

# Community Amateur Sports Clubs (“CASCs”) UPDATE: December 2013



The Community Amateur Sports Club (“CASC”) scheme provides financial support to amateur members clubs set up to provide facilities and encourage participation in sporting activities across the whole community. Clubs registered as a CASC with HMRC benefit from various tax advantages, such as being able to claim Gift Aid on donations; relief on corporation tax and non-domestic rates.

To date, 6,000 clubs have benefited from the CASC scheme, collectively saving over £100 million in business rates and £12 million in Gift Aid. This includes several swimming clubs. That said, for non-property owning clubs, the primary benefit has been the ability to claim Gift Aid on donations.

Following the Government’s recent review of the CASC rules, changes have been announced to the scheme that may impact existing upon CASCs and other clubs thinking of becoming a CASC.

This document is intended to highlight some of the forthcoming changes to CASC rules and how they may affect swimming CASCs. All affected clubs are strongly recommended to also review the Government’s document detailing the changes.

For clubs not currently registered with HMRC but now interested in pursuing CASC status, the HMRC website is an invaluable source of guidance. Not all clubs are eligible to become CASCs, and it is the HMRC Charity Unit which decides if the conditions for registration have been met. Further information is available on [www.hmrc.gov.uk/charities/casc/register.htm](http://www.hmrc.gov.uk/charities/casc/register.htm)

## Background

These changes arise from the Government’s consultation, over the summer of 2013. Following that consultation, the Government has now announced new, additional rules intended to provide clarity for those running CASCs and to encourage more clubs to register for the scheme. Legislation to give effect to these changes is expected in early 2014.

## Overview

Perhaps the biggest bonus for swimming CASCs will be the ability to claim Gift Aid from company donations, allowing clubs to attract local business donations. Those companies will in turn be able to obtain tax relief on qualifying donations from 1 April 2014.



However, one pitfall for the unwary is that CASCs which charge more than £520/year (combined membership and participation cost) will need to make special provision for members on a low or modest income. Some clubs will need to keep a careful eye on their costs of actual membership.

Other changes include:

#### *Financial*

- There is still a steer to try to encourage clubs to set up trading subsidiaries. The intention is that this will allow clubs to manage the thresholds around trading income from non-members, although in reality most CASC-eligible swimming clubs will not have sufficiently high enough income to necessitate this. In the rare cases this might be necessary, Gift Aid will still apply to the trading subsidiary thereby reducing their tax bill. The Government is proposing to help clubs wanting to create a trading subsidiary by preparing supporting documentation. Nothing exists at the moment, so interested clubs may want to “watch this space” or seek their own independent specialist advice.
- Allowable income from members will be unlimited.
- There continues to be an allowable threshold for social, non-member trading income; this is now set at £100k, excluding VAT (in receipts). Activity which would count within this allowance is, for example, the sale of food and drink, the sale of equipment and by hiring out facilities. Only income from non - club members counts.
- However, corporation tax relief on trading income is to be increased to £50k, so there will be no tax on trading income so long as the turn over from non-members is no more than £50k.
- Investment income and donations are excluded from the income condition above.
- The threshold for corporation tax on property is to be raised to £30k (also of limited relevance to swimming clubs, which typically do not have premises to rent out to non-members).

#### *Membership*

- At least 50% of the club’s members must be participating members. This means in any way involved in the sport, at least 12 times a year (including not only those swimming but also those volunteering, officiating helping out or supervising juniors etc). Junior members also count towards that %. It is intended to exclude those truly social members, of which most swimming clubs will have few (compared to clubs which operate a bar etc.)



- Clubs that charge more than £520/year (combined membership and participation cost) must make special provision for members on a low or modest income. No club with membership fees in excess of £1,612 (or £31/week) will be able to register as a CASC. These amounts will be kept under regular review.

Examples of concessions include:

- Discounted fees
  - Bursaries for young people
  - Payment packages
  - Free coaching
  - Equipment loans
  - Differential rates/participation packages (provided they are non-discriminatory)
- Should they wish to, clubs will be able to pay a number of players up to a combined total of £10k/year. They will also be able to pay reasonable subsistence expenses and tours subject to HMRC limits.

#### *CASC Status*

- It is still possible to apply to be a CASC whilst these new rules are being developed. That said, in reality, most swimming clubs will meet the revised rules too, so it will be “business as usual”; however, if a club didn’t meet the revised requirements, and only satisfied the current ones, its registration would be conditional.
- A number of applications for CASC status were put on hold during the revision process. HMRC will now write to the clubs concerned with a copy of the revised rules.
- If a current CASC will not satisfy the new rules, the club will have up to 12 months to make the necessary changes; if they decide not to, HMRC will de-register the club. HMRC will waive the usual de-registration charges on the basis that the club had otherwise been compliant. In reality, the existing swimming CASCs are likely to meet the new requirements.

#### **Further Information**

Further detail can be found in the Government’s consultation response document available at <https://www.gov.uk/government/consultations/community-amateur-sports-clubs-casc-scheme>

For those wanting a reminder as to current tax benefits available to CASCs, further information is available from HMRC:

<http://www.hmrc.gov.uk/charities/casc/tax-relief.htm> (current tax relief)

[http://www.hmrc.gov.uk/charities/gift\\_aid/casc.htm](http://www.hmrc.gov.uk/charities/gift_aid/casc.htm) (current Gift Aid rules)