

## Finances

### What is trading turnover?

Trade involves the sale of goods or services for profit. Trading turnover is the gross receipts received by a CASC from trading activities before the deduction of trading expenses.

### If members do not own the club's assets, it is no longer a mutual club. Does this mean the club will have to pay tax?

No. The club will still not be trading with a view to profit when trading with its members. So, it will not pay any tax on what was previously regarded as "mutual" income. It will, however, be liable to tax on any income from non-members, such as use of the bar or hiring of facilities, as it is now. But clubs will benefit from the de minimis corporation tax exemption thresholds, of £30,000 on trading income and £20,000 on rental income.

### If our trading income exceeds the corporation tax exemption threshold, do we only pay tax on the excess?

No. The whole of the trading income would then be taxable. The club would need to establish how much was profit, after deducting its expenses in earning that income. The resulting profit would be liable to tax.

### If our gross rental income exceeds the corporation tax exemption threshold, do we only pay tax on the excess?

No. The whole of the rental income would then be taxable. The club would need to establish how much was profit, after deducting its expenses in earning that income. The resulting profit would be liable to tax.

### Does this mean that the club no longer pays any tax?

No, the club might still have taxable income, perhaps if there were substantial use of the bar by non-members or if the club was spending money other than in pursuit of its main purposes. And, of course, the club is still responsible for the any employee's tax, such as:

- Deduction of PAYE and NICs on employees wages
- Reporting of any benefits received by staff.
- Reporting details of reimbursed expenses (unless dispensation granted by HMRC)

### What will HMRC require for club accounts?

HMRC will impose no special requirements. They would expect a CASC's members to want the accounts to be kept and audited in a way commensurate with the size of the club's income.

### The legislation withdraws exemptions from CASC if they spend income or gains on non-qualifying purposes. What about money invested or expenditure on a Christmas/end of season party for the juniors?

The holding of surplus funds in commercial deposits or investments would not be regarded as non-qualifying expenditure so long as the investments were readily realisable and produced income that was applied to qualifying purposes. If funds were tied up in dubious investments that did not protect their value or produce income then HMRC might question them. There is no problem with funding an event for all club members so long as it is related to club activities such as the juniors' party, supper at the AGM, or disco and buffet at an awards evening for example. HMRC may question anything that appeared to be a 'jolly' for selected groups, e.g. a bowls club fact-finding trip to Marbella.

### Can a club pay players?

A club can pay a playing member for fulfilling other capacities within the club such as a bar steward or groundsman. Also some clubs, particularly some cricket clubs, might have a club professional. This is acceptable as long as the person is also performing an additional role, such as coaching other members of the club or promoting the sport in the wider community. However, it is not acceptable for clubs to pay members simply to play.

### Can a club pay for junior tours?

HMRC's view is that a junior tour is not classed as an away match. Therefore payment for the tour or reimbursement of members for travel and accommodation incurred whilst on a junior tour is not permitted. A different structure will be required for funding tours.