Total Regional Tax = RTB1 + RTB2 + RTB3 + RTB4 + RTB5

Total Regional Tax = EUR 29,301.48

- Municipal Tax: The municipal tax rate for Rome, the capital city of Italy, is 0.9%.

Municipal Tax = EUR 900,757.18 x 0.9%

Municipal Tax = EUR 8,106.81

- Total Tax Due = Income Tax Due + Social Security Contributions + Total Regional Tax + Municipal Tax

Total Tax Due = EUR 380,495.58 + EUR 99,242.82 + EUR 29,301.48 + EUR 8,106.81

Total Tax Due = EUR 517,146.69

- Net Income After Tax = Gross Yearly Income – Total Tax Due

Net Income After Tax = EUR 1,000,000 – EUR 517,146.69

Net Income After Tax = EUR 482,853.31

As stated earlier, Italy provides a favourable regime for the impatriates, and football players can also benefit from this regime. Professional sportsmen, including football players, are always tax-free to the extent of 50% of income, and as long as they pay a contribution equal to 0.5% of the taxable amount, intended for the strengthening of the youth sectors (Agenzia Entrate, 2020b). Thus, the case of a football player meets with the specified criteria and benefits from the impatriate tax regime:

➤ **Gross Yearly Income = EUR 1,000,000**

➤ Social security contributions:

Gross Monthly Income = EUR 1,000,000 ÷ 12 months = EUR 83,333.33

Social Security Contributions = (EUR 47,143 x 9.49%) + (EUR 83,333.33 – EUR 47,143) x 10.49%

Social Security Contributions = EUR 8,270.23

Social Security Contributions (yearly) = EUR 8,270.23 x 12 months

Social Security Contributions (yearly) = EUR 99,242.82

➤ Taxable Income: Professional sportsmen, including football players, are an exception, whose income is always tax-free to the extent of 50% of income, and as long as they pay a contribution equal to 0.5% of the taxable amount, intended for the strengthening of the youth sectors.

Taxable Income = EUR 1,000,000 – (EUR 1,000,000 x 50%)

Taxable Income = EUR 500,000

➤ Income Tax Due:

Tax Bracket of Italy 1 (TBI1) = (EUR 15,000 – EUR 0) x 23% = EUR 3,450

Tax Bracket of Italy 2 (TBI2) = (EUR 28,000 – EUR 15,001) x 27% = EUR 3,510

Tax Bracket of Italy 3 (TBI3) = (EUR 55,000 – EUR 28,001) x 38% = EUR 10,260

Tax Bracket of Italy 4 (TBI4) = (EUR 75,000 – EUR 55,001) x 41% = EUR 8,200

Tax Bracket of Italy 5 (TBI5) = (EUR 500,000 – EUR 75,001) x 43% = EUR 182,750

Income Tax Due = TBI1 + TBI2 + TBI3 + TBI4 + TBI5

Income Tax Due = EUR 208,170

➤ Regional Tax:

Regional Tax Bracket 1 (RTB1) = (EUR 15,000 – EUR 0) x 1.73% = EUR 259.5

Regional Tax Bracket 2 (RTB2) = (EUR 28,000 – EUR 15,000) x 2.73% = EUR 354.9

Regional Tax Bracket 3 (RTB3) = (EUR 55,000 – EUR 28,000) x 2.93% = EUR 791.1

Regional Tax Bracket 4 (RTB4) = (EUR 75,000 – EUR 55,000) x 3.23% = EUR 646

Regional Tax Bracket 5 (RTB5) = (EUR 500,000 – EUR 75,000) x 3.3% = EUR 14,025

Total Regional Tax = RTB1 + RTB2 + RTB3 + RTB4 + RTB5

Total Regional Tax = EUR 16,076.5

- **Municipal Tax:** The municipal tax rate for Rome, the capital city of Italy, is 0.9%.
Municipal Tax = EUR 500,000 x 0.9%
Municipal Tax = EUR 4,500

- **Contribution for youth sectors:** 0.5% of taxable income.
Contributions for youth sectors = EUR 500,000 x 0.5%
Contributions for youth sectors = EUR 2,500

- **Total Tax Due = Income Tax Due + Social Security Contributions + Total Regional Tax + Municipal Tax + Contributions for youth sectors**
Total Tax Due = EUR 208,170 + EUR 99,242.82 + EUR 16,076.5 + EUR 4,500 + EUR 2,500
Total Tax Due = EUR 330,489.32

- **Net Income After Tax = Gross Yearly Income – Total Tax Due**
Net Income After Tax = EUR 1,000,000 – EUR 330,489.32
Net Income After Tax = EUR 669,510.68

It means that the total tax due of a football player who chooses to benefit from the impatriate tax regime is EUR 330,489.32, while the total tax due as a tax resident is EUR 517,146.69. In other words, a football player whose gross yearly salary is EUR 1,000,000 can save an additional EUR 186,657.37 thanks to the impatriate regime benefits of Italy.

4.6 Personal Income Tax in France

In France, individuals, whether French or foreign nationals, are considered to have their tax domicile in France if complying with the following criteria according to Article 4B of the Code général des impôts (CGI – General Tax Code):

- Individuals who have a home or place of their main stay in France with a minimum 183 days of stay,
- Individuals who exercise a professional activity in France,
- Individuals who have the centre of their economic interests in France.

Additionally, categories of taxable income are determined under Article 13 of CGI as employment income, business income, agricultural income, professional income, income from family companies or limited partnerships, immovable property, movable property and capital gains (Légifrance, 2020).

In France, there is a special tax regime called “régime des impatriés” for the employees or managers. This expatriate tax regime applies to individuals who were not residents of France for tax purposes during the 5 calendar years prior to their taking up their duties in a company based in France which recruits them:

- Either the employee is “recruited by a company” that has links with the original company based abroad (intra-group transfer),
- Or the employee is recruited abroad directly for a position in a company in France (external hire).

Entitlement to the regime does not depend on the period of employment in the Employment Contract. Individuals moving to France under their own initiative, or who have already become a tax resident in France, are not eligible to benefit from the expatriate regime.

The expatriate regime offers the possibility of exempting from income tax:

- Additional compensation linked directly to the exercise of a professional activity in France (expatriate bonus),
- The share of compensation relating to the foreign activity carried out in the interests of the employer,
- 50% of income from investments from foreign sources,
- 50% of certain intellectual and industrial property rights from foreign sources,
- 50 % of capital gains on the sale of securities and ownership interests from foreign sources.

In order to be eligible to benefit from the expatriate regime, the employee shall be taxed in France on an amount equal or higher to the comparable salary of a non-expatriate employee in the same company. Eligibility for the expatriate tax regime ends if the employee leaves the company, even if the employee remains tax resident in France.

Expatriate employees (external hires), in our case it can be considered as a football player, are entitled to opt for flat-rate assessment of the expatriate bonus, which is 30% (at most) of their total compensation. This regime is limited up to 5 fiscal years for taxpayers who took up their duties before July 6, 2016, and up to 8 years for who took up their duties after July 6, 2016 (Direction générale des Finances publiques, 2020).

Considering a single football player who continues his career in France, he is considered as French resident and obliged to follow French tax rates for taxation purposes.

In Table 17 below, we can see the income tax rates of France for 2020.

Table 17: Personal Income Tax Rates of France, 2020

Up to EUR 10,064	0%
EUR 10,065 – EUR 27,794	14%
EUR 27,795 – EUR 74,517	30%
EUR 74,518 – EUR 157,806	41%
More than EUR 157,806	45%

Source: Légifrance (2020).

