

Questions on the Financial Report 2013 for Congress 2014

1) Doesn't FIFA pay any tax in Zurich?

Yes it does: according to the Financial Report 2013, FIFA paid USD 17 million in tax. FIFA is taxed in Switzerland entirely on the basis of taxable profit according to the taxation rules for associations. The statutory requirements for this status are regularly checked by the state and assessed as to whether FIFA has fully met them or not. The criticism that FIFA, with its billions of revenues, should not be regarded as an association, is not relevant. The key here is not the amount of revenue but how it is used.

2) Does FIFA guarantee total tax exemption for it and its sponsors in host countries, as reported in various section of the media?

During its call for tenders, FIFA does not ask the candidate countries for its sponsors to enjoy "unrestricted or even complete exemption from any form of taxation". Instead, FIFA requests specific, limited exemption for its sponsors and certain service providers, which is closely connected with the event. The exemption requested by FIFA for its sponsors is on a level with the tax relief requested by other organisers of major sporting or cultural events. For example, FIFA does not demand any general tax exemption for sponsors and suppliers for the overall commercial activities in the host country. Instead, FIFA only requires an easing of customs procedures for some materials that need to be imported for the organisation of the World Cup and cannot be obtained in the host country (e.g. import of computers to be used by FIFA or the LOC, import of electronic advertising boards (and subsequent export), import of footballs to be used during the World Cup), and which will either be used and exported after the event, or donated to an institution linked to sport in the host country. Furthermore, to reduce its costs, FIFA requests for example exemption from or the ability to pay back sales tax payable in connection with the purchase of services or goods to the extent that such services or goods are solely used for the organisation and staging of the World Cup. Incidentally, a tax treatment similar to FIFA's request has already been granted under EU sales tax law in relation to the so-called "entitlement to input tax deduction" on the basis of purely entrepreneurial activity for any company (and unconnected with FIFA or the World Cup).

This should be understood in the following context:

- a) *FIFA is subject to tax in Switzerland on all of its profits.*
- b) *Because of FIFA's statutory duty to stage football tournaments and other events (e.g. FIFA Congresses) anywhere in the world, paying tax in every host country is not viable from an organisational viewpoint and FIFA as a consequence would be forced to restrict its activities and the hosting of tournaments to a few countries. Like other organisers of major sporting events, FIFA is therefore subject to tax in a single country, in FIFA's case Switzerland.*
- c) *FIFA's full tax exemption in the host country reduces costs. In this respect, it should be pointed out that unlike other organisers of major sporting events, FIFA organises the World Cup at its own economic risk and bears all of its own costs as well as those of the Local Organising Committee (LOC). In connection with the 2014 World Cup, we estimate these competition-related costs to be in the region of USD 2.0 billion and anticipate costs to rise in connection with the tournaments in Russia and Qatar.*
- d) *Of all FIFA's revenues, of which almost 90% come from the World Cup, FIFA invests nearly 80% into funding its competitions and into developing football worldwide. As an example, FIFA currently invests USD 550,000 per day into worldwide football development (which is also one of its statutory duties) and intends to increase this sum to USD 650,000 per day after the 2014 World Cup. In addition to the USD 2 billion paid by FIFA for the staging of the 2014 World Cup, FIFA also*

invests around USD 460,000 per day into staging other tournaments during its four-year cycle (e.g. U-17 and U-20 World Cups for males and females, the Women's World Cup, the FIFA Confederations Cup, the Futsal, Beach Soccer and Club World Cups, the Blue Stars tournament and the FIFA Interactive World Cup). Not having the tax exemptions would increase the hosting costs and thus severely hamper FIFA in the fulfilment of its statutory duties.

For more information on FIFA's revenues and on its use of funds, see the [annual Financial Report](#), which is available to the public.

Incidentally, regardless of tax guarantees, FIFA never receives tax exemption across the board. An example is the taxation of all ticket revenues in Brazil.

3) How much will FIFA earn from the World Cup in Brazil?

According to the latest forecasts, our revenues from the sale of TV and marketing rights will amount to around USD 4.5 billion, with some 60% from the sale of TV rights and around 40% from marketing and licensing rights. The revenues are higher than estimated in the 2009 budget because the sales volumes are higher. In this respect, expenses have also increased (higher prize money, higher preparation costs, Club Protection Programme to insure the players).

4) How much will the 2014 World Cup cost?

FIFA is paying around USD 2 billion for the entire operational costs of the World Cup, with about half going directly into the Brazilian economy. It doesn't accept any public money for this, instead it only uses the money generated by the sale of World Cup TV and marketing rights. In terms of the host country's investments, the figures quoted often include investments in infrastructure that are not directly linked to the World Cup and have not even been made for the World Cup. The country will, for example, benefit for many years to come from investments in road networks, airports or telecommunication systems, and as such they are not World Cup-related costs.

5) Is FIFA insured against a cancellation of the World Cup?

As for all World Cups since 1998, FIFA has taken out insurance for USD 900,000 (for 2014 and 2018) to cover itself against a postponement and/or relocation of the 2014 FIFA World Cup™. This insurance provides cover against terrorism, natural catastrophes, epidemics, war, accidents and riots. It does not include risks such as the non-availability of the venues and infrastructure. FIFA decided against cancellation cover as if an event is delayed for any reason, it is extremely unlikely that it will be cancelled.

6) How much is FIFA paying for the film "United Passions"?

FIFA has contributed EUR 20 million to the film, the total cost of which is EUR 23.5 million. The costs have come out of the budget of the 2014 World Cup, which is contained in the Financial Report 2009 and was approved by the 2010 FIFA Congress.