

Community Amateur Sports Club (CASC)

What is CASC ?

The CASC scheme was introduced in 2002 to give amateur sports clubs that make a positive contribution to their local communities some of the tax benefits available to charities. The principal tax reliefs available to CASCs are business rates relief, relief from Corporation Tax on certain types of income and gains and Gift Aid relief on donations of money by individuals.

The scheme is aimed at locally-based amateur sports clubs that often struggle to survive but make a valuable contribution at grassroots level to their local community. For example, a village bowls club or a local amateur youth football team.

At the time the CASC scheme was announced, in 2001, sports clubs were not considered to be eligible for charitable status. The Charity Commission for England and Wales decided shortly afterwards that amateur sports clubs may be eligible for charitable status. As a result sports clubs can choose between charitable and CASC status, subject to meeting the eligibility conditions.

Since 2002 over 6,000 clubs have registered with HMRC for the CASC scheme. Between them they have claimed over £12 million in Gift Aid and it is estimated around £100 million has been saved by clubs in respect of business rates.

How does it impact KHGC ?

CASC in its simplest terms is a way of obtaining rate relief from Central Government. This relief is an **80% reduction in rates**. Unlike discretionary relief, involves a cost and decision for the local council, this is a **mandatory** relief funded by Central Government. The relief is granted by the Local Government Finance Act 1988 as amended by the Local Government Act 2003 and is granted by the same section as applies to registered charities.

Based upon the current rates of £ 33 020 pa the saving to the club would be £ 26 416.

CASC requires club membership to be available to all members of the community, be organized on an amateur basis and have facilities suitable to promote sport (golf in the case of KHGC). This is at present the ethos of the club.

CASC does not preclude the sale of all or part of the club. If this occurs, maybe for a road to be built or houses to be erected, then the profits from such a sale would have to be reinvested into the club, so that it remains a sporting facility (Golf Club) or distributed to another CASC. This was clearly the premise as defined in the Memorandum & Articles of Association signed 1976.

The Advantages of joining CASC are purely financial, namely mandatory rate relief, tax exemption on certain types of income and gift aid.

No known **disadvantages** have been encountered by clubs that have joined CASC, as confirmed by the English Golf Union.

In the event of the government changing the legislation, then a situation arises where the club may be automatically deregistered or the legislative change could be more beneficial, then the club would have the choice to either stay or leave.

Frequently asked Questions & Answers

1. What's the take-up been on CASC registration, both generally and amongst golf clubs?

As at January 2012, there were 6 571 CASC registered, of which 471 were golf clubs. There are also thought to be another 50 or so golf clubs currently in the HMRC pipeline.

Of the local clubs Bridport & West Dorset, Came Down, Wareham & Weymouth are registered.

2. If we register for CASC would we be giving our assets to the government?

No, the club will still own the assets.

Does a CASC registered club lose its status and heritage as a "Members' Club"?

No. The club retains full control of all its rules and decisions within the confines of the CASC regulations.

3. Would the club be exposed to interference from the local council?

No clubs who have joined have reported any interference from central or local government. Local Authorities have no involvement in the CASC scheme - they are obliged to grant 80% mandatory rate relief when presented with a letter from HMRC confirming the club's CASC status.

The cost of the CASC 80% business rates reduction is born centrally and there is no legal basis for local government to get involved with CASC registered clubs and their operation.

CASC compliance, once a club is CASC registered, is no different to compliance with any other law or regulation, such as Health and Safety or the Licencing Act. There is no routine HMRC involvement post registration; the club and its members simply continue to adhere to the agreed rules of the Club, just as they would have done before CASC status, the only proviso being that the Club's current rules must remain CASC compliant.

HMRC will ordinarily only ever become re-involved if they become aware that a club is in breach of its CASC obligations. In such circumstances, HMRC will normally seek rectification rather than sanction, as the only sanction available is the draconian step of de-registration (which is not in the interest of either party).

4. What difference, will joining CASC, make to my subscriptions?

The joining of CASC may significantly reduce the possibility of a major increase in subscriptions in future years.