Taxpayers in France are entitled to deduct certain expenses as allowances. The standard allowance is 10% of the salary with minimum EUR 441 and maximum EUR 12,627. The employer withholds the employee's social security contributions at source, and remits the total contributions to the social security authorities. The contributions are computed on an employee's yearly gross salary. The social security contributions include:

- General social contribution (CSG): The rate is 9.2% of the 98.25% of yearly gross salary, and payable by individuals living in France and who benefit from the compulsory health insurance,
- Contribution to social debt (CRDS): The rate is 0.5% of the 98.25% of yearly gross salary and applies to earnings and income from wealth. CRDS is also compulsory for those individuals who benefit from compulsory health insurance.

Employees are also obliged to pay pension contributions as taxpayers. By January 2019, the ceiling was determined as EUR 40,524, and the following rates are applicable on the yearly gross salary:

- 6.9% on earnings up to the ceiling,
- 0.4 % on total earnings.

In addition to the above tax rates, an exceptional contribution called surcharge tax applies on the taxable income that exceeds EUR 250,000 for single individuals (EUR 500,000 for married couples). The tax rates are 3% of the taxable income from EUR 250,000 to EUR 500,000 for a

single person (from EUR 500,000 to EUR 1,000,000 for a married couple) and 4% of the taxable income for over EUR 500,000 (over EUR 1,000,000 for a married couple).

Below you can see the calculation of the personal income tax of a football player who continues his career in France, while taking the social security contributions and basic allowances into consideration.

➤ **Gross Yearly Income = EUR 1,000,000**

➤ General Social Contribution(CSG) = 9.2% x (98.25% x EUR 1,000,000)

General Social Contribution(CSG) = EUR 90,390

➤ Contribution to Social Debt(CRDS) = 0.5% x (98.25% x EUR 1,000,000)

Contribution to Social Debt(CRDS) = EUR 4,912.5

➤ Pensions:

EUR 1,000,000 x 6.9% = EUR 69,000. However, the upper limit is EUR 40,524.

EUR 1,000,000 x 0.4% = EUR 4,000

Total Pension Contributions = EUR 40,524 + EUR 4,000

Total Pension Contributions = EUR 44,524

➤ Taxable Income = Gross Yearly Income – Personal Allowance – Social Security Contributions – Total Pension Contributions

Taxable Income = EUR 1,000,000 – EUR 12,627 – (EUR 90,390 + EUR 4,912.5) – EUR 44,524

Taxable Income = EUR 847,546.5

➤ Income Tax Due:

Tax Bracket of France 1 (TBF1) = (EUR 10,064 – EUR 0) x 0% = EUR 0

Tax Bracket of France 2 (TBF2) = (EUR 27,794 – EUR 10,065) x 14% = EUR 2,482.06

Tax Bracket of France 3 (TBF3) = (EUR 74,517 – EUR 27,795) x 30% = EUR 14,016.6

Tax Bracket of France 4 (TBF4) = (EUR 157,806 – EUR 74,518) x 41% = EUR 34,148.08

Tax Bracket of France 5 (TBF5) = (EUR 847,546.5 – EUR 157,807) x 45% = EUR 310,382.77

Income Tax Due = TBF1 + TBF2 + TBF3 + TBF4 + TBF5

Income Tax Due = EUR 361,029.51

➤ Surcharge Tax = (EUR 500,000 – EUR 250,000) x 3% + (EUR 847,546.5 – EUR 500,000) x 4%

Surcharge Tax = EUR 21,401.86

- Total Tax Due = Income Tax Due + Social Security Contributions + Total Pension Contributions + Surcharge Tax
 Total Tax Due = EUR 361,029.51 + EUR 90,390 + EUR 4,912.5 + EUR 44,524 + EUR 21,401.86
Total Tax Due = EUR 522,257.87

- Net Income After Tax = Gross Yearly Income – Total Tax Due
 Net Income After Tax = EUR 1,000,000 – EUR 522,257.87
Net Income After Tax = EUR 477,742.13

As stated earlier, France is another country which provides a favourable regime for the impatriates, and football players can also benefit from this regime. Besides being more complicated than Italian impatriate regimes, expatriate employees (external hires), in our case it can be considered as a football player, are entitled to opt for flat-rate assessment of the expatriate bonus, which is 30% (at most) of their total compensation. Considering a football player would like to benefit from the impatriate regime in France:

- **Gross Yearly Income = EUR 1,000,000**
- General Social Contribution(CSG) = 9.2% x (98.25% x EUR 1,000,000)
General Social Contribution(CSG) = EUR 90,390
- Contribution to Social Debt(CRDS) = 0.5% x (98.25% x EUR 1,000,000)
Contribution to Social Debt(CRDS) = EUR 4,912.5
- Pensions:
 EUR 1,000,000 x 6.9% = EUR 69,000. However, the upper limit is EUR 40,524.
 EUR 1,000,000 x 0.4% = EUR 4,000
 Total Pension Contributions = EUR 40,524 + EUR 4,000
Total Pension Contributions = EUR 44,524
- Taxable Income: Expatriate employees (external hires) are entitled to opt for flat-rate assessment of the expatriate bonus, which is 30% (at most) of their total compensation.
 Taxable Income = EUR 1,000,000 – (EUR 1,000,000 x 30%)
Taxable Income = EUR 700,000
- Income Tax Due:
 Tax Bracket of France 1 (TBF1) = (EUR 10,064 – EUR 0) x 0% = EUR 0
 Tax Bracket of France 2 (TBF2) = (EUR 27,794 – EUR 10,065) x 14% = EUR 2,482.06
 Tax Bracket of France 3 (TBF3) = (EUR 74,517 – EUR 27,795) x 30% = EUR 14,016.6
 Tax Bracket of France 4 (TBF4) = (EUR 157,806 – EUR 74,518) x 41% = EUR 34,148.08

Tax Bracket of France 5 (TBF5) = (EUR 700,000 – EUR 157,807) x 45% = EUR 243,986.85

Income Tax Due = TBF1 + TBF2 + TBF3 + TBF4 + TBF5

Income Tax Due = EUR 294,633.59

- Surcharge Tax = (EUR 500,000 – EUR 250,000) x 3% + (EUR 700,000 – EUR 500,000) x 4%

Surcharge Tax = EUR 15,500

- Total Tax Due = Income Tax Due + Social Security Contributions + Total Pension Contributions + Surcharge Tax

Total Tax Due = EUR 294,633.59 + EUR 90,390 + EUR 4,912.5 + EUR 44,524 + EUR 15,500

Total Tax Due = EUR 449,960.09

- Net Income After Tax = Gross Yearly Income – Total Tax Due

Net Income After Tax = EUR 1,000,000 – EUR 449,960.09

Net Income After Tax = EUR 550,039.91

It means that the total tax due of a football player who chooses to benefit from the impatriate tax regime is EUR 449,960.09, while the total tax due as a tax resident is EUR 522,257.87. In other words, a football player whose gross yearly salary is EUR 1,000,000 can save an additional EUR 72,297.78 thanks to the impatriate regime benefits of France.

4.7 Personal Income Tax in Portugal

In Portugal, according to Article 16 of the Personal Income Tax Code (CIRS), an individual is qualified as a resident of Portugal if:

- He is present in Portugal for more than 183 days, consecutive or otherwise, in any 12 month period, starting or ending in the calendar year concerned, or
- He is in Portugal for a shorter period, but he has on any day during the period mentioned in the previous paragraph, a home under circumstances which imply his intention to keep and occupy such abode as his permanent residence.

The personal income tax is levied on the annual value of the income from employment, self employment, income from capital, real-estate income, increase in wealth and pensions. So, as a general rule, any type of income is subject to taxation (Portal das Finanças, 2015).

