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Soccer Star Lionel Messi's €15 Million Tax Deal Avoiding Criminal Charges? On, Then Off

You have to hand it to footballer [Lionel Messi](#). Apart from his football prowess and clean image, the 26 year-old also knows how to deflect a problem and get back to what he does best. The [Barcelona](#) star and his father, Jorge Horacio Messi, were accused of scamming \$5.3 million in taxes in 2007-2009. A Judge had to accept the prosecutor's suit for it to move forward.



Photo credit: LLUIS GENE/AFP/Getty Images

When the case moved forward, dark tax clouds loomed but they parted when *El Periodico* reported that Messi agreed to pay €15 million (\$19,546,500 U.S.) to resolve it all. But like sudden death overtime, the tension is rising again. See [Lionel Messi's lawyers deny tax settlement report](#). They haven't ruled out a deal, but [Messi's lawyers deny tax case settled](#).

Messi and son allegedly used shell companies in tax havens to shield royalties and licensing income from Spanish tax. The scheme reportedly allowed them to avoid tax of nearly €4.165 million (\$5.5 million U.S.). Yet reports say Messi and his father have already paid €10 million to the Spain's Treasury for 2010 and 2011. See [Lionel Messi pays €10m in back taxes](#).

The reports of an early settlement say Mr. Messi is expected to make an additional payment for the 2012 tax year by June 30, 2013. That makes it likely that the amount reaped by Spain will total €30 million (\$39,093,000 U.S.). Assuming this happens—and I sure hope it does—that makes June a busy (and expensive) month for the star athlete.

He apparently didn't even know he had a tax problem until he read it in the press, Internet and TV. In Spain and worldwide, Messi is a high profile target and the charges threatened his image. Ironically, the allegations were all about image rights and how and where payments should be taxed.

Both Messis were due to appear in court on September 17, but now that all will hopefully go away. Image and image rights apparently fully intact, it seems a shrewd and decisive move. If a deal is confirmed it will be a relief that Spanish authorities took stock of their case and settled for cash. It reflects the reality between civil and criminal tax charges.

Unless Messi is prepared to spend years in court litigating his tax position, the deal seems an obvious winner. In perception and procedure, there is a large gap between criminal and civil tax cases. [El Pais](#) had reported that the case could result in one to six years in prison and penalties of up to six times the amount evaded. If they are found guilty Messi and his father could face fines of 150% of the concealed earnings and two to six years in prison.

All the facts may never come out, and the on again off again settlement suggest wrinkles remain. Yet based on available data it wasn't clear this should have ever been a criminal case, particularly considering the advisers that were likely involved. Assigning image rights to companies (even in tax havens) isn't foreign to athletes and entertainers and is arguably not criminal by itself. Disputes about how much is allocated to a particular country and where endorsement earnings should be taxed are common. See [IRS Sand Trap For Pro Golfers](#).

I hope the deal goes in the net. If it does, I say Bravo to Messi for digging deep and paying this off. Good for Spanish authorities too. They may have been a touch aggressive at the start, but hopefully this deal lets everyone move on. After all, Football is more important than this.

You can reach me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.