

De-registration

Can a club de-register?

There is no provision in the legislation for a club to de-register. Once a CASC always a CASC. Before applying to be a CASC, members really need to be agreed that what they really want is to maintain the club for the continuing use of the community. If members have one eye on selling off the ground for building a supermarket and sharing the profits, then CASC status is not for them. If a CASC ceases to operate, its assets would have to be passed on in accordance with the legislation to another CASC, the governing body of an eligible sport or a charity.

What if a CASC breaks the rules?

It would depend on what the transgression was. HMRC would normally expect to give the CASC the chance to rectify the position, provided that was possible. But if the matter were more serious, such as distribution of assets to members, HMRC would de-register the club with effect from a suitable date which would mean that the club ceased to enjoy the CASC tax exemptions from that date. That could, for example, lead to a substantial capital gains charge on assets taken out of the CASC.

The requirement that, in the event of dissolution, the net assets of the club must be applied for approved sporting or charitable purposes conflicts with the requirements of certain grant-makers to return any unused grants to them.

There would be no problem with unspent grants being returned to the grant-making body where this was a condition of the grant, provided that this clawback related solely to any unspent grant. The contractual obligation to repay constitutes a liability that would need to be repaid before it could be established that there was any residual surplus which the CASC legislation would require the club to pass on to another CASC, charity, or sports governing body. S+RA agree with that interpretation of the legislation and are not aware that grant-makers have any particular problem with the legislation.