In addition to the general income tax code, Decree Law number 249/2009 was published on 23rd September, 2009, which established a new tax regime for personal income tax that is

applicable for non-regular residents, with the purpose of attracting Portugal to non-resident professionals qualified for high added value activities (Portal das Finanças, 2009). A Table of activities considered high added value can be found in detail under Article 72 and Article 81 of the CIRS. The main categories are determined as:

- Architects, engineers and similar,
- Visual artists, actors and musicians,
- Auditors,
- Doctors and dentists,
- Teachers,
- Psychologists,
- Liberal professionals, technicians and alike,
- Investors, managers and directors.

Considering that a single football player who continues his career in Portugal does not fall under the non-regular residents income tax law, he is, therefore, considered as a Portuguese resident for taxation purposes.

In Table 18 below, we can see the income tax rates of Portugal for 2020.

Table 18: Personal Income Tax Rates of Portugal, 2020

Up to EUR 7,112	14.5%
EUR 7,112 – EUR 10,732	23%
EUR 10,732 – EUR 20,322	28.5%
EUR 20,322 – EUR 25,075	35%
EUR 25,075 – EUR 36,967	37%
EUR 36,967 – EUR 80,882	45%
More than EUR 80,882	48%

Source: PWC (2020d).

Every employee in Portugal must contribute to social security. These contributions cover health, old age, family, unemployment benefits and pensions. The standard deduction for employees is EUR 4,104, or 11% of gross income if exceeding EUR 4,104.

An additional surcharge, which is also called a solidarity surcharge, is applicable on high income. The solidarity charge rate is 2.5% for annual taxable income between EUR 80,000 and EUR 250,000, and 5% for annual taxable income exceeding EUR 250,000.

Below you can see the calculation of the personal income tax of a football player who continues his career in Portugal, while taking the social security contributions and basic allowances into consideration.

➤ **Gross Yearly Income = EUR 1,000,000**

➤ Social Security Contributions = 11% x EUR 1,000,000
Social Security Contributions = EUR 110,000

➤ Taxable Income = Gross Yearly Income – Social Security Contributions
Taxable Income = EUR 1,000,000 – EUR 110,000
Taxable Income = EUR 890,000

➤ Income Tax Due:

Tax Bracket of Portugal 1 (TBP1) = (EUR 7,112 – EUR 0) x 14.5% = EUR 1,031.24

Tax Bracket of Portugal 2 (TBP2) = (EUR 10,732 – EUR 7,112) x 23% = EUR 832.60

Tax Bracket of Portugal 3 (TBP3) = (EUR 20,322 – EUR 10,732) x 28.5% = EUR 2,733.15

Tax Bracket of Portugal 4 (TBP4) = (EUR 25,075 – EUR 20,322) x 35% = EUR 1,663.55

Tax Bracket of Portugal 5 (TBP5) = (EUR 36,967 – EUR 25,075) x 37% = EUR 4,400.04

Tax Bracket of Portugal 6 (TBP6) = (EUR 80,882 – EUR 36,967) x 45% = EUR 19,761.75

Tax Bracket of Portugal 7 (TBP7) = (EUR 890,000 – EUR 80,882) x 48% = EUR 388,376.64

Income Tax Due = TBP1 + TBP2 + TBP3 + TBP4 + TBP5 + TBP6 + TBP7

Income Tax Due = EUR 418,798.97

➤ Solidarity Charge = (EUR 250,000 – EUR 80,000) x 2.5% + (EUR 890,000 – EUR 250,000) x 5%
Solidarity Charge = EUR 36,250

➤ Total Tax Due = Income Tax Due + Social Security Contributions + Solidarity Charge
Total Tax Due = EUR 418,798.97 + EUR 110,000 + EUR 36,250

Total Tax Due = EUR 565,048.97

- Net Income After Tax = Gross Yearly Income – Total Tax Due
Net Income After Tax = EUR 1,000,000 – EUR 565,048.97
Net Income After Tax = EUR 434,915.03

4.8 Personal Income Tax in Russia

According to the Federal Tax Service of Russia, any individuals who have property, carry on business or any other activity allowed by law are obliged pay the income tax. Residents in Russia are taxed on their income at flat rate of 13%. Non-residents in Russia are taxed on their income at flat rate of 30%. An individual is considered as a Russian tax resident if he/she is physically present in Russia for 183 or more days during 12 consecutive months (Federal Tax Service of Russia, 2020). Considering a single football player who continues his career in Russia, he is considered as a Russian resident for taxation purposes.

As indicated above, Russia has its own characteristics, such as using its own currency Russian Ruble(RUB), and following a flat tax rate system on individual income tax of public and football players' salaries. Russia has the lowest individual income tax rate by 13% among the Top 10 football countries.

Below, you can see the calculation of the personal income tax of a football player who continues his career in Russia, while taking the social security contributions and basic allowances into consideration.

According to the Bank of Russia, on 6 June, 2020 (Bank of Russia, 2020):

EUR 1 = RUB 77.9658

RUB 1 = EUR 0.0128

- Gross Yearly Income = EUR 1,000,000
Gross Yearly Income in RUB = EUR 1,000,000 x 77.9658
Gross Yearly Income = RUB 77,965,800
- Income Tax Due = RUB 77,965,800 x 13%
Income Tax Due = RUB 10,135,554
Income Tax Due in EUR = RUB 10,135,554 x 0.0128
Income Tax Due in EUR = EUR 129,735
- Net Income After Tax = Gross Yearly Income – Total Tax Due
Net Income After Tax = EUR 1,000,000 – EUR 129,735
Net Income After Tax = EUR 870,265

4.9 Personal Income Tax in Belgium

As is stated by the Federale Overheidsdienst Financiën (FOD Financiën – Federal Public Service Finance) of Belgium, income tax must be paid by all people who have settled in Belgium, or made it their centre of financial interest, regardless of their nationality. The tax authorities calculate the amount of tax payable based on the annual income tax declaration. Residents of Belgium are taxable on their worldwide income, while non-residents are only taxable on Belgian-source income. Tax rates are the same for resident and non-resident taxpayers (Belgian Federal Government, no date).

Income tax rates of Belgium are as follows in Table 19.

Table 19: Personal Income Tax Rates of Belgium, 2020

Up to EUR 13,440	25%
EUR 13,440 – EUR 23,720	40%
EUR 23,720 – EUR 41,060	45%
More than EUR 41,060	50%

Source: PWC (2020a).

Tax brackets for the income year are applicable to net taxable income after the deduction of social security charges. Every employee in Belgium must contribute to social security. The standard rate of social security contribution for employees is 13.07%.

In addition to the above tax rates, municipal tax is applicable, ranging from 0% to 9% of the income tax due. Each municipality in Brussels, the capital city of Belgium, sets its own rates. OECD reported that the weighted average of the 19 municipalities of the Brussels-Capital Region is 6.4% (OECD, 2020a). Basic personal allowance is currently EUR 8,990, and higher allowances are available for people with children.

Standard expense deduction is available for employees. It refers to 30% of the gross salary, with a maximum of EUR 4,880.

Below you can see the calculation of the personal income tax of a football player who continues his career in Belgium, while taking the social security contributions and basic allowances into consideration.

