



# Guidelines for Hut Managers

No. 1 March 2016 \*



## Community Amateur Sports Clubs

### Scope and context

Many sports clubs, including mountaineering clubs, can register with HM Revenue & Customs (HMRC) as a Community Amateur Sports Club (CASC).

The UK Government acknowledges that local sports clubs play a vital role in our society and in particular in promoting health through regular exercise. Historically, the voluntary sports club sector has suffered from a lack of both cash and adequate facilities despite the efforts of thousands of volunteers.

The purpose of the legislation that established the CASC scheme is to encourage people to participate in sport by providing clubs with more resources to enable them to improve their facilities. In effect, clubs that register as CASCs are granted quasi-charitable status with many of the tax benefits enjoyed by charities. Designed originally as a 'light touch' regime because once clubs had registered as CASCs they were not required to file annual returns. However, recent changes to the scheme now require clubs to keep records of actual participation.

From 1<sup>st</sup> April 2015 the following changes were made to the CASC scheme –

- Increases in exemptions
- New income limit conditions
- Need to have 50 percent participating members
- Travel and subsistence expenses
- Payments to players
- Restriction on the level of membership costs

<http://www.sportenglandclubmatters.com/understand-the-changes-to-casc>

To register as a CASC a club must comply with the following conditions –

- Be open to the whole community
- Be organized on an amateur basis
- Have as its main purpose the provision of facilities for, and the promotion of participation in one or more eligible sports
- Not exceed the income limit
- Meet the management condition
- Meet the location condition

### Open to the whole community

To be open membership of the club must be open to all without discrimination. The facilities must also be open to all the membership. Further, the club's fees must not represent a significant obstacle to membership or use of its facilities.

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## Open to the whole community

Membership means the people whom the club recognises as having accepted the rights and liabilities as set out in its governing document. Member's rights include the right to attend general meetings and vote by majority voting. There is no discrimination in not allowing junior members to vote until they are 18 years old.

## Organised on an amateur basis

- The club must be non-profit making. Any surplus income or gains must be re-invested in the club. There must be no distribution of assets to members.
- The club provides only the ordinary benefits of an amateur sports club for members and their guests.
- The club's governing document requires any net assets on dissolution of the club to be applied for approved sporting or charitable purposes.

## Provision of facilities for, and the promotion of participation in, one or more of the eligible sports

The club must make its facilities available, without discrimination, to all members. The club must not discriminate between classes or categories of members.

## Fees and costs charged by the club must not represent a significant obstacle to membership

Where the fees charged by the club exceed £1,612 per annum then the club would not be open to the whole community. The fees of many clubs do not exceed £520 per annum – these are affordable for the whole community.

## Discrimination

Includes all the usual grounds, e.g. sex, age, disability, ethnicity, nationality, sexual orientation, religion or other beliefs, except as a necessary consequence of the requirements of a particular sport. Single sex clubs may register as CASCs provided the restriction on membership is due to the requirements of the sport.

## Membership

HMRC's view is that membership of a club must mean full membership.

Clubs may have different classes of membership based on the age of the member, student, waged, playing member, e.g. senior membership at reduced rates for those aged over 65 which is not open to younger people. However, it must have an open membership policy so that the selection of members on the basis of their existing attainment would not be acceptable.

## Participation – Social membership threshold

The club must ensure that at least 50% of its members are 'participating members'. A participating member must participate in the sporting activities of the club on a number of occasions that is equal to or more than the club's participation threshold. If the number of participating members falls below 50% then the club must take action remedy the situation, e.g. by encouraging members to participate or by recruiting new active members.

Participation in sporting activities includes: maintaining club facilities and serving as an officer in sporting activities includes: maintaining club facilities and serving as an officer or committee member of the club. The clubs needs to keep records to enable it to calculate whether the 50% requirement has been met.

## Benefits for clubs registered as CASCs /

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## Benefits for clubs registered as CASCs

- Non-domestic rates relief (business rates). Clubs are entitled to mandatory rates relief at 80% in respect of their premises.
- Gift Aid: Individual members who are UK taxpayers can make donations to their club using gift aid. The clubs can then reclaim basic rate tax from HMRC Charities. The donors can offset their donations against their liability to income tax. Membership subscriptions cannot be treated as Gift Aid payments.

**Note:** *Legacies to clubs registered as CASCs are treated as exempt transfers for inheritance tax purposes.*

- Clubs are treated as companies for tax purposes and therefore their profits, including interest, may be chargeable to corporation tax. Under the CASC scheme, however, interest received and chargeable gains are exempt from corporation tax. There are also exemptions from corporation tax in respect of profits from trading and income from property.

