

# What a relief.

Community Amateur Sports Clubs  
– the tax options



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# Introduction

Government has now acknowledged the vital role that local sports clubs play in our society in promoting social and community inclusiveness and, more particularly, health through regular exercise. Historically, this significant contribution has not been recognised through the tax system which, if anything, has hindered the development of sports clubs. Young people are increasingly losing interest in sport after they leave the education system. Local sports clubs established on a sound financial basis can help reverse this decline in participation.

The voluntary sports clubs sector has historically suffered from a lack of both cash and adequate facilities despite the valuable efforts of thousands of volunteers. Following Government and Charity Commission consultation in 2001 and new legislation which has followed, we have now entered a new era for the amateur sports club, which can now take advantage of valuable tax reliefs by registering either:

- as a charity, with the Charity Commission (the Inland Revenue in Scotland and Northern Ireland); or
- as a Community Amateur Sports Club (CASC) with the Inland Revenue.

The Charities Bill currently going through Parliament makes the advancement of amateur sport a charitable objective.

## **The purpose of this booklet**

In the past, sports clubs, whether incorporated or not, have generally enjoyed no special exemptions from tax; neither has a complex tax system encouraged giving to clubs. Registration under either of the two packages changes all of this.

The purpose of this booklet is to help those clubs that are eligible to decide whether to register or to remain as they are. There is no compulsion to register; clubs come in all shapes and sizes and they must decide for themselves whether registration, which provides corporation tax exemption, business rate relief and the ability to raise funds with the benefit of tax relief for the donor, is worthwhile.

## **Edited by**

Richard Baldwin, with over 25 years experience in tax, constitutional form and charitable status for sports bodies leads our team of seven sports tax consultants based in London.

Richard is a member of the working party convened by the Department of Culture, Media and Sport in 1999 to press for tax changes to encourage community sport. He continues that involvement now that the legislation has been enacted in terms of resolving particular issues arising from the implementation of the legislation and promoting the scheme.

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# Legal aspects of registration

To qualify as a **charity**, a club must promote community participation in healthy recreation by providing facilities for playing particular sports (this will change following the enactment and implementation of the Charities Bill when the advancement of amateur sport per se will be charitable).

To qualify as a **CASC**, a club must, as its main purpose, provide facilities for and promote participation in one or more eligible sports.

There is currently a subtle **distinction between these two definitions**. In the first case, the provision of sports facilities is a means to an end, ie the promotion of community participation in healthy recreation, and in the second case, the promotion of sport is the end in itself. In order to register under either package, the club constitution should have the appropriate objective, ie, in the case of a charity, “the promotion of community participation in healthy recreation by the provision of facilities for playing [sport]”, and in the case of a CASC, “the provision of facilities for and encouragement of participation [in one or more eligible sports]”. After the Charities Bill becomes law it will still be possible for the club to register as a CASC, rather than as a charity, even though its objectives will then be charitable, ie the promotion of sport.

In terms of the **activities** that qualify, there are over 100 eligible sports listed by the Inland Revenue; healthy sports for charity registration are not currently the same. They must be judged in terms of promoting health and some, such as angling, ballooning, crossbow, rifle and pistol shooting, flying, gliding, motor sports and parachuting, may not qualify.

**“Membership must be open to the whole community without discrimination and with affordable membership fees.”**

For both packages, **membership** must be open to the whole community without discrimination and with affordable membership fees. The facilities should be available to all, giving broadly the same treatment to less skillful and less competitive players.

In both cases, clubs must be **amateur**, which means that players cannot be paid but expenses can be reimbursed. A player/coach can be paid.

**Distributions** to members are not allowed; surpluses must be re-invested in the club. In the case of a CASC, any net assets on dissolution must be applied for approved community sporting or charitable purposes. A charitable club must apply its assets for charitable purposes only.

Charitable sports clubs cannot have a separate group of **social members** as members; they must all be players or helpers. CASCs can have social members provided broadly they are in a minority.

Charitable clubs should generally run **bars** through separate non-charitable clubs or companies (which can have social members), whereas a CASC can run a bar as a social adjunct to the provision of its sporting facilities.

CASCs must **register** with the Inland Revenue Sports Club Unit in Bootle, which administers and monitors the new system. Charitable clubs in England and Wales should register with the Charity Commission. Their tax affairs will be dealt with by the Inland Revenue office in Bootle, Merseyside. In Scotland and Northern Ireland, registration is with the Inland Revenue (Edinburgh and Bootle respectively).

