

Table of comparison of sports clubs tax regimes¹

	No special status	Charitable status	CASC² 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 list
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 although HMRC may question social income levels
6	Prima facie no restriction on distribution of profits and assets to members	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/non-playing duties; they can receive reimbursement of expenses for travel to away matches	Players generally cannot be paid unless for coaching/non-playing duties; 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	CASC's need to meet HMRC's definition of sport and their purposes must conform to CASC rules

¹ Comparison prepared by Richard Baldwin, Tax Consultant, believed to reflect the position as at January 2013

² Community Amateur Sports Club

Incentives to give			
10	No tax relief	Gift Aid on individual and company donations. Small charitable donations scheme is available	Gift Aid on individual donations (not company donations). Small charitable donations scheme is available
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 and Corporation Tax relief for gifts of shares and property
13	No tax relief	Inheritance tax reliefs on gifts and possible 36% rate on death for remainder of estate	Inheritance tax reliefs on gifts and possible 36% rate on death for remainder of estate
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 18 and 19)
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 £20,000 pa of rental income exempt from tax (if more, it is all taxable without marginal relief)
20	Capital gains (subject to reinvestment 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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For more information kindly contact the RYA Legal Team on 0844 5569519 or legal@rya.org.uk

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