

FOOTBALL IS BEING USED FOR MONEY LAUNDERING SAYS NEW REPORT

Football is being used as a vehicle for money laundering, according to an agency responsible for tracking the proceeds of crime.

The Financial Action Task Force (FATF) report warns football is at risk from criminals buying clubs, transferring players, and betting on the sport.

It also provides a rare insight into tax evasion in British football.

The report also raises concerns over human trafficking, corruption, drug trafficking and tax crime in the sport.

The FATF report provides two previously unpublished examples of tax evasion from footballers in the United Kingdom, and suggests that in both cases, the clubs were complicit in the scam. In one case, according to the report: "A disclosure was made by a player, revealing that his signing-on fee was disguised as part of a fee to a foreign agent.

"He confirmed that the agent then paid him £300,000 abroad and did not previously disclose this to the UK tax authorities."

The report goes on to suggest: "It is likely that the club concerned was fully aware that the payment to the agent included a signing-on fee for the player and the benefit to the club in such an arrangement is that it avoided social security contributions of £38,000."

In the second case, a club avoided paying tax through the use of image rights.

The report said: "A player (non-UK national) entered into an image rights agreement with a club. The player had transferred the rights to exploit his image exclusively on a world-wide basis to a company registered in a known tax haven in return for shares of that company.

"Unlike all the other players at the club, he was the only individual not to have either a signing-on fee or a loyalty bonus and appearance fees.

"The club had not exploited the player's image in any way and after two years had sought professional advice, only to be advised that the image had no commercially exploitable value.

"Nonetheless, the club renegotiated both the playing and image rights contracts after three years, increasing the level of payments in both.

"The club concerned conceded that the image-rights agreement was part of the employment terms and paid over additional duties of £938,688. Additional duties of £404,480 were also to be paid over the future life of the image-rights contract."

HM Revenue and Customs is understood to have been involved in both cases, but for legal reasons, officials would not comment on either, though the government agency did issue a statement.

"Money laundering is a complex crime and one which HMRC is tackling," said the HMRC spokeswoman.

"We have a very good track record in the field of law enforcement and we take money laundering and tax evasion extremely seriously, focussing significant resources into tackling them.

"Our investigations can and do result in criminal prosecution sending a clear message to anyone tempted to launder money that they are taking a serious risk"

The FATF detected more than 20 cases of football-related money laundering from information based on responses to a questionnaire received last October from government and football authorities in 25 countries.

The FATF report provides a series of recommendations for how football can cope with money laundering risks.

One suggestion is that the sport adopts a code of best practices developed by the Football Association, which last year introduced a set of money-laundering guidelines.

It also highlights a risk associated with internet gambling, and suggests that the issue could be investigated in a separate FATF study.