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FIFA 2026 World Cup Blows the Whistle on Complex Tax Risks


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The 2026 World Cup highlights the complexities of applying international tax treaties and social security and totalization agreements in international sports.

The 2026 FIFA World Cup will take place in North America this summer, jointly hosted by the US, Canada, and Mexico. This expanded tournament will feature 48 teams, bringing together a diverse array of nations and fans for a truly global celebration. While the world's attention is fixed on the spectacle to come—thrilling matches, new rivalries, and unforgettable moments — and immigration headlines are dominating the conversation, the tournament presents a complex web of tax and social security challenges for players, coaches, and support staff. Understanding and addressing the intricate cross-border financial and regulatory issues will ensure a smooth and compliant tournament for all participants.

National Team Staff: Employment Status

At the FIFA World Cup, players, coaches, and support staff occupy a unique employment category that defies conventional classification. Players, for instance, remain under contract with their club teams but are temporarily released to represent their national squads, typically under short-term arrangements with the national football federation.

Coaches and support staff may be directly employed by the federation, engaged as self-employed contractors, or hired on fixed-term contracts, depending on the country and their specific roles. Approximately 40–45% of national team coaches are of a different nationality than the country

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they represent, and some do not reside in the country they coach. For example, the managers of Austria, Belgium, and England all hold foreign nationalities, highlighting the international nature of these appointments. Similarly, while players hold the nationality of the country they represent, they often live and play professionally abroad.

Unlike civil servants, individuals who play for their national teams are not considered traditional government employees. Tax and social security authorities sometimes struggle to categorize their employment status, as they do not fit neatly into the definitions of standard employees or independent contractors. In some cases, they are viewed as neither, which perpetuates the misconception that they fall outside the legal framework governing worker mobility, an assumption that is incorrect. Their roles are highly specialized, international in scope, and often short-lived, further complicated by the intense public attention and fan adoration they receive. This unique combination of professional prestige and global celebrity places them in a regulatory gray area, requiring careful legal and tax consideration to ensure compliance and proper treatment.

Players and Staff: Taxation Challenges

Source taxation in host countries refers to the principle that income earned within a country by nonresidents (such as visiting athletes or support staff) is taxed by that country, regardless of where the individual resides or is ordinarily taxed. For major international events such as the 2026 World Cup, this means:

- **Multiple Tax Obligations:** Athletes and staff may have to pay taxes in the host country or countries (depending on where they play or provide services—the US, Canada, or Mexico) on income earned there, even if they are not residents.
- **Varying Types of Income Taxed:** Each country has its own rules for determining the source of income, and these rules may vary depending on whether the individual is classified as an employee or an independent contractor. Payments received from national teams or event organizers, performance-based incentives for playing or winning matches, income from sponsors for promotional activities conducted in the host country, payments for attending events, press conferences, or fan engagements may be taxable.
- **Increased Filing Requirements:** Athletes and staff may be required to file tax returns in each host country where they earn income (such as the US, Canada, or Mexico). Teams may also have withholding and reporting obligations in multiple countries for both players and staff.

Without proper tax treaties or credits addressing the specific circumstances of athletes, they could face taxation both in the host country and in their country of residence. This is why it is essential to examine whether a double tax treaty, also known as a double taxation agreement (DTA), exists and to determine if and how the DTA addresses athletes and the various forms of income relevant to their tax obligations.

Athlete Scenarios Practical Application: Treaty Analysis

For example, consider a French national who resides and plays professionally in Germany, receiving different types of income such as salaries, match fees, sponsorships, and appearance fees. If this athlete then travels to France to prepare for the 2026 World Cup and subsequently goes to the US to participate in the event, and during this entire period receives income from the national team and from endorsements, tax obligations must be considered for both France, Germany, and the US.