**No particular registrations** are required for clubs that decide not to take advantage of either the CASC or charity packages.

**Club responsibilities** under charity law in terms of the management of its affairs, accounting and reporting to the Charity Commission are in general more onerous under the charity route than under the CASC tax relief package.

# Maintaining the status quo

Sports clubs do and will continue to face all of the usual taxes that companies face without special exemptions. Unexpected tax liabilities can arise and opportunities to minimise tax can be lost because of a lack of awareness amongst club officers, particularly Treasurers. The main taxes that unregistered sports clubs will continue to face are:

- Corporation tax on income and gains;
- PAYE and National Insurance collection in respect of employees;
- Value added tax (VAT) if annual taxable turnover exceeds the registration limit of £60,000 currently;
- VAT exemption is available for membership subscriptions but this may give rise to recovery restrictions on VAT paid;
- Uniform business rates (UBR) subject to discretionary relief if the local rating authority chooses to grant it; and
- Stamp duty, particularly on transfers of property, can be a burden.

The two packages will mainly reduce the burden of corporation tax and UBR as noted below. They will also provide tax incentives for giving. This booklet is principally concerned with corporation tax and giving.

Unregistered clubs pay corporation tax if they have taxable sources of income and gains – whether or not they are companies, or corporations, in the legal sense. Inland Revenue publication IR46, “Clubs, Societies and Voluntary Associations”, provides useful guidance.

Typically, it is income from non-members that is taxable and gives rise to difficulties. Common sources are:

- interest income from a bank or building society;
- rental income from letting the clubhouse or sports facilities, eg for play groups, parties and receptions;
- fund-raising from, for example, beer festivals, dinner dances, etc, attended by non-members;
- capital gains, eg from selling club land at a profit.

In arriving at taxable income, it is permissible to deduct related expenditure so that only the club’s profit is subject to corporation tax.

Certain exemptions and reliefs are available:

- Even though the club earns an annual surplus, this may not be taxable if the club’s activity lacks commercial inspiration. That is, the club does not carry on a trade but merely aims to break even or make a small surplus from its main purpose of providing services for its members to play and watch sport. Guidance on this can be found in Inland Revenue Bulletin IR32.07, *Members Sports Clubs*, dated 22 December 1997 (now to be found in Inland Revenue Business Income Manual BIM24215).
- Even if a club carries on activities on a commercial basis, a surplus from members’ subscriptions may not be taxable under the mutual trading principle. Under this, no taxable profit can arise where income is derived from members and accrues for their benefit, since the members cannot make a profit out of themselves. Useful guidance on the trading receipts of members golf clubs is provided by the Inland Revenue in its Bulletin number 12.15, dated 31 August 1994 (now to be found in Inland Revenue Business Income Manual BIM24230).
- However, income from non-members, eg bar and catering sales, is taxable, but after offsetting expenses which can be:
  - directly attributable to earning the income;
  - indirect expenses arrived at by apportionment. This includes overheads generally deductible in the proportion of taxable to total income;
  - notional expenditure if goods and services are provided free to it or at less than market value. The latter can be substituted in arriving at taxable income provided the rates used are reasonable.



In the case of capital assets, eg land used by the club, tax on any capital gain on disposal can be deferred by reinvesting the entire sales proceeds in new assets, eg a clubhouse or sports facility within a specified period.

Taxable profits are arrived at after aggregating the club's various sources of taxable income net of expenses and gains. The first £10,000 of such profits are taxable at a nil rate, thus providing a valuable shelter to the sports club from corporation tax. The next £40,000 of taxable profits attract a marginal rate of 23.75%.

It is likely that the vast majority of clubs that do not own their facilities will not need to concern themselves with corporation tax. However, those clubs with their own facilities, particularly those with a bar and social membership, should review their position carefully. Their income from non-members may produce taxable profits, which they should compute and report to the Inland Revenue where appropriate.

Corporation tax is dealt with on a self-assessment basis; it is the club's, and more particularly the Treasurer's, responsibility as the "proper officer" to:

- ensure that payment of any tax due is made nine months after the year-end; and
- file a corporation tax return 12 months after the year-end.

The Inland Revenue can collect the tax due from the Treasurer of an unincorporated club personally; the Treasurer has then a right of recovery from the club itself. There are also penalties and interest for non-compliance.

