

The 38 Degrees Olympics tax campaign has not misread th...

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A tax accountant has commented on [38 Degrees Facebook page](#) suggesting they misread the law when, working with Ethical Consumer, they began their campaign on the Olympics tax exemptions. You [can read what he said here](#).

I don't agree with him for many reasons. If only it were as simple as he suggests! So let me offer some reasons why I think he's wrong to say this campaign misses the point.

First, there is a the very good question of why if people are working here they should not pay tax here. Why is the Olympics, paid for by the UK taxpayer, so special that it should be tax exempt and so make no contribution back to the UK for the enormous cost of staging the event? The general principle that sports people earning in the UK pay basic rate tax on those earnings in this country - which is then offset against any tax they owe in their home country - is widely applied. So, for example, it will apply to all Wimbledon winners if not from the UK and the winner of the Open Golf if similarly not from this country. It's the way sport and high earning sports people give back to host countries for letting them earn their income in events that usually require considerable tax subsidy. 38 Degrees are making that point with their campaign. The same applies to broadcasters covering the Olympics.

Those broadcasters are at the Olympics in the UK - paid for by the UK - to make profit. Why shouldn't a fair part of their profit be taxed here? The rules to attribute profit to the UK exist - but they're not going to be applied. Why not is the fair question to ask? And third, to claim major corporates could not exploit this opportunity for gain is ludicrous. Sure, their normally UK resident operations will pay tax here but in multinational corporations, many with hundreds or thousands of subsidiaries, the Olympics exemption would provide a perfect opportunity to make profit in the UK for companies based elsewhere and to extract that profit tax free. Any tax accountant could create such a scheme for a multinational group with little thought when all the normal rules on creating a permanent establishment in the UK have been suspended. In that case we're asking companies to commit to not doing this. Some have. Good for them. Others have not and that leaves questions marks on what choices they've made. Those choices are legitimate, of course, no one is saying anything else. But it's also true that ethics drive tax choices, and corporate responsibility demands tax is paid in the right place. In this case tax should be paid in the UK if profits arise here - as they will

on Olympics related activity - and 38 Degrees are therefore challenging those companies to make the right choices, to pay tax here on all profits arising in this country and to confirm they have. To suggest this is a black and white issue is as a result to wholly misrepresent the nature of group tax, the ways in which groups can shift profits and the opportunities that tax havens - whether permanent or temporary like this one - give to corporations to drop profits through non-taxed loopholes. That's what 38 Degrees are highlighting and what they're asking for is a commitment to not exploit this opportunity. That's fair, and wholly appropriate and consistent with what the legislation might permit. And that's why I've supported this campaign.