



NGCAA
NATIONAL GOLF CLUBS'
ADVISORY ASSOCIATION



The National Golf Clubs' Advisory Association Ltd
The Threshing Barn, Homme Castle Barns,
Shelsley Walsh, Worcestershire, WR6 6RR
Tel: 01886 812943

email info@ngcaa.co.uk www.ngcaa.co.uk



Updates from Jackie Howe – Chief Executive to the NGCAA

This is a general guidance note for golf clubs on the recent legal changes concerning CASC'S. This note refers to the latest Regulations and HMRC Guidance with links to these documents contained in the footnotes on page 7.

Note: Throughout this guidance we refer to [HMRC detailed guidance](#), the [CASC Regulations](#).

What is a CASC?

It stands for Community Amateur Sports Club. Both unincorporated clubs and clubs limited by guarantee can be a CASC (subject to meeting the statutory eligibility criteria).

A sports club must register with HMRC under the Corporation Tax Act 2010 (the 'Act'). A CASC cannot also be a charity.

What about companies limited by shares?

HMRC guidance states:

“Companies limited by shares are different because voting rights are determined by the number of shares held. In the case of members clubs, HMRC would expect to see an equal shareholding for each member but this can be difficult to achieve where members come and go. It can be done

by making sure that each member is allocated a single share and that this is reallocated upon leaving”.

How long have CASCs been around?

Local amateur sports clubs have been able to register with HMRC as a CASC since April 2002.

Why register?

CASC's can benefit from a range of tax reliefs that are similar to those available to a charity but not as extensive. A CASC cannot be a charity. Full details of the benefits are beyond the scope of this guidance note.

What conditions must a club satisfy to be a CASC?

On 1 April 2015 the Community Amateur Sports Club Regulations 2015 ('CASC Regulations') came into force. These CASC Regulations set out the statutory rules clubs must satisfy to be entitled to be a CASC.

Do these new rules apply to existing CASC Clubs?

Yes. But existing CASCs have until 1 April 2016 to meet the new requirements of the new rules.

New HMRC Guidance on the changes

On 27 March, HMRC updated its guidance on CASCs to take account of the changes brought in by the new CASC Regulations.

The conditions:

In summary, a club is entitled to be a CASC provided:

1. It is, and it has a written constitution that requires it to be:
 - a. open to the whole community;
 - b. organised on an amateur basis; and
 - c. has as its main purpose the provision of facilities for, and the promotion of participation in, one or more eligible sports, such as golf.
2. Meets the location condition (i.e. it must be in a European Union State or other approved territory).
3. Meets the management condition (i.e. a club must have fit and proper persons in general control of the club).

4. Meets the income condition (*see below - with effect from 1 April 2015*).

It is clear from point 1 a-c above that CASC clubs must be properly constituted so that these conditions are binding on members and governing committee. Clubs must therefore consider whether they need to amend their constitution before submitting an application to register as a CASC.

What does open to the whole community mean?

Membership must be open to all without discrimination.

Facilities must also be available to members without discrimination.

Fees must not represent a significant obstacle to membership or use of its facilities. HMRC will take into account all fees taken as a whole, and not just annual subscriptions. This will include any charges for using facilities that are not included in the fees. HMRC considers membership to mean full membership.

What is meant by ‘discrimination’?

Discrimination means (but is interpreted by HMRC as not being limited to) indirect discrimination on the grounds of:

- Ethnicity and nationality
- Religion or beliefs
- Sexual orientation; and
- sex, age, or disability (except as a necessary consequence of the requirement of a particular sport).

But HMRC makes it clear that “Discrimination is not limited under the CASC rules to those [above] categories. Any form of discrimination of whatever nature would mean that a club does not meet the qualifying conditions.”

So can a CASC have different classes of membership and still be open to the whole community?

A club can have different classes of membership, for example, based on student status, or limits on the days and times a member can play.

HMRC guidance (Para 2.3.6) states:

“Clubs may have different classes of membership based on the age of the member, or whether the member is a student, is waged, is a playing member, or how far from the club the member lives. For example, a club may offer a class of senior membership at reduced rates to people over 65 which is not open to younger people. This is acceptable, provided that the senior

members are not effectively excluded from the club's activities, or prevented from becoming general members if they wish."