Existing compliance by clubs is at best patchy; clubs for the most part seem too often to be unaware of their obligations and fail to comply. Fortunately, the Inland Revenue's approach is often not aggressive but sympathetic. In some cases, the local Inspector of Taxes will agree that returns need not be submitted and tax need not be paid where the amounts are small. However, clubs with substantial amounts of taxable income should review their position irrespective of whether they decide to register. Beware the disillusioned member who "informs" on the club to the Inland Revenue.

**“The Inland Revenue can collect the tax due from the Treasurer of an unincorporated club personally.”**

# CASCs – the tax reliefs

CASCs enjoy the following tax reliefs:

- exemption from corporation tax, subject to certain limits;
- individuals can make gifts to CASCs, using gift aid; and
- mandatory rate relief of 80%.

CASCs benefit from complete exemption from corporation tax on:

- interest and gift-aid income; and

- capital gains provided these are applied for qualifying purposes.

CASCs enjoy limited exemption from corporation tax on:

- profits from trading and fund-raising where gross income is less than £30,000 per annum;
- income from property where the gross income is less than £15,000 per annum provided, again, that the income is applied for qualifying purposes.

If the above limits are exceeded, then:

- 100% of the whole income is taxable without any marginal relief;
- it is possible to deduct notional costs in arriving at taxable income (see previous chapter);
- the above exemptions for non-commercial and mutual income (see previous chapter) may apply, and the nil rate band of £10,000 is still available (see previous chapter).

For the exemptions to apply, the appropriate income and gains need to be applied for qualifying purposes, ie for the provision of facilities and promoting participation in eligible sports. If this is not the case and the funds are applied for non-qualifying purposes, exemption is lost for a proportion of such expenditure based on the ratio of exempt income to total income.

A club, once registered, may decide to change the way it operates, following which it may cease to qualify, e.g. it may decide to put its players on contracts and pay them for playing. As a result, the club will be deregistered by the Inland Revenue. In this event it is deemed to have disposed of any capital assets, e.g. property, and to have reacquired them at the market value, thus triggering a taxable capital gain (even though no cash is generated to pay the tax). Great care is therefore required before major changes to a club's operations, which may affect CASC qualification, are made. Planning in advance may help avoid such problems.

For many sports clubs, the corporation tax position will not be relevant since they are too small; others may need to go through the calculations. Potentially the major benefits of CASC registration are mandatory rate relief and the new tax effective 'giving' regime.

Individuals can make gifts to CASCs using gift aid. This results in two benefits:

- Income tax relief is available for their gift resulting in a tax repayment for a higher rate taxpayer.
- A tax refund for the club itself.

These benefits are shown in Table 1 and Table 2 below. Table 1 shows the benefits to the club and the individual and Table 2 shows the tax subsidy provided by the Government. Clubs that are raising, or might be able to raise, regular or one-off donations should seriously consider registration. Historically, in order to qualify for gift aid relief in an income tax year, the gift must have been made in that year. As from 6 April 2003, a taxpayer can make a payment after the tax year has ended and before 31 January following the end of the year and carry it back to the previous income tax year.

**Table 1: Illustration of impact of gift aid – for individuals and sports clubs**

Gift aid relief for individuals	
'Gross' equivalent	128
Income tax at 22%	(28) Recoverable by club
<b>Paid by donor</b>	<b>100</b>
Higher rate relief	(23)
<b>Net cost to donor</b>	<b>77</b>

Source: Deloitte analysis

**Table 2: Gift aid relief – the tax subsidy**

	Higher rate	Basic rate
Net cost to individual	77	100
Tax subsidy (percentage of net cost)	51 67%	28 28%
<b>Received by club</b>	<b>128</b>	<b>128</b>

Source: Deloitte analysis

Individuals can also benefit from relief from inheritance tax on gifts to a registered CASC. This currently bites on estates valued at more than £275,000 at a rate of 40%. This means that a bequest of £100 will now cost £40 less than previously (being the IHT saving).

Other reliefs for gifts to CASCs now are:

- gifts by businesses of goods and equipment are tax allowable to companies without having to rely on the normal business sponsorship tests; and
- capital assets can be given on a no-gain-no-loss basis, ie they are not taxed for capital gains purposes.

Whilst subscriptions are not eligible for gift-aid, they may be set at a level which enables the club to do no more than break even, with a request for a voluntary donation on top which will attract gift aid relief.