## Once a CASC always a CASC

Clubs registered as CASCs enjoy considerable tax benefits and therefore HM Treasury and HMRC cannot allow them to be used as a vehicle for tax avoidance or evasion. Thus there is no provision for de-registration. However, a club that fails to comply with the CASC conditions can be expelled from the scheme in which case it may be liable to pay corporation tax, the club being deemed to have disposed of its property and then to have re-acquired it at market value on the date of deregistration.

CASCs that have always been fully compliant with the rules prior to 1<sup>st</sup> April 2015 were given 12 months to meet the requirements of the new rules. If they are not able to do so then they will be deregistered with effect from 1<sup>st</sup> April 2016.

## Registration

HMRC must be satisfied that a club already meets the conditions of the CASC scheme before it can register the club. The club should be acting in a CASC compliant way, run by its members with a CASC compliant governing document.

Applications to register as a CASC should be made to the HM Revenue & Customs, Charities New Cases, SO 708, PO Box 205, Bootle L69 9AZ Tel 0300 123 1073

[www.hmrc.gov.uk/charities/casc](http://www.hmrc.gov.uk/charities/casc)    [www.hmrc.uk/casc/casc\\_guidance.htm](http://www.hmrc.uk/casc/casc_guidance.htm)

The following documents must be submitted:

- The completed registration form ( CASC (A1) )
- Membership booklet/rule book (if you have one)
- Copies of bank statements for the past three months
- Copy of the club's most recent financial accounts
- Governing document, i.e. the club's constitution

## Amendments to the club constitution

Most clubs will need to amend their constitution before they can register as a CASC. To comply with the requirements of the CASC legislation a club's constitution must include the following key clauses:

- *Objective*  
It must make it clear that the club's objective is to encourage participation in the sport of mountaineering.
- *Status /*

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- *Status*

It must state that the club is a non-profit making organisation and that any surplus income or gains shall be re-invested in the club and not distributed to members or third parties.

- *Membership*

It must state that membership shall be open to all without discrimination. However, a club may have different classes of membership. Subscriptions must be affordable. They must not pose a significant obstacle to people participating in the club's activities.

- *Dissolution*

Any net assets remaining after settling all the club's liabilities must be applied for the purposes of the sport's governing body (BMC or MCofS) or of another club registered as a CASC or of a registered charity.

## Some Specimen Clauses

### **Objectives**

The club's objectives are:

- To provide facilities for and to promote the active participation of the whole community in the sport of mountaineering in its widest sense.
- To give encouragement and assistance to persons who are introducing young people to the mountains.
- To promote safety in the mountains

### **Status**

The club is a non-profit making organization. Any surplus income or gains shall be re-invested in the Club and not distributed to members or third parties.

### **Membership**

Membership of the Club shall be open to all persons irrespective of ethnicity, nationality, sexual orientation, religion or beliefs; or of age, sex, or disability except as a necessary consequence of the requirements of mountaineering as a particular sport.

The committee may refuse membership or expel from membership only for good or sufficient cause, such as conduct or character likely to bring the club or sport into disrepute. An appeal against such a decision may be made to the club's members at an AGM or to a separate appeals committee and decided by a majority vote.

There shall be three grades of membership – honorary, senior and junior.

### **Dissolution**

In the event of dissolution the committee then in office shall remain in being for the purpose of winding up the club's affairs and after discharging the club's debts and liabilities shall distribute any assets remaining to another mountaineering club registered as a Community Amateur Sports Club (CASC) or to a registered charity associated with the sport of mountaineering or to the sport's governing body as decided at a general meeting and failing such a decision as the committee shall decide.

Model clauses that HMRC has accepted as meeting the requirements for CASC registration are available from the CCPR: [www.cascinfo.co.uk/applyingforcasc/cascdocuments.htm](http://www.cascinfo.co.uk/applyingforcasc/cascdocuments.htm)

**Note:** HMRC is prepared to consider a club's application to register as a CASC along with any proposed amendments to its constitution prior to its AGM. Also, HMRC will advise the club as to whether or not the wording of the proposed amendments are acceptable.

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**Note:** If viewing this .pdf while online then clicking on any [URL](#) will take you to that website.

## About Hut Guidelines

These guidelines have been produced by the Huts Group of the British Mountaineering Council and the Huts Advisory Group of the Mountaineering Council of Scotland to assist those operating mountain huts in Britain.

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**URLs:** If any of the URLs (web addresses) given on the preceding pages are found to be 'dead links' please notify [huts@mcofs.org.uk](mailto:huts@mcofs.org.uk) There may be problems when using older browsers – check your version.

**Disclaimer:** These guidelines were revised on the date shown below and the information herein is believed to be accurate at the time of writing. No responsibility can be accepted for any loss of benefit or entitlement arising through use of these guidelines – they are not intended to be definitive.

**Version no. 6 – March 2016**

These guidelines are updated periodically; to check on the currency of this version go to one of the websites above where the latest version will always be displayed.