

# JOCKEYS TAX & VAT BOOKLET





39B, Kingfisher Court, Hambridge Road  
Newbury, Berkshire RG14 5SJ

*Telephone:* Newbury (01635) 44102



*Fax:* (01635) 37932

*email:* [info@thepja.co.uk](mailto:info@thepja.co.uk)

*Web:* [www.thepja.co.uk](http://www.thepja.co.uk)



Original: July 1998  
Reprinted: July 1999  
Reprinted: November 2002  
Reprinted: June 2003  
Reprinted: May 2005  
Reprinted: November 2009









---



# INDEX

1. INTRODUCTION
  2. SOURCES OF INCOME
  3. REVENUE EXPENSES
  4. PENSION SCHEME
  5. CAPITAL EXPENDITURE
  6. SERVICE COMPANIES
  7. TROPHIES
  8. APPRENTICE AND CONDITIONAL JOCKEYS
  9. GENERAL
  10. VALUE ADDED TAX
  11. YOUR RIGHTS
  12. HEALTH WARNING / HELPLINE
- 
- 
- 
- 
- 

## **1. Introduction**

The tax treatments of Jockeys' income and deductible expenses are assessable to Income Tax under the rules of Schedule D. A Jockey may operate through the medium of a company and be an employee of that company as described under Service Companies at Section 6. Trainee Jockeys, that is, Apprentice and Conditional Jockeys are afforded different treatment; the aspects of this are dealt with at Section 8.

This booklet has been presented to the Revenue and HM Revenue & Customs for their views. Both bodies have issued a health warning to the effect that each taxpayer's circumstances are different and for that reason they cannot be bound by the booklet. It is merely a guide to be used in conjunction with their own notices and the laws.

## **2. Sources of Income**

Any money receivable by a Jockey whether in cash or by cheque, whether requested, or described as a gift, in return for his professional services will normally be taxable income. In addition, the value of any non-monetary items which are marketable, such as cars or jewellery, may also be assessable if they are received in return for the Jockey's professional services, i.e. additional rewards. If there is any doubt as to the assessability of any receipt, whether in monetary or non-monetary form, then the Jockey should consult with his accountant who in turn will refer the matter to the local Inspector of Taxes.

The following list, which is not exhaustive, indicates the more common types of income and their tax treatment:

### **2.1 Stable Retainers**

All amounts received are taxable.

## 2.2 **Riding Fees**

All riding fees, whether payable direct to the Jockey or through Weatherbys, and whether payable within or outside the UK, are taxable. Jockeys should retain for production to their Inspector of Taxes, via their accountants, any receipts issued to them by foreign racing authorities. If overseas income tax is deducted from any payment, the tax deducted will normally be eligible for set-off against the Jockey's UK tax liability.

## 2.3 **Prize Money**

Prizes specified under The British Horseracing Authority (The BHA) Rules, payable directly through Weatherbys, are taxable. If any extra percentages are paid by a separate arrangement with an Owner then they are also taxable.

The prize percentage pool allocated to the Professional Jockeys Association Pension Scheme is taxable. The Jockey would then show in his accounts the actual prize monies, as referred to above plus the NET personal pension allocation made to the scheme on his behalf

## 2.4 **Work Riding**

Fees received for work riding are taxable.

## 2.5 **Fees for Appearance, Sponsorship or Professional Advice**

Appearance monies payable by sponsors, racehorse owners and others are taxable, as are monies receivable for advice about horses.

## 2.6 **Injury Benefits**

Temporary disablement benefits received from the Professional Riders Insurance Scheme (PRIS) are taxable. Capital sums received under PRIS regulations are not taxable.

## 2.7 **Horses Retired to Stud**

If a Jockey is given shares in a stallion syndicate he is assessable on their market value when receivable.

Any other breeding rights or annual nominations in stallions will be assessed on the value received and should be notified to your Inspector of Taxes via your accountant.

## **2.8 Other Activities**

Any commissions on sales or syndication of horses will be assessable. The profit of a business of horse breeding, with a view to the sale of the progeny, will be taxable.

## **3. Revenue Expenses**

Revenue expenses are, very broadly, the ordinary day to day expenses which a Jockey incurs in the exercise of his profession. They are usually deductible in computing his taxable profits if they are paid wholly and exclusively for the purpose of his profession, though some types of expenses, such as business entertainment, are specifically disallowable.

The following list is not comprehensive, but indicates some of the most common expenses for which a deduction may be claimed.

### **3.1 Motor Expenses**

These may include petrol, oil, repairs, tax and insurance. Only expenditure which is attributable to business motoring is allowable and if a vehicle is used partly for private motoring only the proportion of the expenses which is attributable to the business use is allowable.

### **3.2 Travelling and Hotel Expenses**

Other travelling expenses, such as rail or air fares, are allowable if they are solely for business purposes. Hotel expenses incurred by a Jockey on his own accommodation and subsistence whilst travelling on business are also allowable.

### **3.3 Racing Equipment and Clothing**

Expenditure on repairs and replacements is allowable.