The voluntary donation principle can be used to secure more funds for the club and tax relief for the donor in other situations besides subscriptions:

- “sponsorship” of individuals or the club, eg running in marathons;
- fund-raising events where the ticket price is set at a level to pay for the direct costs of the event with a donation suggested on top; and
- auctions, where the Inland Revenue will accept that if the price bid for an item which has a readily ascertainable value, is in excess of that value, the excess can be treated as a donation. This donation will qualify for gift-aid relief (see booklet CWL4, published jointly by the Inland Revenue and HM Customs & Excise – *Fund-Raising Events; exemption for charities and other qualifying bodies*).

The use of a voluntary donation does, of course, have commercial risks, eg that the person may not make it. If it is truly voluntary and there is no legal obligation to pay the donation, it should also not count as taxable fund-raising income for the purpose of considering the limited exemption as discussed above.



The Local Government Act, which became law in September 2003, provided mandatory rate relief of 80% for CASCs that are registered with the Inland Revenue. This came into effect on 1 April 2004. Some clubs already benefit from discretionary relief up to 100% awarded on a case-by-case basis by the Local Authority.

Mandatory relief brings CASCs in line with their counterparts in the charity sector who have enjoyed this treatment for some time. Clubs that remain unregistered will have to negotiate discretionary relief or suffer normal business rates as before.

The CASC legislation has been in place for two years now. Experience of dealing with both clubs and the Inland Revenue is building. In practical terms, clubs are run predominantly on a voluntary basis, and the registration process is designed to be simple and accommodating for voluntary officials. Application is made for CASC status to the Inland Revenue Sports Clubs Unit enclosing:

- a registration form with seven simple questions on it;
- a copy of the club's governing document – this might be its Constitution, Rules or Memorandum of Association;
- a copy of the club's latest accounts;
- a copy of any prospectus, member's handbook, rule book, etc.

Applicant clubs will be informed when they have become registered as a CASC and told the date from which they are registered. Some clubs may be refused registration initially until they change their Rules or Constitution. Often the clubs’ existing governing documents do not comply with the scheme. Other clubs may be refused registration on the basis of more fundamental issues and asked not to reapply. There is an appeals process against decisions.

The Inland Revenue website ([www.inlandrevenue.gov.uk](http://www.inlandrevenue.gov.uk)) contains details of how to register and also some guidance notes. The application form itself contains some useful hints for the completion of the questions and the reasoning behind them.

To date, the main reasons that clubs are not qualifying for CASC status are:

- they have old or outdated governing documents that:
  - contain no dissolution clause or an invalid clause;
  - do not make it clear that the club is open to the whole community without discrimination; and
  - do not state participation in sport as an objective;
- or
- the club does not participate in an eligible sport; or
- the players are paid; or
- the organisation does no more than provide facilities for other clubs.

The Central Council of Physical Recreation (“CCPR”) website ([www.ccpr.org.uk](http://www.ccpr.org.uk)) contains a useful proforma Constitution for a club that wishes to qualify as a CASC. CCPR have taken up the issue of multi-sports clubs, some of which have found difficulty in registering. Following this, the Inland Revenue have published guidance on the options for multi-sports clubs.

The major tax benefits for a CASC are in summary:

- corporation tax exemption for
  - interest income and gains (100%)
  - property and fund-raising income (limited);
- gift aid relief and IHT relief for individuals;
- income tax repayments for the club on gift aid income; and
- mandatory rate relief of 80%.

At 31 January 2005, 2,095 clubs have registered as CASCs generating an estimated cash benefit of £5m. The top ten registrations by sport are shown in Table 3. Appendix 4 contains case studies of the benefit that Woodford Rugby Club and Wembley Cricket Club have obtained for CASC registration.

**Table 3: Registrations – 28 February 2005**

		Registered CASCs
1.	Cricket	452
2.	Bowling	368
3.	Tennis	204
4.	Rugby Union	180
5.	Golf	164
6.	Football	148
7.	Sailing, Yachting & Cruising	147
8.	Mixed Sports	141
9.	Shooting	69
10.	Gaelic football & Hurling	54
<b>Total</b>		<b>1,927</b>

Note: Registered CASCs serving the top ten sports include 1,927 (or 85%) out of the 2,266 registered clubs.

Source: Deloitte analysis of Inland Revenue list.