5. Will the club be restricted in the manner in which it levies the subscriptions?

There is no restriction on which subscriptions are to be levied, provided however they have been set on the basis that they meet the club's requirements with regard to maintaining the club's facilities and that they will be deemed to be reasonable and non-discriminatory.

6. Does this mean the club must offer membership to everyone who applies?

No, the club can refuse membership where there is good reason to believe that the applicant will be a disruptive influence or prejudice the good conduct of the club. There must be no discrimination in making the decision. With respect to KHGC, our membership criteria will not have to change.

7. What difference is the requirement for “an open approach to membership” likely to make?

Very little in practical terms as we already operate an open approach to membership:

- KHGC prides itself on its egalitarian and non-selective approach to membership, based on a rigorously enforced first come/first served arrangement for new members.
- The “letter of introduction” route which has now been introduced with the specific objective of opening our membership in a controlled manner to people not known to current members.

In addition:

- The advent of the Equality Act 2010 means we have already been obliged to implement non-discriminatory membership practices. This has reduced the level of change necessary for CASC compliance to just the removal of the inherently selective proposer/seconded requirement and the “low handicap” waiting list exemption.
- The proposer/seconded requirement these days adds very little value to the member recruitment process, not least because proposers/seconders do not see themselves as having any obligations towards the applicants they sponsor beyond signing their application form.
- In these days of falling interest in club membership, it could be argued that as the operation of the proposer/seconded mechanism has the effect of reducing the pool of prospective new members, its removal could be viewed as a good, rather than a bad thing, as it will have the effect of widening the pool of potential new members.

8. What’s to prevent the “open approach to membership” from becoming an “anyone can join” free-for all?

One also quite often hears the fear expressed that the required open approach to membership means that there will be nothing to stop “unsuitable members” from joining. Given our already non-selective, egalitarian first come, first served approach to membership, it is unclear what in the context of KHGC might be meant by the term “unsuitable member”?

Notwithstanding this, there are three important and effective controls operating in the Club’s favour, namely:

- The Club retains the right to limit membership categories and numbers based on available capacity.
- The Club retains the right to refuse membership on “bad apple” grounds; this means that the “unsuitable member” issue so often spoken about just shouldn’t arise.
- Both the fact that new members have to commit to paying an annual subscription fee, should select heavily in the clubs favour by encouraging “golfers” and discouraging “learners” from applying for membership.

9. Does a CASC registered club lose control of its membership arrangements?

Only to the extent that application for membership:

- Must be “open to the whole community”, which means that proposer/seconded arrangements cannot be employed as these are seen as inherently selective, and
- Any refusal of membership by the Committee must not be on grounds that are considered discriminatory under CASC rules (these being essentially the same as those already imposed on the Club by the Equality Act 2010 in respect to gender, disability, ethnic origin, age, etc.).
- Beyond these restrictions, the club retains full control of its membership in that it is free:
 - To decide the categories of membership offered, their associated fees, terms and conditions and the maximum numbers of members allowed within each of these categories.
 - To refuse membership to, or withdraw it from anyone behaving in a manner inappropriate to the game or where the Committee believes that the membership of the person concerned would be likely to be contrary to the best interests of the game or the good conduct and interests of the club.

10. Is a CASC club able to exercise all the commercial decisions that a non-CASC club can?

Yes. As a private limited company, the club is a separate legal entity that has an elected committee mandated and entrusted by the members to run the club and to make commercial decisions on their behalf, subject to the superior direction of the members in general meeting. CASC status does not affect this in any way.

11. Does CASC registration change the club asset ownership position or any of its commercial freedoms whilst it remains a going concern?

No. Becoming CASC registered does not change the club's or the members' ownership position with regard to the club's assets, in that:

- The Club as an entity retains full and complete ownership and control of all its assets. This includes being able to borrow against them and to sell & reinvest in support of the club's objectives under the collective direction of the members as a body, via Ordinary Resolutions.
- The members, as individuals, have absolutely no rights to the assets under the club's "Not for Profit" provision. This requires that the property and income of the club be solely applied for the furtherance of the club's objectives and cannot be distributed to members in any way.

