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Sporting Company

Protecting the interests of Sports Club Members



Your Sports Club serves the Community

But what does the Community
give in return?

- *They take you for granted*
- *They tax you*
- *And they might even sue you!*



But the law has provided solutions

Through:

- Limited Liability
- and special Tax rules for Sports Clubs



= register as a
Limited Company



= Community Amateur
Sports Club scheme
(CASC)



What is a company?

A company is a **limited liability** enterprise that has a **separate legal personality** from its members. Companies can be either publicly-owned (PLC) or privately-owned (LTD), and privately-owned companies can organise either as for-profit or **not-for-profit**. A for-profit company is owned by shareholders who elect a board of directors to direct the company. A not-for-profit company is **owned by the members** who elect a board of directors (in this case also called **Trustees**) to direct the company.

Let's break that down a bit...



What is a company?





..forget about PLCs and for-profit companies - which are for business

A not-for profit company is a **limited liability** enterprise that has a **separate legal personality** from its members. The company is **owned by the members** who elect a board of directors (also called **Trustees**) to direct the company.

Let's analyse these points

What is a company?

The type of company we're talking about:

- has Limited liability  limits how much you can lose
- has a separate identity  responsible for own liabilities
- is owned by Members  one Member one vote
- is run by the Trustees  appointed by Members



What is a company?

*LIMITED LIABILITY / SEPARATE IDENTITY / OWNED BY MEMBERS
/ NOT-FOR-PROFIT / RUN BY TRUSTEES*

Company liability is
limited to its assets

It can't lose more than it
owns

Trustees' liability
limited to Guarantee

Trustees' Guarantee is
normally just £10



What is a company?

*LIMITED LIABILITY / SEPARATE IDENTITY / OWNED BY MEMBERS
/ NOT-FOR-PROFIT / RUN BY TRUSTEES*

Company is treated as
if it were a person

It is responsible for its own
debts and liabilities

Members' not tied in to
company's liabilities

If company is in difficulties
Members' personal assets are
not affected



What is a company?

*LIMITED LIABILITY / SEPARATE IDENTITY / OWNED BY MEMBERS
/ NOT-FOR-PROFIT / RUN BY TRUSTEES*

It is a democracy

One Member one Vote

But not-for-profit

Assets benefit ALL Members AS
Members
Ultimately the SPORT is the
beneficiary



What is a company?

LIMITED LIABILITY / SEPARATE IDENTITY / OWNED BY MEMBERS / NOT-FOR-PROFIT / RUN BY TRUSTEES

“We were thinking that, if the club closed, the fair thing would be to distribute the assets among the Members”

Which Members?

The ones who founded the club?
The ones who brought it through hard times?
Current Members?
Future Members?



What is a company?

LIMITED LIABILITY / SEPARATE IDENTITY / OWNED BY MEMBERS / NOT-FOR-PROFIT / RUN BY TRUSTEES

Elected by Members

Effective decision making
Periodic re-election

Acting on behalf of all

Legal representatives and
authorities
Speak for the whole Club



OUCH !

**Consider your position as
an unincorporated club...**

As an "Association of
Members" **any** or **all** of you
may be held liable for the
Club's debts or liabilities



What liabilities are we talking about?