➤ **Gross Yearly Income = EUR 1,000,000**

- Social Security Contributions = EUR 1,000,000 x 13.07%
Social Security Contributions = EUR 130,700

- Taxable Income = Gross Yearly Income – Social Security Contributions – Personal Allowance – Standard Deduction
Taxable Income = EUR 1,000,000 – EUR 130,700 – EUR 8,990 – EUR 4,880
Taxable Income = EUR 855,430

- Income Tax Due:
Tax Bracket of Belgium 1 (TBB1) = (EUR 13,440 – EUR 0) x 25% = EUR 3,360
Tax Bracket of Belgium 2 (TBB2) = (EUR 23,720 – EUR 13,440) x 40% = EUR 4,112
Tax Bracket of Belgium 3 (TBB3) = (EUR 41,060 – EUR 23,720) x 45% = EUR 7,803
Tax Bracket of Belgium 4 (TBB4) = (EUR 855,430 – EUR 41,060) x 50% = EUR 407,185
Income Tax Due = TBB1 + TBB2 + TBB3 + TBB4
Income Tax Due = EUR 422,460

- Municipal Tax = EUR 422,460 x 6.4%
Municipal Tax = EUR 27,037.44

- Total Tax Due = Income Tax Due + Social Security Contributions + Municipal Tax
Total Tax Due = EUR 422,460 + EUR 130,700 + EUR 27,037.44
Total Tax Due = EUR 580,197.44

- Net Income After Tax = Gross Yearly Income – Total Tax Due
Net Income After Tax = EUR 1,000,000 – EUR 580,197.44
Net Income After Tax = EUR 419,802.56

4.10 Personal Income Tax in The Netherlands

The Netherlands taxes its residents on their worldwide income, and non-residents are subject to tax only on income derived from specific sources in the Netherlands, such as employment income, business income, immovable property. As specified by the Government of the Netherlands, if an individual lives in the Netherlands or receives any income from the Netherlands, he will be subjected to paying income tax in the Netherlands (Government of the Netherlands, 2020). Upon entering the Netherlands, the individual should register in the municipality where he/she will reside for more than 4 months. Afterwards, a National Identification Number (Burgerservicenummer) is granted to the individual by the relevant municipality accordingly (KPMG, 2020b).

There are 3 boxes of taxable income in the Netherlands:

- Box 1 covers business and employment income, along with the income from private residence.
- Box 2 covers income and gains from substantial shareholdings.
- Box 3 covers income from savings and investments.

There is a special provision for the partial non-residents in the Netherlands, which is called the 30% ruling. Under this provision, employees who are considered as resident taxpayers can opt to be treated as partial non-residents. Under this provision, taxpayers will be treated as tax resident for the above mentioned Box 1, and as non-resident for Box 2 and Box 3 for taxation purposes (PWC, 2020c).

The personal income tax rates (Box 1) of the Netherlands are shown in Table 20.

Table 20: Personal Income Tax Rates of the Netherlands, 2020

Taxable Income	Tax Rate	Social Security Tax Rate
Up to EUR 34,712	9.7%	27.65%
EUR 34,712 – EUR 68,507	37.35%	0
More than EUR 68,507	49.5%	0

Source: KPMG (2020b).

Social security contributions are not deductible for income tax purposes. 65 years old or older individuals pay 9.65%, while individuals younger than 65 years old pay 27.65%. Social security contributions include a widow and orphans pension, with 0.1%, long term care pension with 9.65%, and old age pension with 17.9%.

Below you can see the calculation of the personal income tax of a football player who continues his career in the Netherlands, while taking the social security contributions and basic allowances into consideration.

- **Gross Yearly Income = EUR 1,000,000**
- Social Security Contributions = (EUR 34,712 – EUR 0) x 9.7%
Social Security Contributions = EUR 9,597.86
- Income Tax Due:

Tax Bracket of the Netherlands 1 (TBtN1) = (EUR 34,712 – EUR 0) x 9.7% = EUR 3,367.064

Tax Bracket of the Netherlands 2 (TBtN2) = (EUR 68,507 – EUR 34,712) x 37.35% = EUR 12,622.43

Tax Bracket of the Netherlands 3 (TBtN3) = (EUR 1,000,000 – EUR 68,507) x 49.5% = EUR 461,089.035

Income Tax Due = TBtN1 + TBtN2 + TBtN3

Income Tax Due = EUR 477,078.53

- Total Tax Due = Income Tax Due + Social Security Contributions

Total Tax Due = EUR 477,078.53 + EUR 9,597.86

Total Tax Due = EUR 486,676.39

- Net Income After Tax = Gross Yearly Income – Total Tax Due

Net Income After Tax = EUR 1,000,000 – EUR 486,676.39

Net Income After Tax = EUR 513,323.61

4.11 Personal Income Tax in Ukraine

Residents of Ukraine are taxed on their worldwide income, while non-residents are subject to Ukrainian tax only in respect of their Ukrainian-source income. The same tax rates apply to residents and non-residents. The flat tax rate of 18% applies to income received as salary and other types of incomes. A temporary 1.5% military tax on personal income was introduced in 2014, which is effective until the reformation of the Ukrainian Military Forces is completed.

When we processed the above information regarding personal income tax and its rates, one of the most important points we can observe is that Russia and Ukraine have the lowest income tax rates. The main reason for these rates, and also the main difference between Russia – Ukraine and other countries, is that Russia and Ukraine are the only countries which impose a flat tax rate system instead of a progressive tax system.

Below you can see the calculation of the personal income tax of a football player who continues his career in Ukraine, while taking the social security contributions and basic allowances into consideration.

According to the National Bank of Ukraine, by 6 June, 2020 (National Bank of Ukraine, 2020):

EUR 1 = UAH 29.9975

UAH 1 = EUR 0.0333

- Gross Yearly Income = EUR 1,000,000

Gross Yearly Income in UAH = EUR 1,000,000 x 29.9975

Gross Yearly Income = UAH 29,997,500

➤ **Income Tax Due = UAH 29,997,500 x 18%**

Income Tax Due = UAH 5,399,550

➤ **Military Tax = UAH 29,997,500 x 1.5%**

Military Tax = UAH 449,962.5

➤ **Total Tax Due = Income Tax Due + Military Tax**

Total Tax Due = UAH 5,399,550 + UAH 449,962.5

Total Tax Due = UAH 5,849,512.5

Total Tax Due in EUR = UAH 5,849,512.5 x 0.0333

Total Tax Due in EUR = EUR 194,964.25

➤ **Net Income After Tax = Gross Yearly Income – Total Tax Due**

Net Income After Tax = EUR 1,000,000 – EUR 194,964.25

Net Income After Tax = EUR 805,035.75

4.12 Comparison of Personal Income Tax Liability in the Top 10 Football Countries and Turkey

While considering and discovering the factors in the football industry, we witnessed the undeniable pace of the economy thanks to the given examples and explanations. Taxation is not only important for the States due to taxes` collection, but also for the households which, in our case are football players, as a decision-making mechanism.

As already stated earlier, Russia and Ukraine are the only countries who follow the flat rate income tax system on personal income tax among the above Top 10 football countries and Turkey. Among the other 9 countries, we can observe that Turkey is the only country which imposes the lowest tax rate on football players' income with a flat tax rate of 15%, while imposing a progressive tax system on the individual income tax of the public.

In Table 21 below, we can see a short summary of the tax liability of a single football player whose gross salary is EUR 1,000,000 yearly for each country in the Top 10 football countries, and Turkey as the 11th country.

Table 21: Tax Liability of a Football Player in the Top 11 Football Countries

COUNTRY	TAX LIABILITY (EUR 1,000,000/YEAR)	EFFECTIVE TAX RATE**
Spain	EUR 439,765	43.97%
The United Kingdom	EUR 457,725	45.77%
Germany	EUR 463,487.84	46.34%
Italy	EUR 517,146.69 (EUR 330,489.32)*	51.71% (33.05%)*
France	EUR 522,257.87 (EUR 449,960.09)*	52.22% (45%)*
Portugal	EUR 565,048.97	56.50%
Russia	EUR 129,735	12.97%
Belgium	EUR 580,197.44	58.01%
The Netherlands	EUR 486,676.39	48.67%
Ukraine	EUR 194,964.25	19.49%
Turkey	EUR 161,966.28	16.19%

**Considering a football player benefiting from available impatriate regime*

***The percent of their income that an individual or a corporation pays in taxes*

As can be seen from Table 21 and the calculations above, Russia, Turkey and Ukraine appear to be providing the most generous terms for a football player respectively when taking tax liabilities and net income into consideration. When Russia's flat tax rate system on personal income tax is considered, Turkey steps forwards as a country which grants the most privilege to football players, even if it follows the progressive tax system for the public. The governing bodies of Turkey grant 15% of flat tax rate on the personal income tax of football players' salaries as a privilege, in order to encourage skilled football players to play in Turkey, to increase the quality and competitiveness of the League.

