

## Community Amateur Sports Clubs (CASCs)

There are a number of legal structures an organisation can choose. This briefing provides an insight into what Community Amateur Sports Clubs (CASCs) are, and the pros and cons for this form. Further resources can be found at the end and Community Southwark factsheets on the other possible charitable legal structures can be found on [the website](#).

**Please note:** *This information is for guidance and is not a statement of the law. It is intended to offer assistance and provide information where appropriate and Community Southwark is not liable for action taken, or not taken, as a result of reading this briefing.*



Historically, sports clubs have either become companies or remained as informal groups, with no access to charitable status or tax concessions to both encourage donations and reduce tax burden on them.

However, in 2001 the [Sport and Recreation Alliance](#), who had campaigned for tax relief for clubs since 1999 - provided HMT with two proposals to help local sports clubs which were accepted:

1. Following a Charity Commission policy change, sports clubs could register as charities; and
2. Sports clubs could register as a Community Amateur Sport Club under a tax scheme.

So since 2002, amateur sports clubs have been able to register as Community Amateur Sports Clubs (CASCs).

At the same time the Charity Commission announced that in England and Wales clubs that promote “healthy sport” could be registered as charity. The Charity’s Act 2006 also introduced a new charitable purpose: The advancement of amateur sport – amateur sports clubs, multi-sports centres and promoting a particular amateur sport or game.

### What are Community Amateur Sports Clubs (CASCs)?

Clubs promoting a single sport are now eligible to be either a [charity](#) (or [CIO](#)) or a CASC.

The CASC scheme distinguishes between clubs and business for rates and tax purposes. It is not a legal structure.

The CASC scheme is administered by [HM Revenue & Customs](#) (HMRC), although if a club is registered as a company, for example, it will still have to comply with Companies House.

There are currently 6,654 sports clubs registered with HMRC as a CASC (as of 12 January 2015).

To be eligible to register as a CASC, the club must be formally constituted; for the majority this will be as an Unincorporated Association but it could also be as a Company Limited by Guarantee (CLG), Community Interest Company (CIC) or as an Industrial and Provident Society (IPS).

Whichever legal form and governing document you choose, it must be formally adopted by the members to be acceptable.

Where your club has been operating for some time it's usually easy to show how it meets {the} conditions. Newly formed clubs might find it more difficult because HMRC need evidence of how your club is operating before they can register it as a CASC. (Gov.UK)

Even if already constituted a club must meet certain criteria to be able to register as a CASC. This includes:

- promote participation and provide facilities for eligible sports - this must be the main purpose of the club, regardless of ability
- be set up with a formal constitution, known as a governing document
- be open to the whole community
- be organised on an amateur basis
- be not-for-profit
- be set up and provide facilities in the UK, the EU, Iceland or Norway (but in one country only)
- be managed by 'fit and proper persons'
- be set up to distribute the clubs assets to another club or charity in the event of winding-up

There are 113 eligible sports, which are recognised by the Sports Council and the club must be set up to promote a single one of these – multi-sports clubs may be able to register as a CASC but will need to seek advice from HMRC.

In a CASC, players cannot be paid, although expenses can be reimbursed. However, a player can also be a paid coach. Payment of the governing body will depend upon the legal structure of the CASC.

It is important to remember that once registered as a CASC, you are always a CASC. If a CASC wants to deregister or HMRC feels it has acted against being a CASC and must deregister, there is a significant tax penalty and HMRC must deregister the CASC.

Therefore, before registering your sports groups as a CASC, it is essential to think through whether remaining as you are or registering as a charity or CIO would be more appropriate for the future of the club.

### **What are the benefits?**

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

- 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 £50K.
- Individuals do not pay inheritance tax on donations to the club.

CASC's also help keep money within the sports clubs through the above relief as well as through the winding-up procedures. Profit is also re-invested back into the club rather than going to stakeholders.

## What are the restrictions?

As not-for profit organisations, members can't financially benefit from the club; any profits have to be reinvested in to the club.

'Once a CASC always a CASC' (unless in exceptional circumstances) and there are significant tax penalties if deregistered.

## Can CASCs be charities?

No. A CASC cannot be a charity nor a [Charitable Incorporated Organisation \(CIO\)](#) but it may be able to convert to being a charity or CIO.

'You must choose whether to register as a CASC or a charity. A registered CASC can't be recognised as a charity for tax purposes.

