

Guidance notes in relation to becoming a Community Amateur Sports Club

The question: Should my croquet club apply to be registered with HMRC as a Community Amateur Sports Club (CASC)?

The answer: Almost certainly “yes”, if the club qualifies. There is also the option of registering as a charity which is a better “brand” but carries with it more burdensome Charity Commission governance and reporting requirements. CASC status only requires registration with HMRC.

The clues to qualification lie in the title.

Community: The club must be open to the whole community with no discrimination in favour of, or against, any group or individual. Not only do the provisions of the *Equality Act 2010* apply but there must be no other discrimination e.g. against people with no talent. An “entry trial” to establish competence is not acceptable. Neither is it possible to have a “proposer and seconder” system for becoming a member.

Amateur: The club must be “organised on an amateur basis”. There are limits on paying and/or subsidising members to play the sport. The total amount paid in cash or collateral benefits must not amount to more than £10,000 per year. Members may be paid as employees or independent contractors providing services on an arm’s length basis (e.g. as coaches, bar staff or grounds persons).

Sports: The main purpose of the club must be the provision of facilities for the participation in one or more eligible sports. Croquet is an eligible sport.

Club: At least 50% of the members must participate in the sport i.e. play or otherwise participate (e.g. by being a referee or a committee member) at least 12 times per year. The club must be “non-profit making” i.e. any surplus of income over expenditure must be re-invested in the club. The “managers” (usually the committee) must be “fit and proper persons” (as defined in the *Finance Act 2010*). Lots of people are excluded but if the committee members are not fraudsters or promoters of tax avoidance schemes or similarly tainted individuals, all should be well.

Membership fees (i.e. subscriptions and other charges such as lawn fees) for an individual must not exceed £1,612 per year. If the annual membership fees are more than £520, special arrangements must be made for members of modest means to pay £520 or less.

The club’s trading and rental income must not exceed £100,000 per year.

The members must not be entitled to a share of the assets of the club on any dissolution. On dissolution, the net assets must be handed over to another CASC or to the governing body (i.e. the CA) for distribution for use in community sport or to a charity. This requirement is the one which may need attention. Amendments to the club’s constitution may be required to cover this and the other conditions of CASC status. There must be suitable provisions. Silence will not suffice.

N.B. There are special rules for multi-sports clubs which may impact upon the potential CASC status of a croquet section

The disadvantages

1. The decision should be regarded as irrevocable since it is likely to be difficult to exit the scheme.
2. A club cannot be both a charity and a CASC. Clubs may be able to register as charities (because they promote healthy amateur sport, which is now a charitable purpose in its own right)) but the attendant requirements may be too burdensome to make it worthwhile. If a CASC wishes to become a charity it must set up the new charity and transfer activities to that charity. The biggest benefit of being a charity is that capital funding may be available from other charitable bodies. A comparison of CASC versus charity status is available at www.cascinfo.co.uk.
3. There will be a modest amount of extra work for the Treasurer. Proper records of donations have to be kept. Gift Aid declarations have to be gathered in and Gift Aid claims made each year, or more regularly if desired, either on line or by post.
4. If the club has any aspiration to become professional it should not register. This is unlikely to apply to a croquet club.

The advantages.

- 1) There is **mandatory 80% relief from business rates**. A further concession (of up to 20%) may be given by the local authority in its discretion. Some give this but many don't.
- 2) **Gift aid** may be claimed on "qualifying donations". The amount is 25p for every pound donated. Donations obviously do not include subscriptions or other required payments in return for benefits. However, there are several ways in which additional income can be derived from club activities.

It may be that members do not claim expenses in relation to travel or other activities undertaken on behalf of the club. If, instead of foregoing their legitimate claims, those members were to make claims; receive the money and then pay it back to the club as a donation and complete a Gift Aid declaration, the club could claim 25% of the donation from HMRC.

When holding a social event with the subsidiary object of raising some money for the club, instead of fixing the ticket price so as to make a profit, the club could fix the price so as to break even and invite the attending members to make a donation in addition to the cost of their ticket.

The granting of honorary membership is allowed (as long as the grants are properly justified). If an honorary member chooses to make a donation each

year and completes a Gift Aid declaration, HMRC will provide another 25%. The donation must not be a condition of being granted honorary membership.

Many clubs hold social gatherings in members' homes during the winter months for which no charge is made. If the host were to place a collecting box or tray near the door for small donations (i.e. of less than £30) to be made anonymously to the club, "a top up payment" could be claimed in respect of the accumulated sum. This is because there is a "Gift Aid small donations scheme" which will allow the club to claim a top up payment on cash donations, each of £30 or less. It is not necessary for Gift Aid declarations to be made in respect of these, or for the "small" donors to be identified. However, the CASC must also be claiming "normal" gift aid in that tax year.

Other, similar arrangements which result in donations may pass muster provided that the donation is not a payment for goods or services; that no, or only minimal, benefits are provided to the donor; that it is not in any way required and that it is not repayable (and therefore a loan).

The amount claimable will obviously depend on the amount of qualifying donations received. If this is maximised the claim may be quite substantial and worthwhile. For example, in the year ended March 2018 the experienced Treasurer of a small croquet and bowls club in Wales successfully claimed £1,686.

- 3) There is **exemption from corporation tax** provided that the annual trading turnover is less than £50,000 and the annual property income is less than £30,000. These limits may well be of little relevance to most croquet clubs. Exemption is only given if the income is spent on sports activities.
- 4) All **interest received and chargeable capital gains are free of corporation tax**.
- 5) **Individuals pay no tax on donations to the club**. Higher rate taxpayers can claim relief. The most significant advantage here is that a gift made in a will is free of inheritance tax or, putting it another way, the net estate chargeable to tax will be reduced by the amount of the gift (as it is when the bequest is to a charity).
- 6) **Companies making donations to the club are usually able to set them off against profits**. This places donations to a CASC and to a charity in the same category. Companies do support croquet clubs, sometimes fairly generously. More may be encouraged to do so if there is tax relief involved.
- 7) **Community Action Funds** (for example, the FCC Communities Foundation which may assist "amenity projects within 10 miles of an FCC Environment landfill site") are able to give grants to CASC registered clubs but not to clubs generally.

The CASC scheme was introduced in April 2002. Modifications were made in 2015.

In the period to 31 July 2015 the 6,824 registered clubs together benefitted to a total of £196.9m.

Around 25% of croquet clubs are CASCs.

Only a small proportion of registered clubs take advantage of Gift Aid. Accordingly, less than 10% of the government subsidy is given in this way. Most of the support for clubs comes in the form of relief from rates.

There are now over 7,000 registered clubs.

Reference should be made to the *Chapter 9 of Part 13 of the Corporation Tax Act 2010* and the *Community Amateur Sports Clubs Regulations 2015*. The pleasure to be derived from reading these is limited.

The “*Detailed Guidance Notes*” make for more interesting reading. Indeed, these notes would be essential reading for anyone seeking to apply for registration. They are at [www.gov.uk/government/publications/community-amateur-sports-clubs-detailed-guidance -notes](http://www.gov.uk/government/publications/community-amateur-sports-clubs-detailed-guidance-notes).

The website www.cascinfo.co.uk also contains useful information on the CASC scheme

These notes have been prepared by the Chairman of the Croquet Association Development Committee after studying the above and other legal materials. He believes that the guidance is correct as at February 2020. However, he takes no responsibility for any consequences of a user or club placing reliance upon it.