

## Community and Amateur Sports Clubs

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It is five years since Community Amateur Sports Clubs (CASCs) were introduced by the Chancellor Gordon Brown following consultation in the sector. At the time they were introduced there was considerable concern that outside the big profile sports, like football tennis and golf, there was a reliance on lottery funding and this was hard to come by. Unless a club was a charity, its ability to compete for donations was restricted. It took some while for the information from the government to filter through to club administrators and knowledge and experience of CASC is still a little sketchy. So while the take-up initially was slow, there are a good number of clubs who have taken advantage.

The main benefits of becoming a CASC are mostly financial and tax orientated. Clubs could make themselves significant tax savings by going down this route. The benefits include:

- 80 per cent business rates relief, with a further 20 per cent available at the discretion of the local authority.
- Exemption from corporation tax on trading activities and profits. This covers trading profits and exempts the profit where the turnover from trading is up to £30,000. It is a generous relief because most small amateur sports clubs have very little trading because the activities with members are mutual and therefore not taxable.
- Exemption from corporation tax arising from property, if the rental income is under £20,000 per annum.
- Subject to receiving agreement from HMRC, exemption from the need to prepare a corporation tax return if the above criteria are met.
- Recovery of tax on Gift Aid donations.

Community Amateur Sports Clubs must have an approved constitution. This may at first appear daunting, but your advisor will offer guidance as to an appropriate structure during the registration process. Some pitfalls to be wary of include:

- The members are not entitled to a share of either annual profits or, any surplus assets on winding up.
- The assets on winding up would have to be distributed, amongst others, to either the sports governing body or a club promoting the same sport.

Many clubs when they need to look into an issue, like registering as a CASC, pick on a couple of club stalwarts who have qualifications in this area. Or they may ask a bank manager or an accountant who has never worked in the sports sector before. It is essential to select a professional adviser who has experience in the sport sector.

The main benefits for benefactors include:

- The potential for individuals to claim the tax back on amounts donated to the club under Gift Aid.
- Deduction for Inheritance Tax purposes on amounts gift aided from the estate.
- Businesses can give goods or equipment to the club and get tax relief for the cost value of those goods and there is no reason why other initiatives, such as sportsmatch funding can't continue.
- Gifts of chargeable assets by individuals or businesses do not give rise to a capital gain.

Potentially, these clubs are allowed to make payments for services provided by its members or indeed remunerate members who are employees. However, there are restrictions on paying members to play.

HM Revenue & Customs (HMRC) take each case on an individual basis, but usually permits payment of reasonable expenses for away matches. A contract with a player could be permitted, but that contract would have to include other services that they must perform, such as coaching or development roles.

Unfortunately professional clubs, both in rugby league and rugby union, are not included. Most offer bonus and benefits and many will charge an entry fee to spectators. What constitutes a professional club is not defined, but amateur clubs that qualify are. An amateur club is one that does not normally pay its members to play, is non profit making, provides ordinary benefits of an amateur club and its assets on winding up cannot go to members. However, some set-ups involve a professional entity alongside an amateur one, so that senior rugby clubs as high up as National One. A CASC will deal with other issues in much the same way as any other club. For example there are no special rules in respect of PAYE and NIC on wages e.g. the groundsman or VAT on such items as bar income. Public records shows London Welsh Community Amateur Sports Club and Wasps have successfully registered as a CASC with the appropriate structuring.

If you do decide to become a CASC, you can obtain a registration form from HMRC which will require information on aspects such as membership categories and numbers. You will also need to send other information such as the club's governing constitutional deed; members' hand book; and recent accounts. You may hear stories of lottery funding being withheld by clubs whose application overlooked handicap access or inclusive membership rules. Whether or not the type of sport qualifies can be checked on the website where there is a list of qualifying sports. All relevant sports clubs should make sure that they are aware of the opportunities available to CASC's and that they are using the benefits the government is giving them.

Presently, there is no provision for de-registration so the decision to register as a CASC is an important one. At the end of February this year, 4,210 were registered from Ballymena to Inverness and from the Isles of Scilly to Llandudno. Whilst the take up was initially slow the numbers of registrations are now more significant. This has been a popular initiative and it would be a great surprise if it was withdrawn or watered down by the government. However, it is difficult to lobby for further initiatives and concessions if current ones are underutilised.