- Corporation Tax
- Debts
- Litigation



But we've
never had
a tax bill

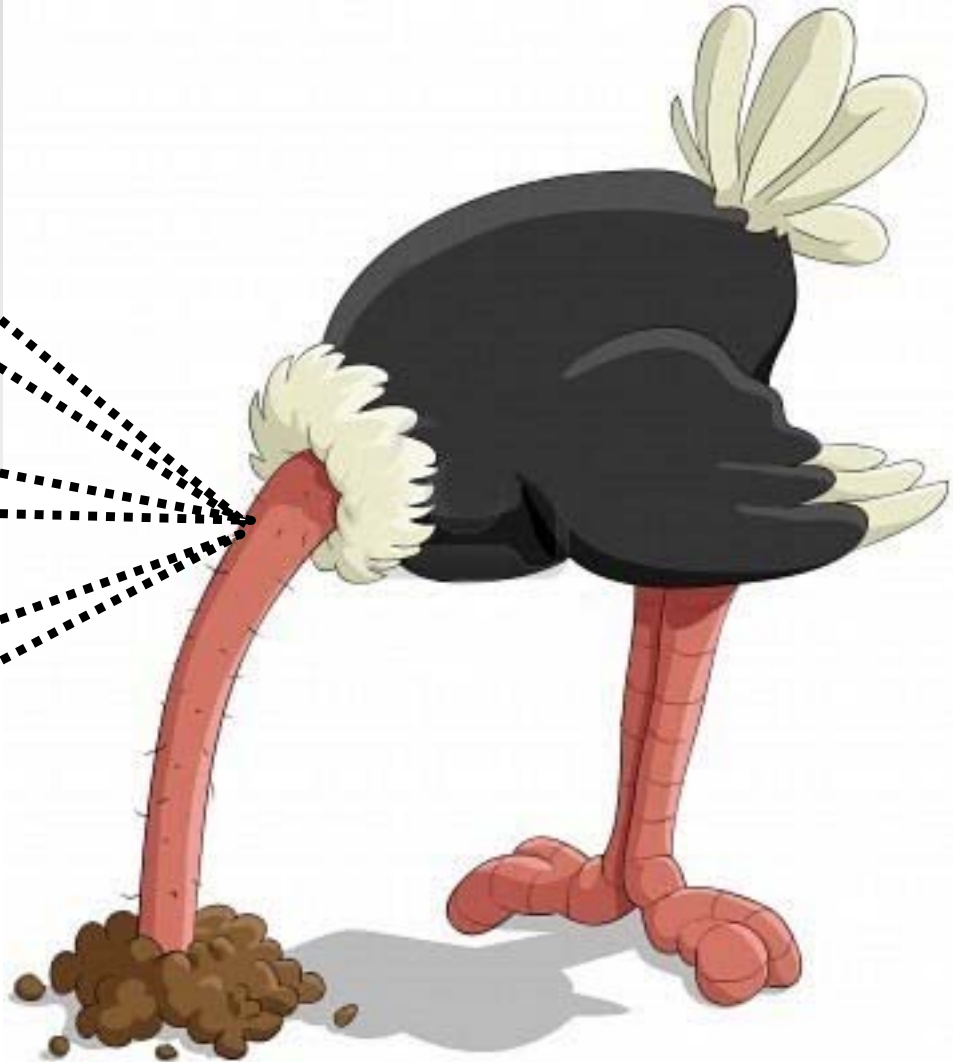
We don't
have any
debts

Why would
anyone sue
us?

But we've never had a tax bill

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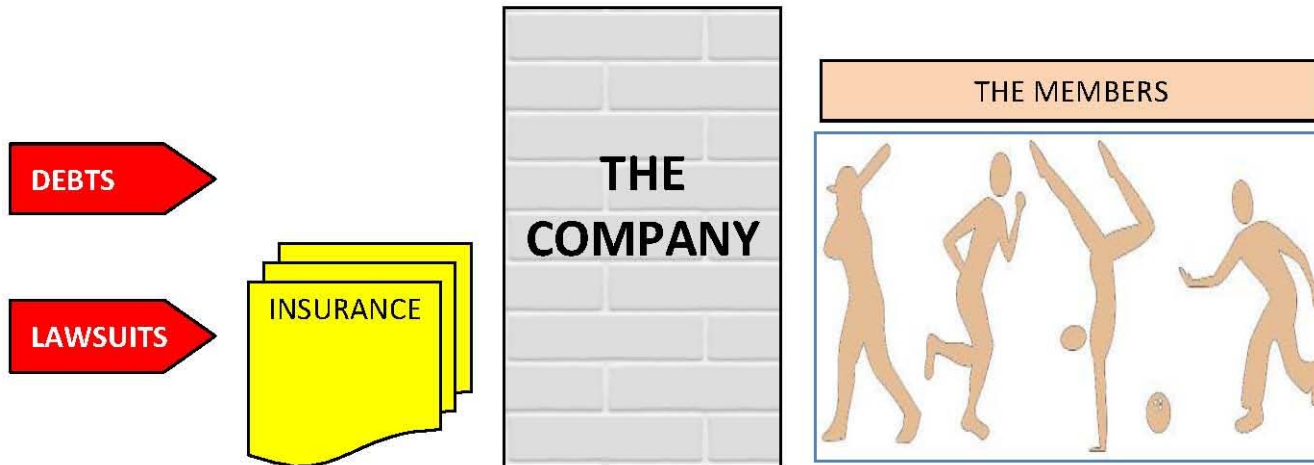
Why would anyone sue us?





