

Clubs - Charity and CASC Status

Table of comparison of sports clubs tax regimes¹

No special status	Charitable status	CASC ₂ status
Regulation		
1. Little financial regulation other than to meet members' requirements	Charity Commission regulation and audit	HM Revenue & Customs regulation; generally a 'lighter' touch
2. No requirement to show public benefit	Charitable sports clubs should comply with the Charity Commission guidance on public benefit	No requirement to show public benefit
3. Can have restricted membership	Community participation (membership open to all members of the public)	Membership open to all members of the public
4. No restrictions on sports pursued	Sports which promote health by involving physical or mental skill or exertion	Sports drawn from Sports Council's lists
5. No restrictions on activities	Significant social activity, membership and trading e.g. a bar, to be kept separate from charitable activities	Social membership and trading e.g. a bar, generally permitted
6. Prima facie no restriction on distribution of profits and assets to member	Cannot distribute profits or assets to members	Cannot distribute profits or assets to members
7. No need to change club rules	Club will have to change its rules since its objects must be exclusively charitable, e.g. to advance amateur sport	Club will need to change its rules e.g. if it does not have a dissolution rule providing for its net assets to go to sport's governing body for community sport, another CASC or charitable purposes rather than to its members
8. Players can be paid	Players cannot be paid unless for coaching; they can receive reimbursement of expenses for travel to away matches	Players cannot be paid unless they also coach; they can receive reimbursement of expenses to away matches
9. No definitions to meet	Sports clubs need to meet Charity Commission's definitions e.g. of advancing amateur sport	CASCs need to meet HMRC's definition of sport and their purposes must conform to CASC rules
Incentives to give		
10. No tax relief	Gift Aid on individual and company donations	Gift Aid on individual donations (no relief on company donations)

No special status	Charitable status	CASC₂ status
11. No Payroll Giving	Payroll Giving allowed	No Payroll Giving
12. No tax relief	Income and corporation tax relief for gifts of shares and property	No income or corporation relief for gifts of shares and property
13. No tax relief	Inheritance tax relief on gifts	Inheritance tax relief on gifts
14. No tax relief	Gifts of assets on 'no-gain no-loss' basis for capital gains	Gifts of assets on 'no-gain no-loss' basis for capital gains
Fund raising		
15. Relief if gift constitutes business sponsorship	Business: relief on gifts of trading stock or if gift is business sponsorship	Business: relief on gifts of trading stock or if gift is business sponsorship
16. Reliance on existing sources of funding	Grants may be available from other charities e.g. community foundations and other bodies supporting charities	No new sources of funding generally available
Direct and indirect taxes		
17. Income from non-members taxable	Primary purpose trading income exempt from tax	Income from non-members taxable (but see 17.and18.)
18. Fund-raising income taxable	Other fund raising income exempt from tax either if "one-off" or by using a 'trading subsidiary'	Fund raising income exempt from tax where turnover less than £30,000 (if more, it is all taxable without marginal relief)
19. Rental income taxable	All rental income exempt from tax	First £15,000 pa of rental income exempt from tax (if more, it is all taxable without marginal relief)
20. Capital gains (subject to re-investment relief) and interest taxable	Capital gains and interest exempt from tax	Capital gains and interest exempt from tax
21. Corporation tax on all taxable profits	Corporation tax on all taxable profits subject to exemptions	Corporation tax on all taxable profits subject to exemptions
22. Discretionary rate relief (up to 100%)	80% mandatory rate relief; discretionary relief as to the remaining 20%	80% mandatory rate relief ; discretionary relief as to the remaining 20%
23. Funds can be applied generally for any purpose within the rules	Corporate tax liabilities can arise if funds applied for non-qualifying purposes	Corporate tax liabilities can arise if funds applied for non-qualifying purposes
24. Normal Vat rules apply but Vat exemption for playing member charges is generally available	There are special Vat reliefs for charities e.g. no Vat may be payable on new sports buildings	Normal Vat rules apply but Vat exemption for playing member charges will be available

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1. Comparison prepared by Richard Baldwin, Tax Consultant and Chair, CASC Development Forum, reflecting the position at August 2011.
 2. Community Amateur Sports Clubs.