

THE BUSINESS RATES BENEFITS TO LOCAL AUTHORITIES AND SPORTS CLUBS OF THE COMMUNITY AMATEUR SPORTS CLUB SCHEME

Background

Many local authorities currently grant discretionary business rates relief to local sports clubs within their area. However, through encouraging local sports clubs to register as Community Amateur Sports Clubs (CASC) under the HMRC administered scheme, local authorities can actually save money due to an increased level of central funding given to rates relief provided to these clubs.

Under the CASC scheme, local sports clubs automatically receive 80 per cent mandatory rate relief, all of which is centrally funded. In addition to this, local authorities may choose to provide a further 20 per cent discretionary rate relief, of which 25 per cent is centrally funded.

Therefore, a CASC receiving 100 per cent business rates relief, will only result in 15 per cent of this cost being funded by the local authority. Additionally, to register as a CASC a club must allow membership without discrimination, ensuring the club is open for all in the community.

The examples below, illustrate these benefits to both local authorities and sports clubs.

	Type of Relief	Amount of Relief	Central Contribution	Borne Locally
CASC registered club	Mandatory	80%	100%	-
	Discretionary	Up to 20%	25%	75%
Non-registered club	Discretionary	Up to 100%	75%	25%

With these figures in mind; below is a comparison of the potential savings made by a local authority and a local sports club with an annual business rates bill of £5,000 when provided with:

- a) 80 per cent business rates relief as a non-CASC; and
- b) 100 per cent (80 per cent mandatory and 20 per cent discretionary) rates relief as a CASC:

	Rates cost to:			
	Club	Local Authority	Total cost to Club & Local Authority	Central Contribution
a) Non-registered club (80% relief)	£1,000	£1,000	£2,000	£3,000
b) CASC registered club (100% relief)	£0	£750	£750	£4,250
Saving	£1,000	£250		

What your Local Authority can do to promote the CASC scheme:

- Provide a hyperlink on your website to the CASC dedicated website www.cascinfo.co.uk
- Provide an explanation of mandatory rates relief on your website
- Promote the scheme to your local authority sports development officers
- Run a series of **runningsports** seminars for clubs in your area on the CASC scheme
- Ensure all clubs in your area are aware of the scheme and have explored it as an option for their club.

For more information please visit www.cascinfo.co.uk or alternatively contact S+RA on 020 7976 3900.

Richard Baldwin
rkbaldwin@btinternet.com
 01494 730059
 10th June 2011

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.

Case Studies

Boyne Hill Boys Club FC, Berks & Bucks

- Raised £4,498 through fund raising activities
- Registered with JustGiving and received an additional £1197 in tax rebates

Luton Leagrave FC

- Raised £586 in fund-raising donations
- Using gift aid and JustGiving, received an extra £158 in tax rebates
- "Using JustGiving... increased funds into the club... setting up a site for a fundraiser is so easy"

The Community Amateur Sports Club (CASC) Helpline which is provided by Richard and Tim Baldwin. Richard is a chartered accountant and tax specialist who led Deloitte's Sports Tax Practice in London until 2005. He advises the FA, LTA, ECB and RFU on CASC's. He is chair of a national CASC group which promotes the scheme working closely with HM Revenue & Customs and the Sport & Recreation Alliance. He is supported by Tim who is a CASC specialist.

To use the CASC Helpline please send your question to caschelp@TheFA.com. If you do not have access to email call **01494 730059**. The Helpline is available between 9am to 5pm Monday to Friday excluding bank holidays and the Helpline will respond to questions promptly.

HOW TO RAISE FUNDS AND SAVE MONEY FOR YOUR FOOTBALL CLUB

25P FROM HMRC FOR EVERY £1 FUNDRAISED

FREE CASC HELPLINE FOR FA CHARTER STANDARD CLUBS

CASChelp@TheFA.com
01494 730059

Please send requests via email in the first instance if possible



Community Amateur Sports Clubs (CASCs)

The Government wants to support football clubs that do good work in the community in the same way that they do for charities. However, not many football clubs are charities so the CASC scheme was created to help ensure that amateur sports clubs are treated fairly and money stays within sport.