Sporting Company

How limited liability protects Members





Are there any disadvantages? **YES**

- You must present Annual Accounts
- You must file an Annual Return
(confirms current officers, addresses etc – Companies House filing fee £40 on paper or £14 online)
- Both can be viewed online

But what have you got to hide?



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Rates and Taxes

HMRC has introduced special rules for
Amateur Sports Clubs...



Community Amateur Sports Clubs

- Get tax relief
- Get back the tax on Gift Aid donations
- Get rate relief
- Get concessions on certain property arrangements



Quote
from
HMRC
website

Community Amateur Sports Clubs

12. The tax reliefs for registered CASCs

12.1 CASCs are companies for tax purposes so their profits may be chargeable to Corporation Tax.

12.2 Sports clubs that are registered as CASCs can claim the following tax reliefs:

- exemption from Corporation Tax on profits from trading where the turnover of the trade is less than £30,000
- exemption from Corporation Tax on income from property where the gross income is less than £20,000
- exemption from Corporation Tax on interest received
- exemption from Corporation Tax on chargeable gains



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Community Amateur Sports Clubs

15. Non-domestic rates relief for CASCs

15.1 For CASCs in England and Wales Section 64 of the Local Government Act 2003 provides the same relief that would be available to a charity (*80 per cent mandatory relief*) where the CASC property is wholly or mainly used for the purposes of that club and of other such registered clubs.



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Community Amateur Sports Clubs

14. Reliefs for donors

14.1 Individuals can make gifts to CASCs using the Gift Aid scheme. Individuals can include the gross value of Gift Aid donations to CASCs when making a Tax Credit application or, when computing age related personal allowances. Individuals can obtain relief from Inheritance Tax for gifts to CASCs. Gifts will not form part of the donor's estate for Inheritance Tax purposes, in the same way as gifts to charity.

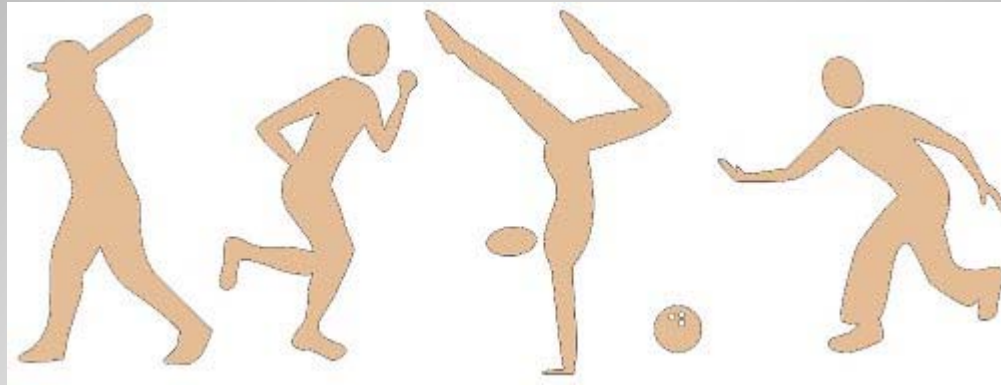
14.2 Businesses that give goods or equipment that they make, sell or use get relief for their gifts. They do not have to bring any disposal amount into account, but can still obtain relief for the cost, for tax purposes.

14.5 Individuals who are UK taxpayers can make gifts to CASCs using Gift Aid in the same way as they can make gifts to charities. **Gift Aid is only available for gifts to CASCs and not for other payments such as membership subscriptions.**

14.6 A CASC can reclaim basic rate tax on donations made by individuals, whether large or small, regular or one-off - provided the conditions for the Gift Aid scheme are satisfied. In particular, the CASC will have to be able to show an audit trail from the donation to a donor who has given a Gift Aid declaration that covers that donation.