As an outcome of this system, Turkey began to be called a "Tax Haven" in the football industry due to the privileges granted to football players playing for the Turkish Süper Lig. More and more well-known, skilled, but also aged football players, such as Didier Drogba, Champions League winner striker, Wesley Sneijder, Champions League Winner midfielder, Ricardo Quaresma, EURO 2016 winner winger, etc., started playing for Turkish football clubs, but the other side of the coin is that, if these players would prefer Turkey in their career in the case of personal income tax treatment, it would be similar to the other Top 10 football countries who follow progressive tax systems.

4.13 Case of Non-Appearance of Granted Tax Privilege to Football Players in Turkey

There are both those who support this implemented tax privilege by the State and those who do not support this kind of preferential treatment of football players. Especially, the fact that the current taxation system gives privileges to football players, started drawing reactions by society in recent years. The fact that society sees this tax privilege as injustice brings the main question to minds:

- What would be the outcome if there were no tax privilege for football players, and if football players would be taxed based on the principle of the progressive tax system?

On the following example, we will observe the outcome of the non-appearance of the granted tax privilege to football players, and consider that they would have the same tax liability as the rest of the other professions. If we consider a single football player earning EUR 1,000,000 yearly in Turkey, and taxed according to the imposed progressive tax system while bearing in mind the tax rates stated in Table 12:

According to the Central Bank of the Republic of Turkey, on 6 June, 2020 (Central Bank of the Republic of Turkey, 2020):

EUR 1 = TRY 7.6644

TRY 1 = EUR 0.1304

- Gross Yearly Income = EUR 1,000,000
Gross Yearly Income in TRY = $1,000,000 \times 7.6644$
Gross Yearly Income = TRY 7,664,400
- Social Security Contributions:
Maximum limits of salary for social security contributions = $365 \text{ days} \times \text{TRY } 735.75$
Maximum limits of salary for social security contributions = TRY 268,548.75
Social Security Contributions = $\text{TRY } 268,548.75 \times 15\%$
Social Security Contributions = TRY 40,282.31
- Taxable Income = Gross Yearly Income – Social Security Contributions
Taxable Income = $\text{TRY } 7,664,400 - \text{TRY } 40,282.31$
Taxable Income = TRY 7,624,117.69
- Income Tax Due:
Tax Bracket of Turkey 1 (TBT1) = $(\text{TRY } 22,000 - \text{TRY } 0) \times 15\% = \text{TRY } 3,300$
Tax Bracket of Turkey 2 (TBT2) = $(\text{TRY } 49,000 - \text{TRY } 22,000) \times 20\% = \text{TRY } 5,400$
Tax Bracket of Turkey 3 (TBT3) = $(\text{TRY } 180,000 - \text{TRY } 49,000) \times 27\% = \text{TRY } 35,370$
Tax Bracket of Turkey 4 (TBT4) = $(\text{TRY } 600,000 - \text{TRY } 180,000) \times 35\% = \text{TRY } 147,000$

147,000

Tax Bracket of Turkey 5 (TBT5) = (TRY 7,624,117.69 – TRY 600,000) x 40% = TRY 2,809,647.07

Income Tax Due = TRY 3 000 717,07

- Stamp Tax: 0.759% of gross income.

Stamp Tax = TRY 7,664,400 x 0.759%

Stamp Tax = TRY 58,172.79

- Total Tax Due = Income Tax Due + Social Security Contributions + Stamp Tax

Total Tax Due = TRY 3,000,717.07 + TRY 40,282.31 + TRY 58,172.79

Total Tax Due = TRY 3,099,172.17

Total Tax Due in EUR = TRY 3,099,172.17 x 0.1304

Total Tax Due in EUR = EUR 404,132.05

- Net Income After Tax = Gross Yearly Income – Total Tax Due

Net Income After Tax = EUR 1,000,000 – 404,132.05

Net Income After Tax = EUR 595,867.95

It means that a football player who earns EUR 1,000,000 yearly is only taxed EUR 161,966.28, while he would be taxed EUR 404,132.05. So, the state's loss is EUR 242,165.77 (TRY 1,856,055) on every EUR 1,000,000 yearly.

Cancelling the tax privilege to football players and bringing tax equality might not be an easy step to take for the Turkish governing bodies at the moment. Achieving the standards of today's football industry is only possible by improving the quality of Leagues, making an appearance in international tournaments and generating the income. Convincing the well-known and skilled football players to come and play for your League is the key of this process. In this way, the popularity of the club and the amount of sponsorship agreements increase and generate the income. Higher income leads the way to invest in youth setups, and creates new ways to generate an income. It remains an open question whether cancelling tax privileges will be more efficient or not because of these reasons.

CONCLUSION

In this paper, the research focused on showing the importance of football, both as a sport which originated in ancient times and keeps developing in modern-days, and, moreover, having the ability to gather and unite people under the same umbrella as a tax paying business. We aimed to explain what football is, and how it evolved into an industry, taking into consideration the history, progress and current position of football, where people find a middle ground regardless of language, gender, religion, age or poverty.

The outcome of the research shows clearly that it would be a great mistake to consider football only as a sport. Today's football carries a big economical importance on top of keeping the sportive features. The popularity of football has increased thanks to the technological developments which made football more accessible by more and more people easily, and has, moreover, started drawing more and more attention from different audiences. As a natural outcome of this process, football has evolved into an international industry.

Following the industrialisation of football, new regulations and updates were introduced by the governing bodies. One of the most important regulations is Financial Fair Play, which was introduced by the European football governing body, UEFA. The main aim of Financial Fair Play was to prevent football clubs from falling into financial troubles which may endanger their long term survival. In this research, we explained what Financial Fair Play is, and why it is important for the football industry. In addition, we showed the impact and the consequences of the Financial Fair Play implications on the Turkish football industry in more detail, together with the ongoing examples.

These regulations and updates were not only introduced and implemented by the governing bodies of football, but also by the governing bodies of States. Taxation takes one of the most important place among these regulations.

It can certainly and simply be said from economical aspects that taxation will occur wherever the money is valid. In the previous Chapters of this thesis, we mentioned the history and the types of taxation briefly, and continued and focused on Income Tax, which is, more precisely, personal income tax.

We observed the personal income tax on football players' salaries in detail, starting from the Top 10 football countries. The main aim of the thesis is to show what different strategies Turkish football authorities follow as the 11th country according to UEFA's association club coefficients, to observe what the outcomes are, and to compare them to the Top 10 football countries.

In the light of the research, we saw that Turkey, compared to the Top 10 football countries, is the only country that grants privileges to football players via granting the income tax privilege on football players' salaries. Taking the Top 10 football countries into account, 8 out of 10 countries follow the progressive tax system, and impose the personal income tax rates on football players' salaries based on the principle of the progressive tax system. Another 2 countries, Russia and Ukraine, follow a flat tax rate system, and also impose the flat tax rate system on football players' salaries. Turkey draws attention as the only country which has different tax systems applying for football players and other public, which enables the football players to pay less tax than they are supposed to pay according to progressive tax system

principles. Due to this specific, characteristic system, Turkey has been called a “Tax Haven” in the football industry in recent years.