Para 2.4.2 "The club can put restrictions on the days and times when different classes of membership have access to the facilities, provided the restrictions do not effectively exclude those members from full participation in the club."

Can a CASC restrict the number of members it has and still be open to the whole community?

A Club can limit the total members, and have a waiting list, if this is justified due to limited facilities. A club must be able to demonstrate it has a fair and open membership process.

HMRC guidance (Para .3.7) on waiting lists for CASCs states:

"If a club has a waiting list it should admit members from this list in chronological order only. For example, they should not select members from the waiting list on the basis of sporting ability or how much they will pay for membership."

Can we restrict membership based on ability and still comply?

HMRC states this would not comply with the 'open to the whole community' criterion.

Could an individual's expulsion as a member become an issue for CASCs if it was deemed discriminatory?

Possibly. It could be evidence that the Club is not open to the whole community. Note the words we have highlighted from the HMRC guidance document in the excerpt below:

"Clubs can refuse or revoke membership on non-discriminatory grounds, where the membership, or continued membership, of the person concerned would be likely to not be in the best interests of the sport or the good conduct and interests of the club. These are internal matters for the club. Such procedures should be open and transparent and include an independent appeals process. HMRC will not become involved in such internal issues. **Provided the club has acted openly and followed its CASC compliant constitution there should be no effect on the club's CASC status.**" HMRC Guidance 2015 Para 2.3.14.

Are there limits to how much a CASC can charge members?

Yes. With effect from 1 April 2015, there are limits on the fees and other costs that a club can charge its members and still satisfy the CASC conditions.

There are two important thresholds:

Maximum Membership Charge – A club cannot charge any member more than £1,612 a year.

The costs associated with membership – This equals the sum of (a) the most expensive membership of the club plus (b) the associated sporting activity costs.

If the costs associated with membership are more than £520 (but less than £1,612 a year) a club must be able demonstrate it has special arrangements to ensure that those who are unable to afford such fees can **participate fully** in the club's sporting activities for no more than £520 a year (£10 a week). This therefore means making provisions for people on modest incomes.

“If no suitable arrangements are made then..[a] club will not be able to be a CASC because it is not open to the whole community” (HMRC Guidance Para 2.7.12)

HMRC says it is up to clubs to decide what provisions it makes for members. However, its detailed guidance note does give examples – See Para 2.8. The two golf specific examples are quoted below:

“Example:

A golf club has a cost of membership that is £800 a year, this is mainly made up of an annual membership fee of £770. This club decides to offer a 4 day membership to all members for £450 a year.

This new membership allows the member to play on 3 week days and either a Saturday or Sunday.

As this membership is available to all members the club with not need to ask members for evidence that they cannot afford the full price membership, this is an acceptable provision for those on a low income”

“Alternatively this club could offer free membership to those who can show they cannot afford to pay more than £520 a year. Members who took advantage of this would then be charged £10 per round each time they played, which could be on any day of the week. The club could also provide a number of second hand golf clubs for members to hire for no cost. The club’s website and notice board invited applications from those who cannot afford the full price membership and they were considered by the management committee.” (Para 2.8.7)

How must we promote special arrangements for those on modest and low incomes?

Clubs should ensure any special arrangements are not tucked away in small print, they must be clearly and openly advertised.

What are sporting activity costs?

Examples include:

- any additional charges for using the club's facilities - for example pitch hire, flood lighting
- fees charged to play in a match
- any fees charged by the club for hiring specialist equipment (this includes any necessary safety equipment)
- the cost to purchase or hire any specialist equipment that's necessary to participate in the sport (when not provided free of charge by the club)
- the cost to purchase or hire any clothing that the club requires the member to wear (when not provided free of charge by the club)
- insurance costs needed for the member to participate in the sport

HMRC guidance Para 2.7.6 states "you can purchase a second hand set of golf clubs for £30 online". Para 2.7.7 states "You should calculate these costs on the basis that the member participates on 52 occasions a year (unless you are a seasonal club claiming the seasonal apportionment)."

HMRC guidance notes say: "If your club's membership fees and sporting activity costs are more than £10 a week you must provide help, for example a discount to reduce those costs to £10 a week for people who can't pay more".

If a club offers memberships over different periods, or for families, it will need to carefully check the costs per year per person.

What does participate fully mean?