12. How do we obtain mandatory rates relief?

Clubs should apply for CASC status and then take the letter of confirmation from HMRC with the CASC reference number and present this to their Council. Relief will not be granted retrospectively beyond the current financial year. However, if you apply for CASC status after 1 April HMRC may register the club from 1 April if the club's constitution meets the requirements of the CASC scheme from that date.

13. What will HMRC require for club accounts?

HMRC will impose no special requirements. They would expect CASC's members to want the accounts to be kept and audited in a way commensurate with the size of the club's income.

14. Does CASC registration inevitably result in a fall in traditional standards of dress and behaviour?

Not on a direct cause & effect basis.

Although one quite often hears that such and such club went CASC and that "standards dropped as a consequence" or that the club's character changed for the worse, one needs to bear in mind that if a club is facing difficulties in balancing its books, CASC is often just one of a range of measures that can be taken to address this issue. Others typically are the relaxation of dress rules in an effort to get more people "through the door" and aggressive membership and visitor recruitment activities, leading to an increase in the number of inexperienced players on the course, with limited knowledge of golf etiquette.

All too often, members (wrongly) associate one (CASC) with the other (a fall in standards).

The key point is that in no way is either of these undesirable changes a direct consequence of being CASC registered; they are purely a consequence of the general situation in which the club in question finds itself.

15. Can a club de-register?

There is no provision in the legislation for a club to de-register.

Once a CASC always a CASC. Before applying to be a CASC, members really need to be agreed that what they really want is to maintain the club for the continuing use of the community. If members have one eye on selling off the ground for building a supermarket and sharing the profits, then CASC status is not for them. If a CASC ceases to operate, its assets would have to be passed on in accordance with the legislation to another CASC, the governing body of an eligible sport or a charity.

The basis of the penalty arrangement is exactly the same as for charities exiting charitable status. The club would be liable to pay capital gains tax based on valuations of the Club's assets at different points in time.

16. What if a CASC breaks the rules?

It would depend on what the transgression was. HMRC would normally expect to give the CASC the chance to rectify the position, provided that was possible. But if the matter were more serious, such as distribution of assets to members, HMRC would de-register the club with effect from a suitable date which would mean that the club ceased to enjoy the CASC tax exemptions from that date. That would lead to a substantial capital gains charge on assets taken out of the CASC.

This level of revenue significantly assists in ensuring the longevity of the club and also gives the club the latitude to improve the course.

If you have any questions you wish to raise it would be most helpful if these could be put in writing as soon as possible and the answers can be added to the added to the above.

For reference: hmrc.gov.uk/casc/casc. englishgolfunion.org. cascinfo.co.uk

Questions from Concerned Members:

What is the financial position of the club and how much is the shortfall?

It is also important to recognise that our current break even budget policy provides us with enough working capital to maintain our club 'as is', with only a limited budget allocated to improvements. The club auditors remain happy about our financial position whilst we continue to be prudent with respect to loans.

Will the loans made by members to the club have to be repaid?

No, as the club does not change from being a members club run by the members for the members.

If the club for any reason had to go into liquidation, the normal administrative processes would be followed as with any limited company.

If we join CASC and there is a loss of up to 80 members next year will the club be forced into liquidation.

Joining CASC has no bearing on the financial position of the club other than a significant saving on the rates.

It would be up to the members to decide on whether they wanted to club to go into liquidation at any point in time.

Will the existing loans from the bank & finance companies be secure?

The current status of the club does not change as the club remains as a members wholly owned club. The banks and finance companies will continue to support the club.

Is this a panic reaction by the Management Committee?

The Management Committee started with CASC deliberations a number of years ago, however in more recent times it was again brought to the fore at a meeting held on 20 May 2013.

The general feeling then was that as CASC had no detrimental implications on the way the club conducted their business, being a CASC was a viable option as there was an annual saving of 80% on the business rates.

The additional funds could be utilised to improve the course and other areas without the club having to resort to borrowing the necessary finance.