

## Community Amateur Sports Clubs

Community Amateur Sports Clubs (CASCs) were introduced by HM Revenue & Customs in 2002 in order to give amateur sports clubs similar tax advantages to charities, without their having to register as charities. In fact, the regime for CASCs is less rigorous than the regime for charities; as CASCs, for example, do not have to submit annual returns to HMRC, and do not have to set up trading subsidiaries for their “trading” activities.

Several of the changes proposed in the Club Constitution have been proposed in order to enable the Club to register as a CASC. The purpose of this note is to explain what CASCs are, what their tax advantages are, and what the benefits are to ELYC of registering as a CASC.

A CASC is a club which is:-

- organised on an amateur basis
- open to the whole community, without discrimination
- has as its main purpose providing facilities for and promoting an eligible sport (sailing is an eligible sport)
- is non-profit making, in the sense that surpluses or profits must be re-invested in the club, and the club’s assets on dissolution must not be transferred to the members but must be given to a charity or another CASC.

There is no doubt that ELYC has always in fact satisfied the conditions to qualify as a CASC, although in certain respects the wording of the Constitution needs to be tightened up to make satisfying the conditions a formal requirement.

The tax benefits enjoyed by CASCs are as follows:-

1. Exemption from Corporation Tax on interest and on rental income (note:- members clubs do not pay tax on subscriptions, entry fees and bar and catering income).
2. Exemption from Corporation Tax on Capital Gains.
3. Donations can be made to a CASC using the Gift Aid scheme.
4. Individuals may obtain relief from Inheritance Tax on gifts or legacies. The gifts or legacies will not form part of the donor’s estate for Inheritance Tax purposes.
5. CASCs enjoy a mandatory 80% relief from business rates.

The benefits to ELYC of registering as a CASC are as follows:-

1. Business Rates. ELYC does not pay business rates on its properties at present. This rates relief is enjoyed under a voluntary scheme operated by the Scottish Executive and East Lothian Council. This voluntary relief could be withdrawn at any time, and unless registered as a CASC we would pay business rates well in excess of £1,000 per annum.

2. Corporation Tax. For the past few years the club has not paid corporation tax on its interest and rental income, as, for a period, there was exemption from corporation tax for companies/clubs whose profits were less than £10,000. This relief was withdrawn with effect from 1 April 2006, and if the club does not register as a CASC we will now pay tax on interest and rent.
3. The club will be able to take advantage of the Gift Aid and Inheritance Tax reliefs when raising funds from members.

The potential disadvantage of CASC registration is that once the club registers as a CASC, it is locked into CASC status and cannot de-register. We need, therefore, to be re-assured that the club will never wish to do anything which is incompatible with CASC status before registering.

The committee looked at CASC registration in 2004, and decided not to register, as we were paying neither business rates nor corporation tax at that time. However, the corporation tax change introduced in April 2006 has led the committee to look again at the issue, and to bring forward a proposal for registration to the club AGM.

If you want more information, detailed guidance can be found on the HMRC website at [hmrc.gov.uk/casc/index.htm](http://hmrc.gov.uk/casc/index.htm). Copies of the guidance will be placed in the clubhouse, and any member who wishes may borrow a copy. If any member wishes to discuss the issue or raise a question prior to the AGM, they may contact me by telephone or e-mail (01620 890385, [rwsimpson@berriedale50.freeserve.co.uk](mailto:rwsimpson@berriedale50.freeserve.co.uk)).

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