Turkey aims to make the Turkish football league attractive for the football players thanks to the imposed tax system and granted tax privileges. By taking only the tax aspect into consideration, football players who decide to continue their career in Turkey become more able to save more money thanks to the tax privilege. Therefore, the idea of playing football in Turkey becomes an attractive opportunity in comparison to other Top 10 football countries. Movement of experienced, skilled and well-known football players to Turkey increases the quality and popularity of the Turkish football league directly, and increases the level of teammates of these players indirectly. In this way, Turkish football clubs have bigger chances of appearing in European competitions, increasing the recognition of the clubs and generating more income. It is a well-known fact that there is a part of society thinking the tax privilege is unfair. Being remembered as a tax haven for footballers started activating louder oppositions by the working class of society, especially in recent years. The number of people thinking the taxation of the football players’ salaries is not fair enough, has started going up. Following this rising trend, the Turkish parliament passed a law which contains an increase in the individual income tax of football players from 15% to 20%, and declared it to be valid from the upcoming football season 2020/2021, while this research is under progress. However, the new law did not cancel the granted tax privilege, and Turkey still remains the only country which enables the football players to pay less tax than the other citizens who fall under the progressive tax system.

In the following years, we will be able to evaluate more clearly if this tax privilege is beneficial for the Turkish football or not. Nonetheless, there is one certain fact that this strategy of Turkish governing bodies turns Turkey into a tax haven in the football industry as stated, and has an influence on football players’ decisions.

REFERENCES

1. Agenzia Entrate (2020a). *Impatriate Workers - What is it*. Retrieved December 2, 2020 from <https://www.agenziaentrate.gov.it/portale/web/english>
2. Agenzia Entrate (2020b). *Tax regime for new residents*. Retrieved December 2, 2020 from <https://www.agenziaentrate.gov.it/portale/en/web/english/nse/individuals/taxregime-newresidents-individuals>
3. Bank of England. (n.d.). *Daily spot exchange rates against Sterling*. Retrieved June 6, 2020 from <https://www.bankofengland.co.uk/boeapps/database/Rates.asp?TD=4&TM=Jun&TY=2020&into=GBP&rateview=D>
4. Bank of Russia. (n.d.). *Official exchange rates on selected date*. Retrieved June 6, 2020 from https://www.cbr.ru/eng/currency_base/daily/
5. Belgian Federal Government (n.d.). *Taxes*. Retrieved November 15, 2020 from https://www.belgium.be/en/work/coming_to_work_in_belgium/taxes
6. Blankson, S. (2007). *A brief history of taxation*. 3-20
7. Cambridge Dictionary. (n.d.). *Meaning of tax in English*. Retrieved May 10, 2020 from <https://dictionary.cambridge.org/dictionary/english/tax>
8. Central Bank of the Republic of Turkey. (n.d.). *Indicative Exchange Rates*. Retrieved June 6, 2020 from <https://www.tcmb.gov.tr/wps/wcm/connect/en/tcmb+en/main+page+site+area/today>
9. Cox, M.S., Mclure, C.E. & Neumark, F. (2019). *Taxation*. Encyclopædia Britannica, inc., Retrieved May 10, 2020 from <https://www.britannica.com/topic/taxation>
10. Daily Sabah (2015, June 17). *Turkey is Europe's football tax haven*. Retrieved January 16, 2020 from <https://www.dailysabah.com/football/2015/06/17/turkey-is-europes-football-tax-haven>
11. Dalkılıç, M. (2017). *Modern History of Football*. *Diyalektolog Ulusal Sosyal Bilimler Dergisi*, 51-61
12. Deloitte. (2019, May). *Annual Review of Football Finance 2019*. Sport Business Group
13. Deloitte (2020). *International Tax, France Highlights 2020*. Retrieved August 16, 2020 from <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-francehighlights-2020.pdf>
14. Diario AS (2018). *Football*. Retrieved November 16, 2020 from https://en.as.com/en/2018/06/17/football/1529259985_901247.html
15. Federal Ministry of Justice and Consumer Protection (2017). *The Fiscal Code of Germany*. Retrieved November 15, 2020 from https://www.gesetze-im-internet.de/englisch_ao/index.html
16. Federal Ministry of Justice and Consumer Protection (n.d.). *Income Tax Act*. Retrieved November 15, 2020 from <http://www.gesetze-im-internet.de/estg/index.html>
17. Federal Tax Service of Russia (n.d.). *Individuals*. Retrieved November 15, 2020 from <https://www.nalog.ru/eng/Individuals/>

18. Finance Act 2013 (2013). *Schedule 45 Statutory Residence Test*. Retrieved November 15, 2020 from <https://www.legislation.gov.uk/ukpga/2013/29/schedule/45/enacted>
19. Finance Football (2020). *Top 10 World's Highest Paid Football Players 2020*. Retrieved September 29, 2020 from <https://financefootball.com/2020/02/24/top-10-worlds-highest-paid-football-players-2020/>
20. FIFA. (n.d.). *History of Football - The Origins*. Retrieved March 21, 2020 from <http://static.fifa.com/about-fifa/who-we-are/the-game/>
21. FIFA. (n.d.). *More than half the world watched record-breaking 2018 World Cup*. Retrieved March 21, 2020 from <https://www.fifa.com/worldcup/news/>
22. FIFA. (n.d.). *When was FIFA founded?*. Retrieved March 22, 2020 from www.fifa.com/news/when-was-fifa-founded
23. Football Association (FA). (n.d.). *History of the FA*. Retrieved March 22, 2020 from <http://www.thefa.com/about-football-association/what-we-do/history>
24. Giulianotti, R. C., Joy, B., Rollin, J., Alegi, P. C., & Weil, E. (2020, January 22). *Football*. Encyclopædia Britannica, inc., Retrieved March 19, 2020 from <https://www.britannica.com/sports/football-soccer>
25. Goddard, J. & Sloane, P. (2014). *Handbook on the Economics of Professional Football* (pp. 1-10).
26. Goldblatt, D. (2008). *Ball is Round: A Global History of Soccer*.
27. Government of the Netherlands (n.d.). *Income Tax*. Retrieved November 15, 2020 from <https://www.government.nl/topics/income-tax>
28. Direction générale des Finances publiques (2020, January 13). *Special Expatriate Tax Regime*. Retrieved December 3, 2020 from <https://www.impots.gouv.fr/portail/internationalenindividual/special-expatriate-tax-regime>
29. Direction générale des Finances publiques (2020, February 2). *Puis-je bénéficier du régime des impatriés*. Retrieved December 3, 2020 from <https://www.impots.gouv.fr/portail/particulier/questions/puis-je-beneficier-du-regime-des-impatries>
30. Investing.com (n.d.). *EUR/TRY Historical Data*. Retrieved July 18, 2020 from <https://www.investing.com/currencies/eur-try-historical-data>
31. KPMG. (2018, April 3), *UEFA Champions League: Familiar teams underline European football's powerbase*. Retrieved March 3, 2019 from https://www.footballbenchmark.com/the_magnificent_8
32. KPMG (2019). *Italy – Income Tax*. Retrieved August 16, 2020 from <https://home.kpmg/xx/en/home/insights/2011/12/italy-income-tax.html>
33. KPMG (2020a). *Germany – Income Tax*. Retrieved December 2, 2020 from <https://home.kpmg/xx/en/home/insights/2011/12/germany-income-tax.html>
34. KPMG (2020b). *Netherlands – Income Tax*. Retrieved August 16, 2020 from <https://home.kpmg/xx/en/home/insights/2011/12/Netherlands-income-tax.html>
35. KPMG (2020c). *Spain – Income Tax*. Retrieved August 16, 2020 from <https://home.kpmg/xx/en/home/insights/2011/12/spain-income-tax.html>