The CASC scheme enables many local amateur sports clubs to register with the HM Revenue & Customs (HMRC) and benefit from a range of tax reliefs, including receiving money through Gift Aid and business rate relief.

This means that as a CASC:

- For every £1 raised in fundraising a club could receive an additional 25p through Gift Aid
- If a club pays non domestic rates it will receive 80% mandatory rate relief
- The club is exempt from corporation tax if a club generates a trading turnover of less than £30K per annum
- The club can receive legacies and gifts free of inheritance tax

To register as a CASC the club must:

- Have an open membership
- Not pay any of its players other than reasonable travel expenses to away games, so this may deter clubs with ambitions of reaching the top steps of the National League System and paying players
- Reinvest its money in to the club rather than pay its members. Generally once a CASC always a CASC

- Have a constitution that is CASC compliant which states the above
- Be managed by people who are classed as fit and proper

This sounds like hard work, is the process complicated?

Registering to become a CASC through HMRC and changing your club's constitution may sound daunting but the process is straightforward.

The FA in association with HMRC has produced some CASC compliant Suggested Club Rules that if clubs adopted and were voted by their members through their AGM or EGM would fulfill HMRC's requirements in this area. These can be found at www.TheFA.com/YourGame - Running a Club – CASC

Once the club members have decided that they wish to become a CASC and their constitution reflects this you will need to complete the necessary HMRC application form that can be found at: <http://www.hmrc.gov.uk/charities/casc/register.htm>

Once completed this needs to be sent to:

HMRC Charities,
CASC Unit,
St. Johns House,
Merton Road,
Liverpool,
L75 1BB

Free CASC Helpline and JustGiving

To help FA Charter Standard Clubs maximize the benefits of the CASC scheme The FA has joined forces with the ECB, RFU and LTA to provide a free advice line for all FA Charter Standard Clubs as one of the benefits on offer to such clubs.

Please email CASCHELP@TheFA.com or call 01494 730059 if you do not have access to email.

Gift Aid & JustGiving for CASC

Claiming Gift aid does involve some paperwork but all of this can be made much simpler by encouraging your members and supporters to give Online which is easy to manage and may generate even more funds for you.

The FA in partnership with JustGiving and Sport England are making it easier for CASCs to fund raise Online and JustGiving will do all the processing for you so you receive the Gift Aid straight in to your club's bank account.

As an incentive and for a limited period, JustGiving are waiving the £15 monthly registration fee for all CASC football clubs.

Registering for JustGiving is easy and can be done in the following simple steps:

- 1 Visit www.justgiving.com/company/TheFA
- 2 Select 'sign your club up to JustGiving for free' from the Helpful links section
- 3 Complete the online registration form
- 4 Then fill in the forms emailed to you by JustGiving
- 5 Finally, post the completed forms back to JustGiving along with an original bank

statement from the past three months (so that JustGiving can confirm your account details and protect you from fraud)

Once JustGiving receive your forms, you'll be up and running within 24 hours!

Each club can have their own text code to use to raise money for free.

I've registered my club with JustGiving, what next?

JustGiving has helped fundraisers raise over £1 billion and counting. They know what works and via the JustGiving charities help desk are there to share their expert guidance and help you raise even more money for your club. Just call **0845 0212133** or email casc@justgiving.com

Do JustGiving charge a fee on donations?

Yes, JustGiving charge a 5% transaction fee on donations. Here's a breakdown of the money you could expect to receive from a £10 donation.

JustGiving 5% fee in action:

Your donor gives	£10.00
+ Gift Aid	£2.50
JustGiving 5% fee	£0.63
Credit card fee @ 1.3%*	£0.13
Total cost to your club	£0.76
Your Club gets	£11.74

*PayPal (1.45%) *Debit card (17p)

www.justgiving.com/company/TheFA

Fit and proper persons helpsheet for CASC's

Who is this helpsheet for?

