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Reported FIFA 2026 World Cup Tax Deal Hasn't Changed Fundamentals



Daida Hadzic and Rob Fagan
KPMG US

Since our March [article](#) on the tax and social security challenges surrounding the 2026 FIFA World Cup, an important development has reportedly emerged on the US federal tax front. After months of lobbying, FIFA is understood to have secured a significant [breakthrough](#) with the US Treasury that will allow national associations to seek exemption from US federal income tax on their World Cup tournament earnings by applying for tax-exempt status under Internal Revenue Code §501(c).

This development changes some of the conclusions around federal tax exposure for team-level income, but it doesn't remove the broader complexity we described with respect to individual-level income. Worker classification, federal income taxation, state and local taxation, income characterization, and social security implications remain very much in play for players, coaches, and support staff.

Changes for Players, Staff

The federal deal is important, but it is also narrow. It addresses US federal income tax on certain categories of team-level income and doesn't constitute a blanket tax holiday for everything players, coaches, or staff earn in connection with the World Cup.

In particular, the following points from our original article remain valid:

- **Unless an exception applies, nonresident individuals are subject to federal income tax on their US-source income.** US nonresident players, coaches, and support staff are still subject to US federal income tax on their income attributable to US sources, such as compensation for services provided in the US, unless such income is exempt under US domestic law or under a double tax treaty, also known as a double taxation agreement.
- **Tax residency and treaties still drive individual income tax exposure.** For US nonresident individuals, their country of tax residency continues to determine which double taxation agreement applies. A Norwegian player tax-resident in the UK will still rely on the US–UK treaty, not the US–Norway treaty. A player living in Spain will look to the US–Spain treaty, and so on. Furthermore, the application of the double taxation agreement may vary based on factors such as the type of income received, the individual's worker classification, and whether the

* [Daida Hadzic](#) is a director and [Rob Fagan](#) is a senior manager with the Global Mobility Services group in KPMG's Washington National Tax practice.

individual is a player, coach, or support staff. The federal exemption generally doesn't alter treaty entitlement for individuals.

- **Treaty “right to tax” versus federal policy choice.** From a treaty perspective, once certain thresholds such as day counts, income limits, levels of business presence, are exceeded, the US generally continues to have a right to tax athletes' personal service income related to US athletic performances.

For 2026, however, the US federal government will allow teams to apply for tax-exempt status, which would generally result in exemption from US federal income tax on certain tournament earnings at the association/team level. That policy decision doesn't extend to player income.

- **Commercial, sponsorship, and public relations income remains exposed.** Treaty relief may not cover personal sponsorship and endorsement income, commercial PR appearances, and media events in the US that aren't predominantly attributable to the athlete's participation in the World Cup. These amounts may still be treated as US-source income that isn't eligible for treaty relief, depending on their nature.
- **State and local tax remains a persistent headache.** The federal exemption provided to national associations doesn't change the fact that players, coaches, and support staff may be subject to state and local income taxes and withholding on their income earned in a state, even if the income is exempt from federal income tax and withholding. For example, some states, including New Jersey, don't recognize treaty exemptions for state income tax purposes.

States can, and often do, assert their own taxing rights over income earned within their borders, regardless of federal treaty relief, and state-level filing and withholding obligations can therefore persist even where federal tax is reduced or eliminated.

The federal breakthrough will ease pressure at the top level, but teams and advisers must still map out state-by-state exposure for players and staff, understand which states recognize treaties and to what extent, and ensure appropriate withholding and reporting for state tax purposes.

- **Withholding, documentation, and compliance rules generally won't change due to federal exemption.** The national associations' federal reporting and withholding requirements generally don't change as a result of the federal exemption. For example, unless an exception applies, teams still are required to withhold federal income taxes on US-source compensation they pay to nonresident alien players, coaches, and support staff. Furthermore, teams still need to report US-source income paid to nonresident individuals, even if exempt under a treaty, and timely withholding forms are required.

Similarly, the tax exemption provided to teams doesn't alter the fact that, unless a bilateral social security (totalization) agreement provides otherwise, teams are still required to withhold employee social security contributions and pay the employer portion of social security taxes on US-source compensation paid to their nonresident employees. Additionally, all nonresident individuals who perform services in the US will generally need to file US tax returns, regardless of whether the amount is exempt under an income tax treaty.

- **Classification as employee versus independent contractor remains crucial.** The classification of players and staff as employees or self-employed remains crucial. Treaties continue to apply different tests and thresholds depending on such status that affects a national association's federal income tax and social security withholding and reporting requirements. The federal deal doesn't

resolve questions around whether an individual who performs services for a national association does so as an employee or as an independent contractor.

- **Social Security isn't affected, but rules remain murky.** The federal tax exemption that applies to national associations doesn't extend to social security. As we detailed in our earlier article, totalization agreements remain a central consideration for national teams, but they aren't always a clean fit for World Cup realities.

These agreements are typically designed for individuals who live and work in the country under whose social security system they remain covered. However, they don't necessarily address all situations involving players and staff who don't reside or ordinarily work in the country they represent. This creates uncertainty over which country's system should cover their World Cup-related work, and whether their home, or the country they represent, has the prevailing right to social security coverage.

Moreover, where no totalization agreement exists, there may be a risk of dual social security coverage and parallel exposure, with social security contributions potentially becoming due in both systems for the same period of World Cup-related activity.

Canada and Mexico Rules

[Canada](#) and [Mexico](#) have already provided federal-level relief for national associations' World Cup earnings. The new US federal deal moves the three host countries closer to a coordinated outcome and helps address concerns about a "postal code lottery," where the tax burden would vary significantly depending on where matches were played.

Assuming the process works as expected, federal income tax on core tournament earnings at the national association level should be significantly reduced or eliminated—welcome news for federations that had feared they might lose money on participation once tax and logistical costs were factored in.

The US development should, however, be viewed alongside the different approaches taken in Canada and Mexico. Canada has offered more targeted relief, focused largely on customs and event-related benefits, rather than a blanket income tax exemption. Mexico, by contrast, has enacted broad federal exemptions for FIFA and designated entities for World Cup-related income, though questions remain around domestic implementation and coordination with home-country rules.

Teams, federations, and players must therefore analyze the full tri-host picture rather than assuming that the US federal deal creates uniform tax treatment across North America.

Federal Deal Fixes

The US federal agreement on World Cup tournament earnings represents a meaningful step toward a more coherent tax framework for the 2026 FIFA World Cup. It alleviates some of the pressure on national associations and reduces the risk that participation in the tournament becomes a financial loss solely due to US federal income tax.

However, the fundamentals haven't changed: The deal is narrowly focused on certain categories of team-level federal income and isn't a blanket tax holiday for players, coaches, or staff. State and local tax remains a persistent headache, as states can still assert their own taxing rights and impose separate filing and withholding obligations even where federal tax is reduced or eliminated.

Associations and other payers must still meet US reporting and withholding requirements on US-source income, and individuals are still expected to file US returns even where treaty relief applies. Commercial,

sponsorship, and PR income remains exposed, classification as employee versus independent contractor continues to drive tax and social security treatment, and the deal doesn't extend to social security—US social security obligations generally remain in place unless a totalization agreement says otherwise. Careful planning, robust documentation, and coordinated advice across all three host countries and the relevant home jurisdictions are therefore still essential if the focus is to stay where it belongs: on the pitch rather than on unexpected tax and compliance surprises.

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