**“In practical terms, clubs are run predominantly on a voluntary basis, and the registration process is designed to be simple and accommodating for voluntary officials.”**

# Charitable sports clubs – the tax reliefs

Charitable sports clubs enjoy complete exemption from corporation tax on:

- interest income;
- capital gains;
- property income;
- trade in fulfilling their charitable purpose;
- profits not derived from trade fulfilling their charitable purpose where the trade is small (ie on the lower of 25% of its turnover or £50,000 for clubs whose turnover exceeds £200,000); and
- one-off fund raising (see below).

Any activities that do not qualify for complete exemption can be carried on by a separate club or company, the profits from which can be given tax-free to the charitable club.

Income and gains must be applied for charitable purposes for full exemption to be available. This means not just revenue expenditure but also any investments must be qualifying as defined in tax legislation. The application of funds for “non-qualifying purposes” will give rise to a corporation tax liability.

Provided appropriate structures are adopted, charitable sports clubs should be able to avoid corporation tax. Much more valuable will be the tax incentives for giving and fund-raising which are more extensive than those for CASCs.

Gift aid for individuals is the same as for CASCs (the payroll giving scheme is also prima facie available). However, sports clubs that are charities can also take advantage of gift aid by corporate donors who can get statutory corporation tax relief for any gift without having to prove that the gift comes under the usual business sponsorship rules, ie the club does not have to give anything in return. This relief enables the charity to set up a trading entity and gift aid its profits to the club, thus eliminating any corporation tax liability (see above).

Individuals and companies can also get income and corporation tax relief respectively for gifts of shares and property to a charitable club. This may be of particular benefit in the case of an individual giving land that cost nothing and which has increased in value as Table 4 shows:

**Table 4: Illustration of cost to individual of gift (of land) to charity**

	Individual	Club
Value of land - given by individual - received by club	100	100
Income tax repayment received Capital gains tax avoided	(40) (40)	
<b>Net cost to individual</b>	<b>20</b>	

Source: Deloitte analysis.

In this case the tax subsidy is four-times the net cost to the individual donor. Whilst capital gains relief is available for a donor giving shares or property to a CASC, the additional income tax relief is not.

The IHT tax relief and capital gains reliefs for other gifts mentioned above for CASCs are also available for individuals giving to clubs that are registered as charities.

Whilst subscriptions to charitable sports clubs are not automatically debarred from gift-aid relief (as they are for CASCs) the limits on the values that can be received in return under gift aid effectively mean that they will not qualify for relief. As for CASCs, subscriptions may be set at a level which results in a break-even position for the club with a request for a voluntary donation on top which will attract gift-aid. Such a donation will provide a higher rate taxpayer and the club with tax repayments (see previous chapter).

As for CASCs, the voluntary donation principle can secure higher rate relief for individuals and tax repayments for clubs in relation to:

- fund-raising; and
- auctions.

The commercial caveat still applies, however (see previous chapter).

Tax effective fund-raising is made easier for charitable clubs principally because of a corporation tax and VAT exemption for one-off fund-raising events. These are described in detail in the joint publication by the Inland Revenue and HM Customs & Excise, CWL4, which is concerned with charity fund-raising. Up to 15 fund-raising events of a similar type are allowed in the same location in each financial year free of both VAT and corporation tax. In practice, it is therefore unlikely that the sports club that is registered as a charity will have to pay either type of tax on its income from genuine fund-raising as opposed to social events.

In addition to corporation tax reliefs and tax reliefs for giving, charitable sports clubs benefit from:

- mandatory 80% rate relief on premises they occupy and they are eligible to apply for discretionary relief for the remaining 20%. Such relief may be more apparent than real for those clubs with bars, since relief may not generally be extended to the bar, which often accounts for the major part of the club's rateable value.
- It is possible that the cost of construction of a new building, be it a sports hall, clubhouse or pavilion, may qualify for zero-rating for VAT purposes. This could significantly reduce the after-tax costs of such facilities. HM Customs & Excise deals with such situations on a "facts and circumstances" basis, and clubs registered as charities should clear the matter with HM Customs & Excise in advance to avoid surprises.

The major tax benefits of clubs registering as charities are in summary:

- exemption from corporation tax for all income and gains with appropriate structuring;
- gift aid and inheritance tax relief for individuals;
- income tax repayments for the club on gift aid income;
- corporation tax relief for gift-aid payments by companies;
- tax relief for gifts of shares and real property by individuals and companies; and
- mandatory 80% uniform business rate and VAT reliefs.