Unlike charities, CASCs aren't regulated by the Charity Commission.' (Gov.UK)

This is because CASCs benefit from some but not all of the benefits and restrictions of charities, therefore to be both would cause conflict.

A sports club can choose to be a charity or CIO under the charitable purpose of 'The advancement of amateur sport'.

As a charity or CIO a sports club will receive all of the benefits (and restrictions) of charities. A club can still charge fees for attendance, match fees etc. as this will be considered to be 'Primary Purpose Trading' and 'Secondary Purpose trading' can take place up to a certain amount. A trading subsidiary may be needed if the club intends to run a cash bar and/or club house etc. (please see the Community Southwark factsheet '[Legal Implications of Charity Trading](#)').

As a CIO the club will be incorporated, limiting the liabilities of trustees and members. A charity would have to become a charitable company in order to be incorporated.

## Community Amateur Sports Clubs (CASCs) Overview - characteristics

1. Incorporation	No
2. Limited Liability	No
3. Governing document	Depends upon legal structure chosen
4. Can register as a charity	No – You must choose whether to register as a CASC or a <a href="#">charity</a> . A registered CASC can't be recognised as a charity for tax purposes. CASCs aren't regulated by the Charity Commission.
5. Ease to set up	Fairly easy if eligible
6. Costs	None for CASC but may be fees for registering the legal form i.e. with Companies House
7. Sources of finance available	Grants (depending upon criteria), donations, fundraising events, gift aid, charging fees, trading
8. Regulator	HMRC – but 'lighter touch'
9. Members	Yes
10. Income requirement	None
11. Converting to CIO	Only under exceptional circumstances
12. Asset Lock	No but tax penalties can be incurred

13. Dividends & interest	No but tax penalties can be incurred
14. Tax Benefits	Yes

## The Pros and Cons of CASCs

Pros	Cons
Keeping money on the sports club	A scheme rather than a legal structure – still need to pick a legal structure
Tax relief	Cannot be a charity as well
Trading i.e. cash bars operating at the sports club	Tax penalties for deregistration
Doesn't have restrictions of charities	Not all of the tax benefits of charities
Exempt from corporation tax	May not be able to access much grant funding
Player coaches can be paid	May not be widely recognised
Suitable for groups with club premises	May not be suitable for very small groups

## CASCs V Charity

No special status*	Charity status	CASC status
<b>Regulation</b>		
Little financial regulation other than to meet members' requirements	Charity Commission regulation and audit	HM Revenue & Customs regulation; generally a 'lighter' touch
No requirement to show public benefit – may have to show community benefit	Must show public benefit – see <a href="#">Charity Commission guidance</a>	No requirement to show public benefit
Can have restricted membership	Community participation (membership open to all members of the public) – may have different levels of membership	Membership open to all members of the public
No restrictions on sports pursued	Sports which promote health by involving physical or mental skill or exertion	Sports drawn from Sports Council's lists
No restrictions on activities	Activities must meet the purposes and be charitable - significant social activity. Trading allowed but some forms may need a subsidiary e.g. a bar	Social membership and trading e.g. a bar, generally permitted
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
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
Players can be paid	Players cannot be paid unless for coaching; they can receive reimbursement of	Players cannot be paid unless they also coach; they can receive reimbursement of

	expenses for travel to away matches	expenses to away matches
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
<b>Incentives to give</b>		
No tax relief	Gift Aid on individual and company donations	Gift Aid on individual donations (no relief on company donations)
No Payroll Giving	Payroll Giving allowed	No Payroll Giving
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
No tax relief	Inheritance tax relief on gifts	Inheritance tax relief on gifts
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
<b>Fundraising</b>		
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
Reliance on existing sources of funding	Grants may be available from other charities e.g. community foundations and other bodies supporting charities. Crowdfunding, fundraising events, charging reasonable fees and trading, contracts etc. all available.	May be eligible for some grants, crowdfunding, fundraising events, charging reasonable fees and trading and contracts may be available.
<b>Direct and indirect taxes</b>		
Income from non-members taxable	Primary purpose trading income exempt from tax	Income from non-members taxable
Fundraising income taxable	Other fundraising income exempt from tax either if within boundaries of 'Secondary Purpose trading' 'one off' or by using a 'trading subsidiary'	Fundraising income exempt from tax where turnover less than £30,000 (if more, it is all taxable without marginal relief)
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)
Capital gains (subject to reinvestment relief) and interest taxable	Capital gains and interest exempt from tax	Capital gains and interest exempt from tax
Corporation tax on all taxable profits	Corporation tax on all taxable profits subject to exemptions	Corporation tax on all taxable profits subject to exemptions
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%
Funds can be applied generally for any purpose	Corporate tax liabilities can arise if funds applied for non-	Corporate tax liabilities can arise if funds applied for non-

within the rules	qualifying purposes	qualifying purposes
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