This helpsheet and the model declaration are for use by 'managers' of a Community Amateur Sports Club (CASC). These are based on those available on HMRC's website which cover charities and CASCs. The term 'managers' applies to the directors of incorporated companies, CASC officials and any other persons having general control and management over the running of the CASC or the application of its assets. For example:

- In a typical small local CASC a manager for the purposes of the fit and proper persons test could include the Chairperson, Treasurer, Secretary and the rest of the management committee who would have control over expenditure.
- In a larger CASC a manager for the purposes of the fit and proper persons test would include any director of a corporate CASC as well but may also extend to certain employees who are able to determine how a significant proportion of the CASC's funds are spent.
- In a multisports club structure where responsibility for club finances is shared across the various sections or sub committees all the responsible persons in each may well be managers.

If you are a 'manager' of a CASC you should read this helpsheet and, if appropriate, sign a declaration based on the model below. You can use the model declaration below or copy the wording onto your own stationery. The CASC should keep the signed declaration in case HM Revenue & Customs (HMRC) asks to see it. The signed form should **not be sent** to HMRC unless HMRC asks to see it.

CASC's are not obliged to use this helpsheet and the declaration below but they may be useful if HMRC ask the club questions about the 'fit and proper persons' test.

Why is there a 'fit and proper persons' test?

The 'fit and proper persons' test exists to ensure that CASC's are not managed or controlled by individuals who might misuse the valuable tax reliefs the organisation receives. Unfortunately fraudsters have been known to exploit tax reliefs so the fit and proper persons test exists to help prevent that.

What does 'fit and proper' mean?

An individual is 'fit and proper' if they ensure that CASC funds and tax reliefs are used only for qualifying purposes.

In signing a declaration like the one below you are confirming that you will ensure that funds are used for CASC purposes and also disclosing certain information about your past that may impact on whether or not you are indeed 'fit and proper'.

When a CASC notifies HMRC of certain new managers, HMRC cross checks that person's details against any information it has and will raise any concerns it has if there is anything to indicate the person may misuse the CASC funds and tax reliefs. Factors that may lead to HMRC deciding that an individual manager is not a fit and proper person include:

- individuals with a history of tax fraud or other fraudulent behaviour including misrepresentation and/or identity theft
- individuals for whom HMRC has knowledge of involvement in attacks against, or abuse of, tax repayment systems
- individuals who are barred from acting as a charity trustee by a charity regulator or Court, or have been disqualified from acting as a company director

However, just because an individual has been, say, barred from acting as a charity trustee or one of the other points above applies, it does not always follow that the CASC will not be eligible for tax reliefs. When considering the application of the fit and proper persons test to particular managers, HMRC will take account of the likely impact on the CASC's tax position. For example any person who has no dealings with HMRC and no control over spending CASC funds, even if the person is not a fit and proper person, is unlikely to affect the CASC's eligibility to tax reliefs.

What do I need to do?

- If you are confident you will do your best to ensure that CASC funds and tax reliefs are used only for CASC qualifying purposes and do not need to disclose any information listed on the declaration then you should sign a declaration and give it to the CASC.
- If you are confident you will do your best to ensure that CASC funds and tax reliefs are used only for CASC qualifying purposes but you do need to disclose any information listed on the declaration then you should sign the declaration suitably amended - for example by crossing out the relevant bullet point - and provide details in the final box before you give the declaration to the CASC. The CASC will then need to decide what to do.

If neither of the above applies you should not sign the declaration.

I've signed the declaration so what happens next?

The CASC will keep the declaration and in certain cases pass your details to HMRC. If HMRC have any concerns about you they will contact you to clarify the situation.

Model declaration for fit and proper persons

Declaration

Name of club in full.....

Name of individual.....

Role in the club.....

I, the undersigned, declare that:

- I am not disqualified from acting as a charity trustee
- I have not been convicted of an offence involving deception or dishonesty (or any such conviction is legally regarded as spent)
- I have not been involved in tax fraud
- I am not an undischarged bankrupt
- I have not made compositions or arrangements with my creditors from which I have not been discharged
- I have not been removed from serving as a charity trustee, or been stopped from acting in a management position within a CASC or charity
- I have not been disqualified from serving as a Company Director
- I will at all times seek to ensure the CASC's funds, and CASC tax reliefs received by this organisation, are used only for qualifying purposes

Signed.....

Date.....

Home address.....

.....