### 3.4 **Weatherbys' Charges**

### 3.5 **Valets Fees and Laundry Expenses**

Laundry expenses specifically relating to riding clothes.

### 3.6 **PJA's Subscription**

### 3.7 **Riding Licence**

### 3.8 **Trade Magazines/Stationery etc.**

The cost of Form books and racing papers as well as stationery and postage costs provided they relate to business usage are normally allowable.

### 3.9 **Wasting and Physiotherapy**

Excepting that expenditure on maintaining the general health and fitness of a Jockey is not normally allowable.

### 3.10 **Presents to lads**

Under certain circumstances, it may be permissible to claim the expenses for making presents to lads following on from your successes. This matter should be referred by consultation with the Inspector of Taxes and your accountant.

### 3.11 **Agents Fees and Secretarial Assistance**

Costs incurred in engaging the services of an agent or secretary for booking rides, maintaining records and correspondence are an allowable expense.

### 3.12 **Fines**

Fines imposed under the Rules of Racing are an allowable deduction because they are not breaching civil or criminal laws of the United Kingdom.

### 3.13 Other Allowable Expenses

Other types of allowable expenditure may include the cost of business telephone calls, business use of home, business bank charges, and normal recurring accountancy expenses incurred in preparing accounts or agreeing taxation liability.

## 4. Pension Scheme

The pension allocation referred to in paragraph 2.3 must be grossed up to then be entered as a personal pension contribution on the Self Assessment Return.

## 5. Capital Expenditure

Expenditure of a capital nature is not deductible from your profits in the year that it is incurred. Instead Capital Allowance will be given which allows 25% of the cost in Year 1, 25% of the remaining value in Year 2 and so on to be deducted. A typical example of Capital Expenditure would be a motor car. The allowances due will be restricted, as appropriate, to take account of any private use. The maximum annual writing down allowance on motor cars is restricted to £3,000. Some assets, other than motor cars, attract first year allowances.

## 6. Service Companies

Some Jockeys provide their services through the medium of service companies. Where this happens, the Jockey usually enters into a contract of employment with his company and the company enters into various contracts to supply his services. The tax position of the company and of the Jockey will then be as follows:

### 6.1 Company Income

Income which the company earns under the contracts which it enters into will be taken into account in calculating the company's profit for Corporation Tax purposes. This will include most, if not all, of the types of income listed under Section 2.

### 6.2 Company Expenses

In calculating its profits for Corporation Tax purposes, the company will be entitled to deduct Revenue expenses of the kind listed in Section 3.

The Jockey's remuneration as an employee is an allowable expense of the Company.

### 6.3 Company Pension Scheme

Contributions to company schemes are allowable. But note that the special retirement ages for Jockeys do not apply. Schemes of this nature can only use the normal retirement age.

### 6.4 Jockeys' Income

The Jockey will be assessable on:

Any income which he receives from the company, including salaries or wages, expenses payments and benefits in kind;  
Any other employments or benefits (including prize money) which arise from his employment with the company, but which are received from somebody other than the company, e.g. Owners, Trainers, etc.  
Any income which he receives under contracts which he enters into in an individual capacity.

### 6.5 Jockeys' Expenses

Although expenses payments and benefits are assessable as part of the Jockey's income, he will be entitled to a deduction for any amounts which he expends wholly, exclusively and necessarily in the performance of his duties for the company.

## 7. Trophies

The market value of a trophy received for winning a race is normally assessable. If there is any doubt as to whether the value of a trophy is assessable, details should be provided to the Inspector of Taxes.

## 8. Apprentice and Conditional Jockeys

Apprentice and Conditional Jockeys who shall collectively be referred to as Trainee Jockeys are normally regarded by the Revenue as employees of the trainer for whom they ride.

The majority of Trainee Jockeys receive a wage as a stable employee. This income is directly subjected to PAYE (Schedule E) and National Insurance by the Trainer in the same manner as any other employee in the yard.

The riding fees and prize money received by the Trainee Jockey under the Rules of Racing are taxed under Schedule E and are also liable to Class 1 National Insurance, subject to certain exceptions, as described in Section 8.3.

### **8.1 Sources of Income**

The principal sources of income for Trainee Jockeys are the riding fees and prize money as allocated under the Rules of Racing.

Additionally, it is possible for the Trainee Jockey to earn income from other sources, namely those described in Sections 2.5, 2.6, 2.7 and 2.8.

In broad terms the Trainee Jockey is assessable on all forms of income and rewards received from riding and related activities some of which are assessable under Schedule D and some under Schedule E. The status position is further considered at 8.3, because of these complexities it is recommended that the Trainee Jockey seeks professional advice on their own tax position.

### **8.2 Allowable Expenses**

The Allowable Expenses will be determined on the basis of the income which is assessable under either Schedule D or Schedule E. For income under Schedule D the expenses will be allowable as described at 8.3.