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Community Amateur Sports Clubs

- Must have approved constitutional documents
- Must submit company-style Accounts
- Must register with HMRC

Company Articles are fine

You'll do this anyway

Extra Action point



Quote
from
HMRC
website

Community Amateur Sports Clubs

2. What kind of club can register as a CASC?

2.1 Sports clubs must be formally constituted so that the conditions of the scheme become binding on the members and their governing committees. This means that clubs wishing to apply for CASC status will need to **look carefully at their constitutions** to make sure these fit in with the CASC requirements before they apply to HMRC.

2.2 Your club can use any form of constitution such as a set of rules or a **memorandum and articles of association** but it must be formally adopted by the members to be acceptable.

2.3 The conditions for becoming a CASC are fairly easy to meet. Your club must fit in with these in practice as well as having these as requirements in the club rules. Your club must:

- be open to the whole community
- be organised on an amateur basis
- have as its main purpose providing facilities for, and promoting participation in one or more eligible sports
- meet the location requirement (*applies to EU clubs outside the UK*)
- meet the management condition (*club managers must be "fit and proper" persons*)



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Eligible sports for CASC scheme

Aikido American Football Angling Archery Arm Wrestling Artistic Skating (roller)
Association Football Athletics Australian Rules Football Badminton Ballooning
Ballroom Dancing Baseball/Softball Basketball Baton Twirling Biathlon Bicycle
Polo Billiards and Snooker Bobsleigh Boccia Bowls Boxing Camogie Canoeing
Caving Chinese Martial Arts Clay Pigeon Shooting Cricket Croquet Curling Cycling
Dance Sport Darts Disability Sport Diving Dragon Boat Racing Duathlon
Equestrian Exercise and Fitness Fencing Fives Folk Dancing Flying Futsal Gaelic
Football Gliding Golf Gymnastics Handball Hang/Para Gliding Harness Racing
Health and Beauty Exercise Highland Games Hockey Horse Racing Horse Riding
Hovering Hurling Ice Hockey Ice Skating Jet Skiing Ju Jitsu Judo Karate Keep Fit
Kendo Knee Boarding Korfball Lacrosse Lawn Tennis Life Saving Luge Model
Aircraft Flying Modern Pentathlon Motor Cycling Motor Sports Mountain Biking
Mountaineering Movement, Dance, Exercise & Fitness Netball Octopush
Orienteering Parachuting Petanque Polo Polocross Pool Power Boating
Powerlifting Quik Hockey (roller) Quits Basketball Rackets Rafting (white/wild



But note
these
quotes
from
HMRC

Community Amateur Sports Clubs

12.1 CASCs are companies for tax purposes so their profits may be chargeable to **Corporation Tax**.

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2.2 Your club can use any form of constitution such as a set of rules or a **memorandum and articles of association**.

(Memorandum & Articles are the normal constitution documents for a company)



Community Amateur Sports Clubs

But there may be some problems.
(This is HMRC after doing this

HMRC doesn't have a clear sequence for

- An unincorporated club has to register again when it becomes a company
- An incorporated club (company) is treated as a new club when it registers for CASC
- Riding this roundabout may take a little time!



So your choices are...

1. Stay as you are – taking the risks and paying the tax
2. Start the process by registering as a company then as a CASC



So how can you proceed?

1. Discuss with members
2. Register company
(at Companies House)
3. Apply for CASC registration
(with HMRC)



OM will do this for you



One other choice to make...

Which type of company should you register?

- Traditional “Limited by Guarantee” (LTD) **OR**
- Community Interest Company (CIC)



Which type of company?

“Limited by Guarantee” (LTD) is suitable if you ONLY want to qualify for CASC status



Which type of company?

“Limited by Guarantee” (LTD)

- Meets HMRC requirements for CASC registration
- Does **not** meet requirements of many public funding bodies
(because it does not have formal Regulation)



Which type of company?

Community Interest Company (CIC) is best if you want to be recognised by non-sports funding bodies



Which type of company?

Community Interest Company
(CIC)

- Has a statutory Regulator
- Is recognised by non-sports funding bodies

It's a question of where your funding comes from



Sporting Company

Protecting the interests of Sports Club Members

For more information visit
www.orderedmanagement.co.uk
or call Ordered Management on 0117 370 2725