Regarding the US portion, it is noteworthy that both France and Germany have DTAs in place with the US. In this situation, the individual would look to the DTA between the US and Germany to determine eligibility for treaty benefits, rather than the DTA between the US and France, given that he is a tax resident of Germany. Under the DTA between the US and Germany, income for services performed in the US by a resident of Germany could be potentially exempt from US federal income tax under Article 7 (Business Profits) if the individual is classified as an independent contractor or under Article 15 (Dependent Personal Services) if the individual is an employee. Article 12 (Royalties) of the DTA could potentially exempt a German resident from US federal income tax on US-source royalties.

However, the US-Germany DTA contains a provision, Article 17 (Artistes and Athletes), found in many income tax treaties that specifically addresses income earned by German resident athletes that is attributable to their performance as athletes in the US. Article 17 generally overrides the broader provisions of Articles 7 and 15, and allows the US to tax income derived by a German resident as an athlete from athletic activities performed in the US to the extent such income exceeds $20,000 during the calendar year concerned (the $20,000 threshold includes expenses reimbursed to the individual or borne on his behalf). Thus, to be exempt from US federal income tax, the German resident's US-source personal service income must be below $20,000 and satisfy the conditions of another treaty article (such as Article 7 or Article 15, depending on the individual's classification as an employee or independent contractor).

Given the variety of income an athlete can earn related to an athletic performance in the US, it can be difficult to determine whether income is governed by Article 17 or another treaty article, especially when dealing with sponsorship or endorsement income. In general, when determining whether income falls under Article 17 or another article, the controlling factor for US purposes will be whether the income in question is predominantly attributable to the athletic performance itself or to other activities or property rights. This generally means that the US has the right to tax the German footballer's earnings from matches, sponsorships, or appearances during the 2026 World Cup held in the US, provided the income exceeds the $20,000 threshold.

Article 17 of the US-Germany DTA contains a unique provision that would exempt a German resident athlete's income from performances in the US from US federal income taxation, regardless of the amount or whether the income is also exempt under Article 7 or Article 15, to the extent the activities are substantially supported, directly or indirectly, by public funds of Germany or a political subdivision or local authority thereof. This government funding exception raises important questions with respect to the World Cup:

- What qualifies as "substantial" support?
- What does "indirect" support mean in the context of World Cup funding—does it include sponsorships from state-owned enterprises or grants to the national team?
- How should athletes and advisers demonstrate the flow of public funds, especially when funding is routed through federations or third parties?

The practical application of this exception can be complex and often requires careful analysis of the athlete's relationship with the national team, the nature of the funding, and the specifics of the event.

If the German footballer's US-source income is not exempt from US taxation under the DTA, not all hope is lost. The DTA also provides relief from double taxation: The athlete can claim a foreign tax credit in Germany for taxes paid in the US, ensuring the same income is not taxed twice. Even though DTAs are designed to prevent double taxation, they require proper filing and documentation, which must accurately reflect the individual's circumstances and income streams.

Major Sporting Events: Federal and State Taxation Complexities

Additionally, not every state in the US honors DTAs for purposes of imposing state income tax on income attributable to services provided in the state. For example, New Jersey, which will host eight matches during the World Cup, does not recognize DTA exemptions for state tax

purposes. This means that even if the athlete is exempt from US federal income tax under the DTA, he may still be subject to state income tax in New Jersey (and potentially other states), further complicating the athlete's overall tax position. As such, athletes and their advisers must not only consider the federal implications of DTAs, but also be mindful of state-level tax obligations and compliance requirements.

While DTAs address income taxation, they do not govern social security obligations. For athletes performing services in the US, it is equally important to consider the application of social security taxes and the potential relief provided by bilateral agreements.