However, for income assessable under Schedule E the expenses allowed as a deduction are subjected to a more stringent test and it is necessary to show that the expense is wholly exclusively and necessarily incurred in the performance of the duties as opposed to merely showing that the expense was wholly and exclusively for the business as under Schedule D.

### **8.3 Tax Status**

The Revenue has always regarded the Trainee Jockeys income from all rides as taxable under Schedule E, employed income. Whereas, the Contributions Agency have always deemed income from the rides (home) of the Trainers to which the Trainee Jockey is attached as employed income, subject to Class 1 National Insurance and rides (away) for other trainers as self employed income, subject to Class 2 and 4 National Insurance.

The two agencies are now bound by each others rulings. Consequently, a ruling by the Contributions Agency has now bound the Revenue to treating away rides as self employed income. Whilst, home rides remain unaffected and are treated as income of the employments.

## **9. General**

### **9.1 Record Keeping**

Following the introduction of self-assessment Jockeys are now required to keep all records of a financial nature, both business and private. Fines can be imposed for failure to do so.

### **9.2 Notification to H M Revenue & Customs**

Jockeys must advise the Revenue of their commencement of riding within three months of starting and failure to do so could incur penalties. They produce a leaflet P/SE/1 "Thinking of working for yourself" which is relevant to your circumstances.

### **9.3 Professional Advice**

If a Jockey intends to seek advice, it is recommended he does so as soon as he starts riding, so that the adviser can discuss record keeping etc.

## **10. Value Added Tax**

10.1 A Jockey's income from race riding is deemed a supply of business services for VAT purposes, namely:

Riding fees

Retainers

Solicited Gifts (that is, gifts or presents promised verbally or in writing by an owner before a race)

Interview Fees

Work Riding

Journalism/Fees for Articles

Appearance/ Sponsorship Fees. This can also take the form of a free lease of a vehicle displaying the sponsor's logo.

Overseas Riding Fees and Prizes\* (for race riding services which are performed outside the UK and EC countries)

EC Riding Fees and Prizes\* (provided services are actually performed outside the UK, see Section 10.3).

Commission on sales or syndication of horses

Income from horse dealing and breeding

(\*These are zero rated services and nil tax is calculated)

With the exception of some of the sources of income, as detailed in Section 2, which are outside the scope of VAT, namely:

Prize Money (Under the Rules of Racing)

Non Solicited Gifts

Professional Riders Insurance Scheme benefits

If a Jockey has any doubts about the source of income not covered in the aforementioned, then he must consult his accountants to find out the correct treatment.

## 10.2 Registration

If a Jockey's total income, as detailed above, has exceeded the current level of turnover in the past 12 months or circumstances are such that the Jockey expects to exceed the level, then there is the need to register. Please refer to the Revenue & Customs booklet "Should I Be Registered For VAT"

In reality very few Jockeys exceed the level, but there is nothing stopping the Jockey applying for voluntary registration. There appears to be definite advantages since the introduction of the Racehorse Owners Scheme permitting owners to register for VAT.

## 10.3 Riding In An EC Country?

If a Jockey race rides in an EC country then the VAT regulations of that country have to be considered. The Jockeys have to consider registering in that country and appointing a local agent to handle their affairs.

**NB:** If you do ride in an EC country then you are advised to consult your accountant. The main racing countries are deemed to be Ireland, France, Germany, Italy and Spain.

#### **10.4 VAT and Apprentices and Conditional Jockeys**

Apprentices and Conditional Jockeys (7lb, 5lb and 3lb claimers) are employees of the trainer. Each time they ride in a race a riding fee including VAT is payable by the owner. In the case of Apprentice Jockeys, and Conditional Jockeys who claim a 7lb allowance, one-half of the riding fee (including the VAT) is paid to the Jockey, with the balance paid to the trainer who should account for VAT on the full amount of the riding fee. For conditional Jockeys who claim a 5lb or 3lb allowance, and those who have lost the right to claim an allowance, the whole of the riding fee excluding VAT is paid to the Jockey. Only the VAT is paid to the trainer who should declare it as output tax. The details of these transactions are shown on self-billing invoices issued by Weatherbys.

#### **10.5 General**

VAT is a complex tax, with pitfalls for the unwary. If a Jockey thinks he should be registered then he should either see his accountant or speak to a local H M Revenue & Customs : VAT Office. The latter produces a booklet "Should I Be Registered For VAT"? which is a useful source of information.





If the Jockey decides to register for VAT, the Jockey must inform Messrs Weatherbys of the date from which the registration will be effective. This must be done at the time of submitting the application to H M Revenue & Customs, followed by a copy of the registration document when received. The Jockey must also advise Weatherbys of the date of de-registration for VAT.

### **11. Your Rights**

This leaflet has no binding force and does not affect a person's Right of Appeal on points concerning their liability to tax.

### **12. Health Warning / Helpline**

The PJA is not responsible for any action or in action taken as a result of this booklet.



These notes are for your guidance only. As each Jockey's circumstances are going to be different; you are advised to seek professional help from your accountant or contact the PJA adviser, Terry Boothby on 01635 265265.

