

# Goals, Glory, and Taxes: Foreign Athletes Face U.S. Tax Implications for World Cup 2026

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The 2026 FIFA World Cup, taking place this summer across the United States, Canada, and Mexico, will capture global attention with its exciting matches, heated rivalries, and memorable moments. However, the tournament also brings challenges off the field that players have to navigate.

While athletes focus on the games at hand, they also work with their advisors to address a complex web of international tax obligations—particularly nonresident players who have the potential to earn income from participation bonuses and other event-related activities in the U.S.

A clear understanding of these tax considerations is essential for players. Below is an overview of how U.S. tax authorities may treat player earnings and what international competitors should know before taking the field.

## Taxation

Nonresident alien (NRA) athletes who earn money in the U.S., as a result of the World Cup, may remain unaware that earning income from independent personal

services typically requires them to pay U.S. income tax on their U.S.-sourced earnings. This includes appearance fees, match bonuses, prize money, sponsorships, endorsements, licensing and image right fees, and merchandise royalties directly associated with the World Cup. As a result, they must file a U.S. federal income tax return to report and pay any U.S. taxes owed. Navigating these rules can be difficult, so understanding the tax implications and considerations is critical.

## **Withholding Tax Rates**

Payments to NRA athletes are subject to special withholding rules. Generally, tax is withheld at the statutory rates (30% for independent personal services, graduated rates for dependent personal services, or 30% in cases in which the status of the payee cannot be determined) on all payments made to foreign athletes or entertainers.

## **Tax Treaties**

The U.S. has tax treaties in place with many of the countries participating in this summer's World Cup. These agreements are intended to reduce the risk of double taxation and often include specific provisions that apply to athletes.

Depending on the given treaty, players may qualify for certain advantages, such as exemptions on income earned from short-term appearances in the U.S. or limitations on how much of their income is subject to U.S. taxation beyond a defined threshold. Under the U.S. model treaty, and many active tax treaties the U.S. has in place, the income threshold for a full tax exemption is \$20,000.. Given the income levels of many soccer players, this income threshold exemption may not be of much practical use.

That said, even if these treaty benefits are available, they may not be automatically guaranteed. To take advantage of treaty provisions, players must file the necessary paperwork—typically Form 8233 for personal service income or Form W-8BEN to claim reduced treaty rates on other types of income, as well as filing an income tax return with the IRS.

# Specific Tax Considerations for Soccer Players

1. **Performance Fees:** All income is reportable and potentially taxable in the U.S. dependent on the level fees received and ability to claim treaty relief.
2. **Charitable Donations:** Many soccer players forgo their performance fees and contribute/direct their fees to a charity of their choice. It is important to review these arrangements to determine whether such arrangement will reduce their income for U.S. tax purposes; contractual entitlement to the performance fees is still taxable income and charitable donations have specific limitations under U.S. tax principles.
3. **Image Rights:** Many soccer players have lucrative endorsement deals where their image rights are used and they must perform services for the brands that have endorsed them. Should these services be performed in the U.S. these arrangements need to be reviewed to determine potential U.S. tax exposure.

## A Central Withholding Agreement (CWA)

Foreign athletes and entertainers touring the United States (this includes soccer players coming to play in the World Cup) regularly enter into a CWA with the IRS, as these agreements typically reduce the amount of taxes withheld on the U.S.-source gross income. The withholding is typically lower when a CWA is in effect because it can be calculated at a reduced rate based on the net income earned. A request for a CWA should be submitted at least 45 days before the agreement takes effect. These CWA's are likely to be facilitated by each country's association but only to the extent that it relates to income received by playing for their country.

## Final Thoughts

The U.S. tax obligations for nonresident alien athletes and entertainers are complex and marked by numerous intricacies and rules, making it essential for both foreign individuals and entities involved to thoroughly understand the tax regulations, withholding requirements, and potential exemptions. Proper compliance and proactive measures can help mitigate complications and ensure adherence to U.S. tax laws. Ultimately, working with knowledgeable and experienced providers, like

Anchin's International Tax team, can help nonresident alien athletes and entrepreneurs stay informed of the steps they can take to address their tax obligations.

***To learn more about the tax complexities regarding foreign athletes, please contact [KEVIN BROWN](#) or [Robert Martin](#), from Anchin's International Tax Group, or your Anchin Relationship Partner.***