36. KPMG (2020d). *UK – Income Tax*. Retrieved August 16, 2020 from <https://home.kpmg/xx/en/home/insights/2011/12/united-kingdom-income-tax.html>
37. KPMG (2020, October 16). *Turkey, Individual – Taxes on personal income*. Retrieved January 7, 2021 from <https://taxsummaries.pwc.com/turkey/individual/taxes-on-personal-income>
38. KPMG. (n.d.). *Individual income tax rates table*. Retrieved June 1, 2020 from <https://home.kpmg/xx/en/home/services/tax/tax-tools-and-resources/tax-rates-online/individual-income-tax-rates-table.html>
39. Légifrance (2020). *Code général des impôts*. Retrieved November 15, 2020 from https://www.legifrance.gouv.fr/codes/texte_lc/LEGITEXT000006069577/2020-05-12/
40. Martinez-Vazquez, J., Vulovic, V., and Liu, Y. (2011). *Direct versus indirect taxation: trends, theory, and economic significance in Emilio Albi and Jorge Martinez-Vazquez (eds.)*. The Elgar Guide to Tax Systems, 37-92. Edward Elgar Publishing, 2011.
41. National Bank of Ukraine. (n.d.). *Official Exchange Rates*, Retrieved June 6, 2020 from <https://bank.gov.ua/en/markets/exchangerates?date=2020-06-06&period=daily>
42. OECDiLibrary (2019). *Current Retirement Ages*. Retrieved August 14, 2020 <https://www.oecd-ilibrary.org/>
43. OECD (2020a). *Belgium*. Retrieved November 17, 2020 from https://www.oecd-ilibrary.org/sites/047072cd-en/1/3/2/3/index.html?itemId=/content/publication/047072cd-en&_csp_=61ab1636a3c5e6e66df4c2ea29c39562&itemIGO=oecd&itemContentType=book
44. OECD (2020b). *Italy*. Retrieved November 17, 2020 from https://www.oecd-ilibrary.org/sites/047072cd-en/1/3/2/17/index.html?itemId=/content/publication/047072cd-en&_csp_=61ab1636a3c5e6e66df4c2ea29c39562&itemIGO=oecd&itemContentType=book
45. OECD (2020c). *United Kingdom (2019-2020 Income tax year)*. Retrieved November 17, 2020 from https://www.oecd-ilibrary.org/sites/047072cd-en/1/3/2/35/index.html?itemId=/content/publication/047072cd-en&_csp_=61ab1636a3c5e6e66df4c2ea29c39562&itemIGO=oecd&itemContentType=book#section-1d1e192619
46. OECD Data (n.d.). *Tax on corporate profits*. Retrieved November 16, 2020 from <https://data.oecd.org/tax/tax-on-corporate-profits.htm#:~:text=Definition%20of,the%20capital%20gains%20of%20enterprises>
47. OECD Data (n.d.). *Tax on personal income*. Retrieved November 16, 2020 <https://data.oecd.org/tax/tax-on-personal-income.htm#indicator-chart>
48. OECD Home (n.d.). *Glossary of Tax Terms*. Retrieved November 16, 2020 <https://www.oecd.org/ctp/glossaryoftaxterms.htm>
49. Official Gazette of Republic of Turkey. (1949, June 3). *Income Tax Law*. Retrieved June 1, 2020 from <https://www.resmigazete.gov.tr/arsiv/7228.pdf>
50. PFA Charity (n.d.). *AGE*. Retrieved August 14, 2020 from <https://www.thepfa.com/equalities/commitment-to-all/age>

51. Portal Das Finanças (2009). *Decree-Law n. 249/2009*. Retrieved November 15, 2020 from http://www.livinginportugal.com/fotos/editor2/irs_rnh_en.pdf
52. Portal das Finanças (2015). *Article 16 of Personal Income Tax Code(CIRS)*. Retrieved November 15, 2020 from <https://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-residency/Portugal-Tax%20Residency.pdf>
53. Presidency of the Council of Ministers (1986). *Testo Unico delle Imposte sui Redditi*. Retrieved November 15, 2020 from <https://www.normattiva.it/uri-res/N2Ls?urn:nir:presidente.repubblica:decreto:1986-12-22;917!vig=>
54. PWC (2020a). *Belgium, Individual – Taxes on personal income*. Retrieved August 16, 2020 from <https://taxsummaries.pwc.com/belgium/individual/taxes-on-personal-income>
55. PWC (2020b). *Germany, Individual – Taxes on personal income*. Retrieved August 16, 2020 from <https://taxsummaries.pwc.com/germany/individual/taxes-on-personal-income>
56. PWC (2020c, July 6). *Netherlands*. Retrieved December 2, 2020 from <https://taxsummaries.pwc.com/netherlands/individual/deductions>
57. PWC (2020d). *Portugal, Individual – Taxes on personal income*. Retrieved August 16, 2020 from <https://taxsummaries.pwc.com/portugal/individual/taxes-on-personal-income>
58. PWC (2020d). *Turkey*. Retrieved November 28, 2020 from <https://taxsummaries.pwc.com/turkey/individual/taxes-on-personal-income>
59. Noticias Jurídicas (2006). *Renta de las Personas Físicas – Artículo 9 Contribuyentes que tienen su residencia habitual en territorio español*. Retrieved November 15, 2020 from https://noticias.juridicas.com/base_datos/Fiscal/135-2006.t1.html#a9
60. Samson, W.D. (2002) *History of Taxation*. In: Lymer A., Hasseldine J. (eds). *The International Taxation System*. Springer, Boston, MA.
61. Schubert, M. & Frias, F.J.L. (2019). *Walk the Talk: Financial Fairness in European Club Football, Sport, Ethics and Philosophy*, 13:1, 33-48
62. Simkin, J. (1997). *History of Footballer Wages, Footballer Wages*. Obtained March 30, 2020 from <https://spartacus-educational.com/Fwages>
63. The World Bank. (n.d.). *Taxes & Government Revenue*. Retrieved November 15, 2020 from <https://www.worldbank.org/en/topic/taxes-and-government-revenue#1>
64. Transfermarkt. (n.d.). *Clubs – Süper Lig 18/19*. Retrieved April 27, 2020 from https://www.transfermarkt.co.uk/super-lig/startseite/wettbewerb/TR1/saison_id/2018/plus/
65. Transfermarkt. (n.d.). *En Genç ve En Yaşlı Oyuncular*. Retrieved July 10, 2020 from https://www.transfermarkt.com.tr/super-lig/juengsteaelteste/pokalwettbewerb/TR1/plus/0?saisonIdVon=2009&saisonIdBis=2019&land_id=&pos=&spielerposition_id=
66. Transfermarkt. (n.d.). *En Yüksek Transfer Rakamları*. Retrieved July 10, 2020 from https://www.transfermarkt.com.tr/super-lig/transferrekorde/wettbewerb/TR1/plus/1/galerie/0?saison_id=alle&land_id=174&ausrichtung=&spielerposition_id=alle&altersklasse=&leihe=&w_s=&zuab=ab
67. Transfermarkt. (n.d.). *European Leagues & Cups*. Retrieved April 21, 2020 from <https://www.transfermarkt.com/wettbewerbe/europa>