**“Tax effective fund-raising is made easier for charitable clubs principally because of a corporation tax and VAT exemption for one-off fund-raising events.”**

# Should my club register?

Sports clubs have a choice. They do not have to register as a CASC or a charity. If they are small and have no premises or prospect of generating donations or bequests, they may choose to do nothing.

Larger clubs with premises and income from non-members should review their corporation tax affairs. If they should have been paying tax, they may need to approach the Inland Revenue to regularise their position. Registration under either package may avoid such problems in the future. Further, registration is not intended as a honey-trap; it will not encourage the Inland Revenue to investigate the past. However, the major benefit for such clubs is likely to be mandatory rate relief and raising money tax effectively under the gift aid system and by lifetime gifts or bequests. This can be achieved simply by registering as a CASC rather than as a charity.

Clubs with their own facilities, which they are considering developing, may wish to consider registering as a charity principally because of the better reliefs potentially available for fund-raising and VAT. Registration as a CASC may also provide an adequate alternative.

The costs and benefits of the two packages should be carefully compared before registering. Remember, if the members are likely to want to benefit from any profits or surpluses, eg on a sale of club assets, such as land, a club should not register since in practice there is no going back. Members should accept that registration under either route involves effectively making the club's assets permanently available for the community. Failure to comply continuously with the detailed requirements of either package may result in a corporation tax liability.

To assist consideration of this issue, we have prepared two 'aids':

- Appendix 1 compares the position of the two packages with maintaining the status quo; and
- Appendix 2 contains a Decision Chart for clubs considering registration.

To date the vast majority of clubs that have registered have pursued the CASC rather than the charity route.

Whatever the size of your club, if you feel confident that you can generate financial support within your community, registration under either route is worth considering since the tax system can help support your activities.

