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# Soccer Strike Is Avoided in Spain After a Tax Increase

By ANDRÉS CALA  
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MADRID — The owners of Spanish soccer teams backtracked Friday on their threat to halt the country’s most prominent league, deciding instead to open negotiations with the government over a fiscal reform plan that will almost double the tax burden on foreign players.

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The reform included in the government’s budget proposal would raise income tax for foreigners earning more than €600,000, or \$890,000, a year to 43 percent from 24 percent. That would mirror similar levies in the rest of Europe, including Britain, France, Germany and Italy, although the average is 34 percent, according to the club owners’ association.

The tax break was introduced in 2004 to lure top-notch foreign expertise, but it has mostly benefited football clubs, to the point it was dubbed the “Beckham law” after David Beckham, the British soccer star who was among the first to profit from the measure when he signed for Real Madrid.

Now the Spanish government, faced with a soaring deficit in 2010 it forecasted at 8.1 percent, needs all the cash it can get. Local media have dubbed the planned tax increase the “Ronaldo law” after Cristiano Ronaldo, the Portuguese player who signed for Real Madrid for a salary of around €13 million annually.

Spanish players, or foreign players who have resided here for more than five years, already pay the 43 percent tax, including the Argentine Lionel Messi, arguably the world’s best soccer player who earns around €10 million.

The planned tax reform though is not retroactive and will only come into effect January 1. It was a the ruling Socialist Party’s concession to several minority left-leaning parties in

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largest opposition groups in Spain. Parliament has until the end of the year to approve the budget law.

Spain's Professional Football League, known as La Liga, which groups the 42 teams of the first and second divisions, initially threatened to halt both competitions after the government announced the reform Tuesday. Since, most Spaniards have sided with the government though, increasingly isolating team owners.

The outcry grew quickly across the board. The government initially recriminated club owners for lack of solidarity with the rest of Spaniards who are suffering from the worst recession in decades and from an unemployment rate that is expected to reach 19 percent next year.

Criticism against La Liga mounted as journalists, players and most of the public joined the chorus.

Club owners have signaled they intend to barter for other benefits, especially those involving television rights, to compensate for lost revenue. The owners' association called for another meeting Nov. 19 to assess the outcome of talks with the government and didn't rule out halting La Liga.

In a press conference following the extraordinary assembly, the president of La Liga, José Luis Astiazarán, defended his organization. "I respect all those opinions, but as an association we don't agree."

"We had to rebel because they suddenly want to break the system that has allowed Spanish teams to become so successful," Mr. Astiazarán said later on the sidelines of the meeting. He echoed the complaints coming from the best known teams in Spain, including Barcelona and Real Madrid, that say they won't be able to attract the best players.

The claim is not completely unfounded, said Francesc Pujol, deputy dean of the economy department in Universidad de Navarra and an expert in sports economy. "From next year on, Spain will have to compete on equal grounds with other European teams. They lose their fiscal advantage, their unfair advantage."

The government is unlikely to raise a lot more taxes from its fiscal reform. "This is clearly a political decision, with limited direct fiscal impact in terms of players' salaries," Mr. Pujol said. "But it sends the right message to contributors that everybody tightens their belt in this crisis, which will have the indirect impact of lowering tax evasions."

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