

# Tottenham Hotspur wins case over taxation of Peter Crouch's termination payment

```
[et_pb_section admin_label="Section" global_module="136"
fullwidth="on" specialty="off" transparent_background="off"
background_color="#ffffff" allow_player_pause="off"
inner_shadow="off" parallax="off" parallax_method="off"
padding_mobile="off" make_fullwidth="off"
use_custom_width="off" width_unit="on" make_equal="off"
use_custom_gutter="off"] [et_pb_fullwidth_code
global_parent="136" admin_label="Post
Header"] [Page_Header_Start] Employment Law News
[Page_Header_End] [/et_pb_fullwidth_code] [/et_pb_section] [et_pb
_section admin_label="section"] [et_pb_row
admin_label="row"] [et_pb_column type="3_4"] [et_pb_text
admin_label="Text" background_layout="light"
text_orientation="left" use_border_color="off"
border_color="#ffffff" border_style="solid"]
```

# Tottenham Hotspur wins case over taxation of Peter Crouch's termination payment

[post\_details]

## [Social-Share]

Tottenham Hotspur did not need to pay employer's National Insurance contributions in respect of the payments it made to Peter Crouch and Wilson Palacios when they transferred to Stoke City – those payments were termination payments despite

both players agreeing to go.

Both Peter Crouch and Wilson Palacios were employed by Tottenham Hotspur on fixed term contracts. In 2011, Spurs sought to reduce their wage bill, so it suggested that Crouch and Palacios transfer to Stoke City. Neither player was keen to go, but Crouch eventually agreed on the basis that he would be paid compensation under a settlement agreement for ending his contract early. Palacios seems to have made a similar decision. Payments were made to both players accordingly.

HMRC challenged the payments, arguing that they should have been subject to employer's National Insurance contributions. HMRC argued that, as the players' contracts contained a term permitting early termination by mutual agreement, payment on that basis was a contractual payment rather than compensation on termination.

The First-Tier Tax Tribunal held that the payments were not subject to employer's NICs as they were compensating Crouch and Palacios for the termination of their rights under their contracts. The Tribunal noted that all contracts can by their nature be terminated by mutual consent, so the inclusion of an express term to that effect did not change things.

At first blush, this decision is good news for employers – particularly Spurs, who saved a significant sum of money. However, the benefit is only temporary given that all taxable termination payments will be subject to employer's NICs from April 2018.

*Tottenham Hotspur Ltd v HMRC* [2016] UKFTT 0389

```
[/et_pb_text][et_pb_column type="1_4"][et_pb_sidebar admin_label="Sidebar" orientation="right" area="sidebar-1" background_layout="light" remove_border="off"]
```

[/et\_pb\_sidebar][et\_pb\_column][et\_pb\_row][et\_pb\_section]