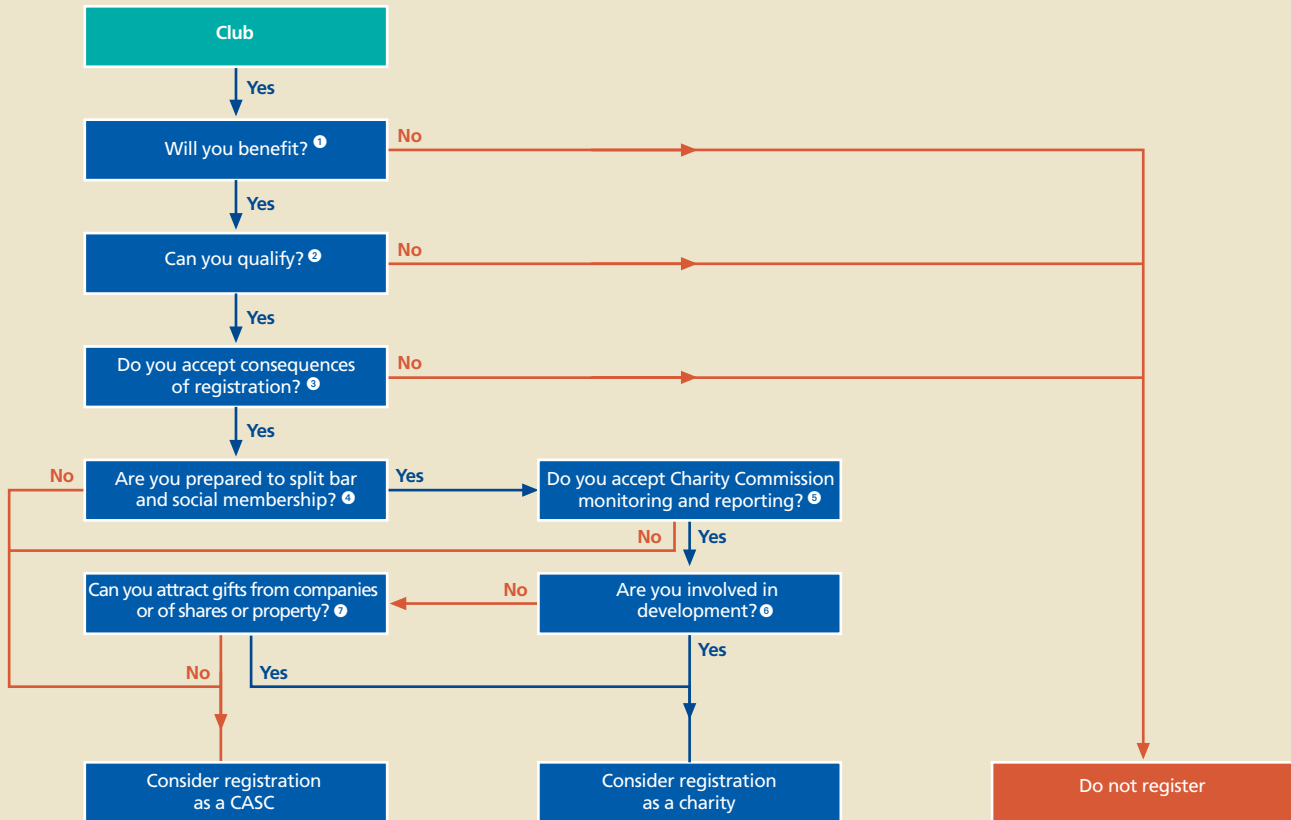
# Appendices

## Appendix 1: Comparison of CASC tax package, charitable status and status quo

Tax package	Charitable status	Status quo
<b>Direct taxes</b>		
Fundraising income exempt from tax where turnover less than £30,000 (if more, it is all taxable)	Primary purpose trading income exempt from tax	Income from non members taxable
	Other fund raising income exempt either by concession or using a “trading subsidiary”	Fund raising income taxable
First £15,000 p.a. of rental income exempt (if more, it is all taxable)	All rental income exempt	Rental income taxable
Capital gains and interest exempt	Capital gains and interest exempt	Interest and capital gains taxable (subject to reinvestment relief)
No corporation tax on taxable profits of less than £10,000 p.a.	No corporation tax on taxable profits of less than £10,000 p.a.	No corporation tax on taxable profits of less than £10,000 p.a.
80% mandatory rate relief in England and Wales; 20% discretionary	80% mandatory rate relief in England and Wales; 20% discretionary	Discretionary rate relief
Corporate tax liabilities can arise if funds applied for non qualifying purposes	Corporate tax liabilities can arise if funds applied for non qualifying purposes	Funds can be applied generally for any purpose within clubs rules
<b>Incentives to give</b>		
Gift aid on individual donations No gift aid on company donations	Gift aid on individual and company donations	No reliefs for gifts
No Payroll Giving	Payroll Giving	
No income or corporation tax relief for gifts of shares and property	Income and corporation tax relief for gifts of shares and property	
No IHT on gifts	No IHT on gifts	
Gifts of assets on no-gain-no-loss basis for capital gains	Gifts of assets on no-gain no-loss basis for capital gains	
<b>Fundraising</b>		
Business: relief on gifts or trading stock	Business: relief on gifts or trading stock	Relief if gift constitutes business sponsorship
No new sources of funding envisaged	Grants may be available from other charities, eg community foundations and other bodies supporting charities	Existing sources of funding

Tax package	Charitable status	Status quo
<b>Regulation</b>		
Inland Revenue regulation – generally a “lighter” touch	Charity Commission regulation and audit	Little financial regulation other than to meet members’ requirements.
Public awareness of the new “brand” is likely to be low	Public recognises and trusts both “charity” and “gift aid” concepts	No particular branding or public recognition
CASCs need to meet Inland Revenue definition	Sports clubs currently need to meet Charity Commission definition of promoting healthy recreation	No definitions to meet
Open to all members of the public	Community participation (membership open to all members of the public)	Can have restricted membership
Sports drawn from Sports Councils’ lists	Healthy sports including elements of strength/stamina/suppleness (likely to exclude angling, flying, snooker and motor sports)	No restrictions on sports pursued
Social membership and trading generally permitted, eg a bar	Significant social activity and trading, eg a bar, to be kept separate from charitable activities	No restrictions on activities
Cannot distribute profits or assets to members	Cannot distribute profits or assets to members	Prima facie no restrictions on distribution of profits or assets to members
The club’s constitution may have to be changed, for example, if it does not have a winding up clause providing for its net assets to go to community sport or charitable purposes rather than its members	Currently club’s constitution will have to be changed since its objects must be exclusively charitable, ie to promote community participation in healthy sport	No change necessary
Players cannot be paid unless they also coach. They can receive reimbursement of their expenses	Players cannot be paid unless they also coach; they can receive reimbursement of their expenses	Players can be paid

Appendix 2: Decision chart for clubs



Note: This chart should be used as a guide only. Specific reference should be made to details in the text and the notes that follow before any decision is made.

