



Community Amateur Sports Clubs: changes to rules

Who is likely to be affected?

Sports Clubs that are registered, or are considering registering, with HM Revenue and Customs (HMRC) as Community Amateur Sports Clubs (CASCs); and CASC members.

General description of the measure

The measure introduces an updated set of the eligibility conditions that apply to all sports clubs which are registered, or wish to register, as CASCs. The corporation tax exemptions for trading and property income will be increased.

Policy objective

The original objectives of the CASC scheme were to increase and sustain sports participation, and address other priorities, in particular health, crime reduction, volunteering, community building and promoting social inclusion.

HMRC reviewed the original rules and guidance and concluded that some of the eligibility rules were difficult for both clubs and HMRC to interpret and apply correctly. This measure makes the rules for CASCs clearer, by specifying the detailed conditions a club must meet to register as a CASC, while meeting the original objectives.

Background to the measure

Schedule 21 to Finance Act 2013 amended the conditions which a sports club must meet to be registered as a CASC. It introduced powers to bring in more detailed rules through regulations. Section 35 of the Finance Act 2014 extended corporation tax relief to donations to CASCs for donations made on or after 1 April 2014. A TIIN for that measure was published on 10 December 2013.

A public consultation on the conditions closed on 12 August 2013 and the Government published its response on 25 November 2013. Since then, HMRC has continued to consult with representative bodies on the detailed eligibility rules underpinning the draft regulations through the CASC Forum.

Draft new Regulations have been consulted on publicly and final new Regulations have been laid before Parliament.

The government's response to the technical consultation on the draft new Regulations is available here <https://www.gov.uk/government/publications/draft-legislation-community-amateur-sports-clubs-technical-consultation>

The Explanatory Memorandum <http://www.legislation.gov.uk/ukdsi> also laid before Parliament, explains how the new Regulations will work.

Detailed proposal

Operative date

New Regulations to make changes to:

- the eligibility conditions for CASC registration with HMRC

- clarify and extend the benefits allowed under the scheme, and

will operate from 1 April 2015.

An Order to increase the exemptions for trading and property income will be laid shortly and will operate from 1 April 2015.

Current law and proposed revisions

The Consultation Document accompanying publication of the draft regulations explains both the position under the current law and the position would be under the proposed changes.

In summary the changes are:

- Introducing a new income condition restricting turnover (trading income from member and non-members, and property income) to £100,000 a year.
- Putting on a statutory footing the criteria that clubs cannot meet the existing `sporting main purpose` condition if they have more than 50% social members.
- Providing that the maximum figure for membership fees and the costs of taking part in a sport, without requiring a club to make special arrangements for those on low incomes, is £520 and that membership fees cannot exceed £1612.

Extending the scope of what is allowed under the `ordinary benefits of CASC membership` to allow clubs to pay players subject to a total annual limit of £10,000 and make further provision about travel and subsistence expenses when participants attend away matches. Further change, to be enacted through an Order laid shortly, will

- Increase the thresholds for exempt trading income and property income from; £30,000 to £50,000 and £20,000 to £30,000; respectively.

Summary of impacts

Exchequer impact (£m)	2014 to 2015	2015 to 2016	2016 to 2017	2017 to 2018	2018 to 2019	2019 to 2020
	-	negligible	negligible	negligible	negligible	negligible
	This measure is expected to have a negligible impact on the Exchequer.					
Economic impact	The measure is not expected to have any significant economic impacts.					
Impact on individuals and households	The new legislation will ensure that clubs charging fees above the maximum limit must offer reduced membership fees to individuals on low incomes.					
Equalities impacts	No identified impacts on people with protected characteristics.					
Impact on business including civil society organisations	This measure is expected to have a negligible impact on businesses and civil society organisations. All of the approximately 6,600 existing CASCs may have limited one-off costs in assessing their position under the new rules.					

	<p>There may be further implications for some CASCs, for example clubs offering sports, such as golf, yachting and flying who will be more likely to be affected than other types of sports.</p> <p>Some clubs may need to make changes to their structure or their operations in order to retain their CASC status. Clubs with more than 50% social members will need to make arrangements to reduce their social membership. A small minority of clubs may decide to leave the scheme or cease.</p> <p>Clarification of the rules may also mean that some new clubs find them easier to operate and therefore enter the scheme.</p>
Operational impact (£m) (HMRC or other)	HMRC will be carrying out an educational campaign for CASCs and a follow up compliance project to check compliance. Costs will be met from existing baselines.
Other impacts	None identified.

Monitoring and evaluation

The policy will be kept under review through communication with taxpayer groups affected by the measure.

Further advice

If you have any questions about this change, please contact David McDowell on Telephone: 03000 585284 (email: david.mcdowell@hmrc.gsi.gov.uk).

Declaration

Priti Patel MP, Exchequer Secretary to the Treasury has read this Tax Information and Impact Note and is satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impacts of the measure.