Previous address if moved in past 12 months

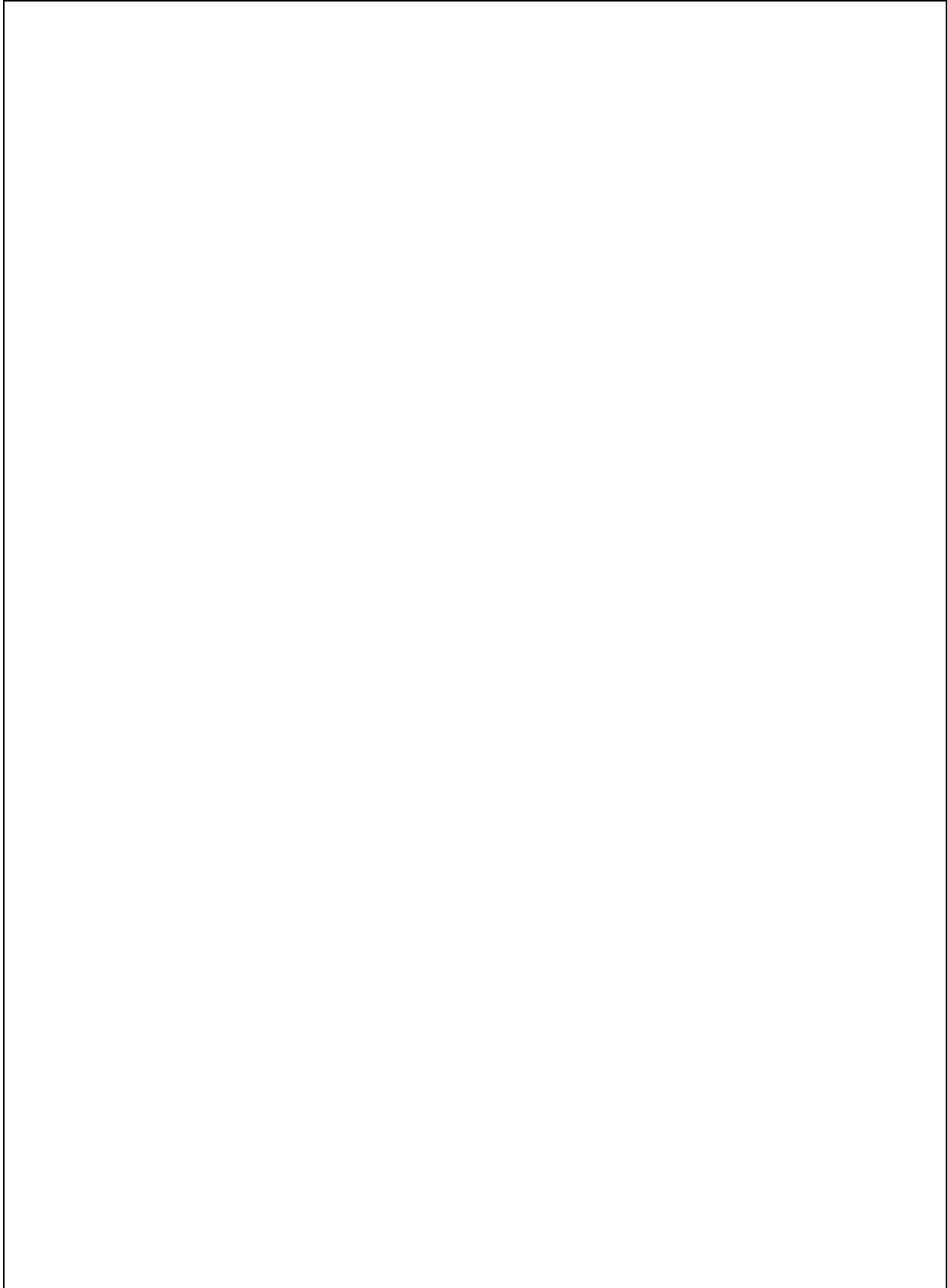
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Date of birth.....

National Insurance number

National Identity Card Number (If you have one).....

If you have signed this declaration but want to make any information known or clarify any points please add them in the space below.



13th September 2011