- 1 The benefits are broadly:
  - saving corporation tax generally
  - saving tax on disposal of assets, eg current property
  - raising donations with benefit of tax relief
  - 80% mandatory rate relief
- 2 The qualifying tests are broadly:
  - players cannot be paid
  - membership must be open to the whole community
  - distributions to members are not allowed either on an ongoing basis or on dissolution
  - the sport(s) must qualify
  - the facilities should be available to all members

- 3 These consequences include:
  - effectively making the club's assets permanently available for the whole community
  - a tax charge if the club ceases to qualify or its money used for non-qualifying purposes
- 4 Generally a club will need a separate entity if it has a bar or social membership if it wants to register as a charity.
- 5 The administrative requirements for a charity are generally more onerous than for a CASC. (Appendix 1)
- 6 Clubs involved in developing club facilities may benefit more from charitable status because:
  - corporation tax reliefs are wider
  - there are more incentives for fund-raising
  - potential reduction of VAT costs

- 7 Gift aid is extended to companies for gifts to club charities; tax relief is also extended to individuals and companies for gifts of shares and property.
- Source: Deloitte analysis.

**Appendix 3: Useful references****Registration process****Charity Commission**

Harnsworth House, 13-15 Bouverie Street, London EC4Y 8DP  
Tel: 0870 333 0123  
[www.charity-commission.gov.uk](http://www.charity-commission.gov.uk)

**Inland Revenue**

Sports Club Unit, St. Johns House, Merton Road, Bootle,  
Merseyside L69 9BB  
Tel: 0845 3020203  
[www.inlandrevenue.gov.uk/casc/](http://www.inlandrevenue.gov.uk/casc/)

**Corporation tax as it applies to clubs currently****Inland Revenue**

IR46: *Clubs, Societies and Voluntary Associations*  
Inland Revenue Bulletin – 32.07, *Members Sports Clubs*, 22 December 1997  
Inland Revenue Bulletin – 12.15, *Schedule D Cases I and II – trading receipts of members golf clubs*, 31 August 1994

**CASCs – the tax package****Inland Revenue**

– Guidance Notes  
– Will our club qualify as a CASC?

**Department for Culture, Media and Sport**

*Growing Community Sport. The Community Amateur Sports Club Scheme*

**Charitable clubs****Charity Commission Guidance Notes**

Inland Revenue: IR2001 – *Trading by Charities*  
Inland Revenue and Customs & Excise CWL4 – *Fund Raising Events: Exemption for Charities and other Qualifying Bodies*  
Inland Revenue: *Charities – Gift Aid*

These publications are available on the Inland Revenue/Charity Commission/DCMS websites.

**Other useful websites****DCMS**

[www.culture.gov.uk/sport/](http://www.culture.gov.uk/sport/)

**Sports Business Group at Deloitte**

[www.sportsconsulting.co.uk](http://www.sportsconsulting.co.uk)

**CCPR**

[www.ccpr.org.uk/](http://www.ccpr.org.uk/)

**Bates Wells & Braithwaite**

[www.bateswells.co.uk/sports](http://www.bateswells.co.uk/sports)

**Sport England**

[www.sportengland.org/iyr\\_london-casc](http://www.sportengland.org/iyr_london-casc)

**Appendix 4a: Case studies of CASC benefits****Case study – Woodford Rugby Football Club**

- Club membership is over 500
- A new clubhouse was built in the mid-1990s, partly funded by loans.
- CASC registration is a major opportunity for using gift aid which has enabled the club to raise donations and repay its loans
- Tax repayments will add a one-off £45,000 to the funds raised.
- Gift aid has transformed the way the club approaches fund-raising.

Source: CCPR.

**Appendix 4b: Case studies of CASC benefits****Case study – Wembley Cricket Club**

- The club decided to register as a CASC, finding the registration process relatively straightforward
- Only minor amendments to its Constitution were needed, registration taking only a couple of weeks
- Tax repayments of £836 have already been received on individual donations
- The club's rates bill was over £5,000 pa with only 25% discretionary relief from the Council
- 80% mandatory relief is worth nearly £3,000 pa plus the certainty that the Council will not withdraw it
- CASC registration has already generated nearly £4,000 for the club with the potential for an annual cash benefit at that level.

Source: "Scorecard" Middlesex Cricket Board's Newsletter.

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