68. Transfermarkt. (n.d.). *Top Market Values Süper Lig*. Retrieved April 27, 2020 from <https://www.transfermarkt.co.uk/super-lig/marktwerte/wettbewerb/TR1>
69. Transfermarkt. (n.d.). *Transferler*. Retrieved July 10, 2020 from https://www.transfermarkt.com.tr/super-lig/transfers/wettbewerb/TR1/plus/?saison_id=2018&s_w=&leihe=2&intern=0
70. Transfermarkt. (n.d.). *Transfer Records*. Retrieved April 5, 2019 from <https://www.transfermarkt.com.tr/statistik/transferrekorde>
71. Türkiye Futbol Federasyonu (TFF). (n.d.). *Merhaba Dünya Kupası*. Retrieved April 16, 2020 from <https://www.tff.org/default.aspx?pageID=293>
72. Türkiye Futbol Federasyonu (TFF). (n.d.). *Ülkemizde Futbolun Doğuşu*. Retrieved April 16, 2020 from <https://www.tff.org/default.aspx?pageID=293>
73. UEFA. (2015, June 30). *Financial fair play: all you need to know*. Retrieved January 16, 2020 from <https://www.uefa.com/community/news/newsid=2064391.html>
74. UEFA. (2019, June 5). *Financial Fair Play*. Retrieved January 16, 2020 from web address <https://www.uefa.com/insideuefa/protecting-the-game/financial-fair-play/>
75. UEFA. (2019). *How clubs' 2019/20 UEFA Champions League revenue will be shared*. Retrieved July 5, 2020 from <https://www.uefa.com/uefachampionsleague/news/0253-0e99cd398188-f80e968d0ab3-1000--how-clubs-2019-20-uefa-champions-league-revenue-will-be-shared/>
76. UEFA. (n.d.). *Country coefficients*. Retrieved March 3, 2019 from <https://www.uefa.com/memberassociations/uefarankings/country/#/yr/2019>
77. UEFA. (n.d.). *What UEFA does*. Retrieved March 24, 2019 from <https://www.uefa.com/insideuefa/about-uefa/what-uefa-does/>
78. UK Public General Acts (2003). *Income Tax (Earnings and Pensions) Act 2003*. Retrieved November 15, 2020 from <https://www.legislation.gov.uk/ukpga/2003/1/contents>
79. Wahl, A. (1990). *La balle au pied: Histoire du football*

APPENDICES

Appendix 1: Povzetek (Summary in Slovene language)

Nogomet, najbolj priljubljen šport glede na število športnikov in gledalcev, Giulianotti (2020) preprosto opredeli kot: “nogomet je igra, v kateri dve ekipi po 11 igralcev z uporabo katerega koli dela telesa, razen rok, poskušata žogo usmeriti v gol nasprotne ekipe.” Korenine nogometa si lastijo Grčija, Rim, Daljni vzhod in deli Srednje Amerike. A država, ki je konec 19. stoletja z ustanovitvijo nogometne zveze uradno postavila nogomet, kot ga poznamo danes, na športni zemljevid, je Anglija. Z ustanovitvijo organizacije FIFA (Fédération Internationale de Football Association) leta 1904 je nogomet postal svetovno organiziran šport, ki je v šestih regionalnih konfederacijah v Afriki, Aziji, Evropi, Severni Srednji Ameriki in na Karibih, v Oceaniji in Južni Ameriki združil 211 držav. Po letu 1974 se je začela komercializacija nogometa in nogomet je hitro postal globalni šport. Zaradi tega so se prihodki nogometnih klubov in zvez ustrezno povečali iz naslova pravic predvajanj, sponzorstev, prihodkov na dan tekem in trgovskega blaga.

V Turčiji so sodobni nogomet začeli igrati v 19. stoletju. Prva zabeležena nogometna tekma na turškem ozemlju je bila leta 1897. Do ustanovitve nogometnega kluba Galatasaray leta 1905 so vse klube istanbulske nogometne lige ustanovila neturška združenja. Z ustanovitvijo Galatasaraya je ta postal prvi uradni turški nogometni klub v zgodovini turškega nogometa. Po ustanovitvi turške nogometne zveze leta 1923 se je nogomet v Turčiji začel hitro širiti in dosegel veliko več ljudi. Turčija je postala članica FIFE 21. maja 1923. Kot član FIFE spada turški nogomet tudi pod okrilje evropskega upravnega organa znotraj FIFE, organizacije UEFA. Po lestvici UEFE, postavljeni glede na klubski koeficient, ki rangira najboljše nogometne klube v Evropi, Turčija zaseda 11. mesto na lestvici; prednjači Španija, sledijo pa Anglija, Nemčija, Italija, Francija, Portugalska, Rusija, Belgija, Nizozemska in Ukrajina. Če upoštevamo skupne prihodke posameznih lig evropskih držav, Turčija zaseda 7. mesto, takoj za Anglijo, Nemčijo, Španijo, Italijo, Francijo in Rusijo. Da bi povečala konkurenčnost turških nogometnih klubov v Evropi, je Turčija vzpostavila svojo strategijo privabljanja najboljših nogometašev: znižanje davka na dohodek nogometašev. Ta ukrep je bil uveden z namenom, da Turčija postane bolj privlačna za tuje in domače nogometaše, ali z drugimi besedami, da prepriča nadarjene športnike, naj pridejo igrati v Turčijo. Turčija si zaradi tega obeta boljše možnosti za višji položaj na lestvici UEFA.

Medtem ko dve državi – Rusija in Ukrajina – na UEFA lestvici klubskih koeficientov sledita enotni davčni stopnji v okviru dohodnine, devet držav - Španija, Združeno kraljestvo, Nemčija, Italija, Francija, Portugalska, Belgija, Nizozemska in Turčija - uveljavlja progresivni sistem dohodnine. Turčija še posebej pritegne pozornost, saj je edina država, ki nogometašem zagotavlja posebne davčne privilegije. Turčija nogometašem odobri 15-odstotno pavšalno davčno stopnjo na njihove dohodke, medtem ko morajo drugi posamezniki slediti progresivnemu davčnemu sistemu, kjer se najnižji davčni razred začne pri 15 odstotkih davka na dohodek.

Ko naredimo primerjavo davčne obveznosti enega samega nogometaša, katerega bruto letna plača znaša 1.000.000 EUR v 10 najboljših nogometnih državah in Turčiji, vidimo, da ima Turčija drugo najnižjo efektivno davčno stopnjo s 16,19% in tako sledi Rusiji z 12,97%. Turčijo je tako na prvem mestu med državami s sicer progresivnim davčnim sistemom.

Obstajajo tako tisti, ki podpirajo ta uvedeni davčni privilegij za nogometaše, kot tisti, ki ne podpirajo tovrstne diskriminatorne obravnave. Pri upoštevanju enake bruto letne plače 1.000.000 EUR in brez upoštevanja davčnih privilegijev, ki so jih nogometaši sicer deležni v Turčiji, lahko vidimo, da se efektivna davčna stopnja poveča na 40,41%. Z drugimi besedami: nogometaš, ki letno zasluži 1.000.000 EUR, je danes obdavčen le 161.966,28 EUR, medtem ko bi bil ob odpravi davčnih privilegijev obdavčen z 404.132,05 EUR.

Turčija želi s pomočjo uvedenega davčnega sistema in dodeljenih davčnih privilegijev turško nogometno ligo narediti privlačno za nogometaše. Nogometaši, ki se odločijo nadaljevati kariero v Turčiji, zaradi davčnih privilegijev lahko prihranijo več denarja. Prav zato je ideja o nogometni karieri v Turčiji bolj privlačna v primerjavi z drugimi desetimi najboljšimi nogometnimi državami. A del družbe opozarja, da je davčna privilegiranost nogometašev nepravilna. Sloves Turčije, da je davčna oaza za nogometaše, v zadnjih letih sproža vedno glasnejša nasprotovanja v preostalem prebivalstvu. V prihajajočih sezonah bomo lahko bolje ocenili, ali ima ta davčni privilegij ugoden učinek na turški nogomet ali ne. Dejstvo pa je, da ta davčna strategija Turčijo spreminja v davčno oazo v nogometni industriji in odločilno vpliva na odločitve nogometašev.