There is no clear definition. Whilst Regulation 9(5) says it means at least 52 occasions a year it may be that this definition only applies for the purpose of calculating the sporting activity cost.

Is it enough to offer a form of membership for £520 or less, even if that level of membership is restricted to off peak times during the week?

Because we do not have a clarity as to what full participates means we don't know.

Do we have to offer a reduced fee membership (i.e. £520 or less) that has voting rights or the option to stand for captain?

It is not clear whether this would satisfy the CASC criteria of 'full participation' and 'membership'.

HMRC Guidance states its view is 'membership' means 'full membership'. However, that begs the question, what does full membership mean? We hope a pragmatic view is taken but clubs should consider HMRC in relation to their own situation, to seek guidance before making a decision.

What does ‘organised on an amateur basis’ mean?

A club must be non-profit making and provide its members and guests with only the **ordinary benefits** of an amateur sports club. This means any surplus income or gains must be re-invested in the club and no assets or cash can be distributed to its members or third parties.

A club must also have wording in its constitution requiring all of its assets on dissolution to be applied for approved sporting or charitable purposes.

What are the ‘ordinary benefits’ of an amateur sports club?

Section 660(4) of the Act defines ordinary benefits as:

- the provision of sporting facilities
- reasonable provision and maintenance of club-owned sports equipment
- the provision of suitably qualified coaches
- provision for reimbursement of the costs of coaching courses
- insurance cover
- the provision of medical treatment
- the reimbursement of necessary and reasonable travel and/or subsistence expenses incurred by players, match officials, coaches, first aiders and accompanying individuals (i.e. persons accompanying a disabled person) travelling to away matches
- reasonable provision of post-match refreshments for players and match officials
- the sale or supply of food or drink as a social benefit which arises incidentally from the sporting purposes of the club

From 1 April 2015, a CASC can pay players up to £10,000 in a 12 month accounting period to play for the club. For more detailed guidance on the meaning of reasonable and necessary travel and subsistence expenses see the HMRC guidance 2015 Para 2.12.

The Participation Requirement

HMRC interprets this condition to mean that the provision of facilities alone is insufficient. Clubs should encourage all members to participate regardless of ability.

At least 50% of a club’s members must participate in sport at the club.

What are the new income conditions?

These are contained in The Community Amateur Sports Club Regulations 2015.

There is no limit to how much income a club can generate from its members.

As regards non-members, a club meets the income conditions if **trading income** plus **property income** do not exceed the relevant threshold.

What is the relevant threshold?

£100,000 - (in the case of an accounting period which is 12 months).

What is 'trading income'?

Means receipts / turnover generated from non-members.

What is 'property income'?

Income from property, such as rental income.

Are visitor payments for green fees trading income from a member or non-member, in light of the recent case law on VAT?

This is unclear but the safest approach may be to treat it as non-member trading income.

We are an existing CASC but we may exceed the £100,000 cap. What should we do?

HMRC guidance says it would expect your club to take steps to reduce the level of non-member trading and property income earned by your club.

Can we set up a trading subsidiary owned by the CASC to get under the cap?

This is a potentially viable strategy to manage the £100,000 income cap. The trading subsidiary may be able to benefit from corporate gift aid on donations made to the CASC. However, the NGCAA recommends CASC Clubs seek professional advice from the NGCAA legal team before determining whether this is the right option for your club.

What happens if a CASC does not take appropriate action to meet the income cap?

HMRC's latest guidance states where "*income... exceeds the relevant threshold and [the CASC] refuses to take steps to meet the income condition then they will be deregistered from the CASC scheme, they will lose all CASC reliefs and may face a tax charge based on the value of the club's assets*".

What to do next?

- Check whether your club meets the requirements to be a CASC.

- Are your constitutional documents compliant? HMRC has drafted some example clauses [here](#).
- Update your policies and marketing literature to ensure compliance.
- Consider whether a trading subsidiary could be set up if the income cap is a concern. The NGCAA's legal team can advise clubs further on this issue.
- If you don't comply, you have until 1 April 2016 to make the necessary changes. But remedial action may not be a quick fix and your clubs should commence work on this sooner rather than later.
- HMRC guidance states *"if you can't meet the new rules...you can ask HMRC to take your CASC off the register. As long as you met the rules before they changed on 1 April 2015 you won't be removed from the register until 1 April 2016 or have to pay any charges"*.