(Adapted from a comparison prepared by Richard Baldwin, Tax Consultant and Chair, CASC Development Forum, reflecting the position at August 2011. Available on the FA website.)

\*If registered as a CLG, CIC or any other legal status there will be variations on what is in the table including registering with Companies House etc.

## Resources

- The Russell-Cooke Voluntary Sector Handbook: 3rd Edition: Directory of Social Change (2009)
- Ruth Hayes and Jacki Reason: 'Voluntary but not Amateur – A guide to the law for the voluntary organisations and community groups': 8<sup>th</sup> Edition: Directory of Social Change (2012)
- Get Legal Website [www.getlegal.org.uk](http://www.getlegal.org.uk)
- Gov.UK - HMRC Guidance - [Community Amateur Sports Clubs: detailed guidance notes](#) (2013)
- Cascinfo.co.uk - <http://www.cascinfo.co.uk/>
- Cascinfo.cvo.uk – [CASC v Charity info sheet](#)
- Sports and Recreation Alliance: [Blog on CASCs](#) (2013)
- Sport England: Support & Advice - [Community Amateur Sports Clubs](#)
- England & Wales Cricket Board (ECB): [Community Amateur Sports Clubs \(CASC's\)](#)
- The Football Association (FA): [CASC – An introduction](#)

## Support

If you would like any support with setting up an organisation and picking a legal structure or any other issues facing your organisation, please contact the Development Team at CAS: [development@communitysouthwark.org](mailto:development@communitysouthwark.org) or 020 7358 7020.

## For Sport Club Specific Support

Make sure you have:

- Signed up with any national governing bodies you need to i.e. The Football Association
- Have the right insurance – employers, public liability etc. if not covered by your affiliation to a governing body
- DBS checks
- Health & Safety checks
- The right coaching qualifications

The following websites are useful for information around sports clubs generally and in Southwark:

- Southwark Council Sports team:
  - [http://www.southwark.gov.uk/info/200282/community\\_sport](http://www.southwark.gov.uk/info/200282/community_sport)
  - [http://www.southwark.gov.uk/info/200282/community\\_sport/2859/sports\\_club\\_hub](http://www.southwark.gov.uk/info/200282/community_sport/2859/sports_club_hub)
  - [http://www.southwark.gov.uk/info/200282/community\\_sport/2554/disability\\_sports](http://www.southwark.gov.uk/info/200282/community_sport/2554/disability_sports)
  - [http://www.southwark.gov.uk/info/200282/community\\_sport/3068/southwark\\_youth\\_sport\\_panel](http://www.southwark.gov.uk/info/200282/community_sport/3068/southwark_youth_sport_panel)
- Sports and Recreation Alliance: <http://www.sportandrecreation.org.uk/>
- Spotted: <http://spotted.org.uk/>

- Sport England: <https://www.sportengland.org/>
- Football Foundation: <http://www.footballfoundation.org.uk/funding-schemes/mayor-of-london-sports-facilities-fund/>
- CASC UK: [www.cascinfo.co.uk](http://www.cascinfo.co.uk)
- Youth Sport Trust: <http://www.youthsporttrust.org/>
- Leap: <http://www.leapwithus.org.uk/for-clubs/club-matters/>
- London Sport (used to be Proactive): <http://www.pro-activelondon.org/>
- DCMS: <https://www.gov.uk/government/policies/getting-more-people-playing-sport/supporting-pages/funding-sport-england>
- Support through Sport UK: <http://www.supportthroughsport.co.uk/>
- NSPCC safeguarding in sport: <https://thecpsu.org.uk/>
- Equality Standard in sport: <http://www.equalityinsport.org/>
- Clubmark – Quality Club Accreditation: <http://www.clubmark.org.uk/>