National Team Players, Coaches and Staff: Social Security and Totalization Agreements

Social security rules differ significantly between the US, Canada, Mexico, and the home countries of players and staff. Bilateral agreements for social security (known as totalization agreements) may exempt individuals and employers from paying social security contributions in the host country, allowing them to continue contributing in their home country. However, not all countries have such agreements in place.
For example, consider the French national mentioned in the example above who lives and plays professionally in Germany and is therefore subject to German social security. If he then earns income in France while preparing with the national team before traveling to the US for the World Cup, it is uncertain how the French authorities would assess his eligibility for a Certificate of Coverage for French social security.

Even if such a certificate is issued by France, there could be a conflict with his (and potentially his family's) ongoing affiliation with the German social security system during the same period, as that is the system to which they are subject. This is particularly relevant because one of the fundamental principles within the EU is that an individual should be subject to the social security system of only one member state at a time. This also poses questions about the individual's social security position and any potential liabilities.

Managers and Support Staff: Tax and Social Security Challenges

In addition to the players, team managers and support staff present a distinct set of challenges when it comes to tax and social security obligations. For example, managers and support staff are not covered by the "athlete article" under most DTAs. Instead, the taxation of their income depends on the nature of their engagement. If they are self-employed, their income is generally

governed by the provisions relating to independent personal services or business profits. Conversely, if they are considered employees, their income falls under the dependent personal services or income from employment article.

The determination of their status—whether as employees or independent contractors—will depend on the specific facts and circumstances of their engagement, as well as the relevant domestic laws and applicable tax treaties. This distinction is important, as it affects where and how their income is taxed, and may also impact their social security obligations.

The use of short-term or project-based contracts for specialists like physiotherapists or chefs adds complexity, especially when staff work across multiple countries. Teams and federations must carefully define contractual terms and ensure compliance with all relevant tax and social security rules.

What Should Teams, Federations, and FIFA Do?

With the expanded format and cross-border nature of the 2026 championship, proactive planning is essential to minimize tax and social security risks. Teams and federations should engage tax and legal experts well in advance of the tournament to identify potential risks and fully understand their obligations in each host country. Early consultation allows for the development of strategies tailored to the complex regulatory environments of the US, Canada, and Mexico.

Contracts for players and staff must be thoroughly reviewed and updated to clearly address tax and social security responsibilities, including specifying who will bear any additional costs that may arise. It is equally important to educate all participants—players, coaches, and support staff—through briefings and workshops, ensuring everyone understands their obligations and the steps required for compliance. Teams must also stay vigilant about regulatory changes, keeping abreast of updates to treaties, agreements, and local laws that could affect their tax and social security positions. Coordinating closely with home country authorities can help avoid double taxation and gaps in social security coverage, ensuring a seamless experience for all involved.

FIFA, as the governing body playing a pivotal role, should provide clear, country-specific guidance and best practices to help teams navigate the complexities of international taxation and social security. By negotiating with host governments, FIFA can seek special arrangements that simplify compliance and reduce administrative burdens on teams and federations. Centralizing resources—such as establishing a helpdesk or online portal—would offer valuable support, giving teams access to information and expert contacts. FIFA should promote international

cooperation, encouraging host countries and home nations to recognize exemptions and work together to avoid double taxation.

Takeaways

Recently, the European Labour Authority organized an inspection ahead of the 2026 Winter Olympic Games in Italy, and similar actions were taken during the 2024 Summer Olympic Games in France. These initiatives underscore the growing emphasis on global mobility compliance at major sporting events. During the last FIFA 2024 Euro Cup in Germany, headlines focused on an underage Spanish football star and the penalties imposed on the Spanish federation for violating Germany's regulations regarding working hours for underage athletes.

As coaching staff and teams become increasingly international and cross borders more frequently, proactive planning and expert advice are essential to keep the focus on the pitch rather than on paperwork. By adopting the right strategies and working collaboratively, teams, federations, and FIFA can help ensure the upcoming tournament runs smoothly and that all participants are protected from unnecessary administrative and financial burdens, while also fostering positive media coverage and public perception. With careful preparation, the excitement of the World Cup can remain at the forefront, allowing everyone to concentrate on the game itself.

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