runningsports
Sport England supporting clubs and volunteers

taxation and sport

www.runningsports.org

what is runningsports?

The running**sports** programme has been created, and is funded, by Sport England for the benefit of volunteers working in sport.

The running**sports** programme provides products and services in a variety of formats to support the work undertaken by volunteers and sports development officers. From Role Outlines, Top Tips and Quick Guides through to workbooks, workshops, e-learning and qualifications, the range of resources supports three key themes of club and volunteer development:

- governance and administration
- finance and funding
- volunteers and volunteer management.

For further information about running**sports**, visit

www.runningsports.org

or call 0800-363 373.

Throughout this Quick Guide, reference is made to 'clubs'. This term is used to include all sports organisations, such as leagues, county and area associations and other community groups, that provide opportunities, whether in an organised setting or a more informal environment.

NB: This Quick Guide reflects the law and practice in the area of taxation as of July 2010.

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contents

why is tax important?

Clubs should be aware that tax will have an impact on their affairs. They enjoy no special exemptions from tax – something that is not always widely understood. Often, therefore, unexpected tax liabilities arise and opportunities to minimise tax are lost. This Quick Guide attempts to explain, at a basic level, the taxes of which volunteers should be aware.

The main taxes that you should be concerned with are:

- Corporation Tax on income and capital gains
- Pay As You Earn (PAYE)
- Value Added Tax (VAT).

HM Revenue & Customs (HMRC) takes a hard line on the collection of tax due (often going back over a number of years) and pursuing related interest and penalties. To assist clubs, societies and associations, HMRC has published guidance, which can be accessed on their website at www.hmrc.gov.uk/ct/clubs-charities-agents/clubs.htm

In the first instance, the tax burden will fall on the club or association, regardless of whether or not it is incorporated as a limited company. However, club members and officials of unincorporated clubs could find themselves with a tax liability. They may, therefore, like to consider restructuring the club's activities through a limited company, to obtain protection from personal liabilities.

There may be an opportunity to save tax by obtaining charitable status, by registering as a CASC (see page 5) or by legitimate tax planning. The first two require certain conditions to be fulfilled, as explained in the relevant sections, and, from April 2010, a new condition was introduced. This requires the financial managers of the club to be 'fit and proper persons', although normally this should not be difficult to satisfy.

whose responsibility is it?

The committee members of your club are ultimately accountable for ensuring that tax responsibilities have been met. If your club does not enjoy limited liability status, then the members could be personally liable and pursued for any tax, interest or penalties owed.

Often, it falls on the club's treasurer to ensure that proper books and accounts are kept, from which tax liabilities will be determined. The treasurer will also probably be responsible for preparing budgets and fund-raising. The tax issues should not be forgotten when considering both of these!

HMRC will look to the treasurer first for the outstanding tax, and committee members thereafter.

The running**sports** Quick Guide *The Role of The Treasurer* provides further information for treasurers. To download a free copy or to purchase other Quick Guides in this series, visit www.runningsports.org

what is and what is not taxable?

If your club exists solely for its members, without any wish to make profits, it may not be trading at all for tax purposes. Alternatively, if your income is derived solely from members (eg from subscriptions) and surpluses are applied for the benefit of those members, then the mutual trading Corporation Tax exemption may apply. No taxable profit can arise where income is derived from members and accrues for their benefit, since they cannot make a profit out of themselves. If the mutual trading exemption applies, then the income from subscriptions is not taxed, but the day-to-day expenses met out of that income are not tax-deductible.

Taxable income is determined by reference to each particular source of income involved. The tax liability is calculated after deducting certain allowable expenses, often including allowances on certain capital assets.

The following are likely to be taxable:

- investment income, including bank, building society and other interest
- income from property
- income from other third parties, such as sponsorship income
- trading income
- income from fund-raising activities, such as social evenings, jumble sales and annual festivals (for further information on these, refer to the running**sports** Quick Guide *Fund-raising, Grants and Sponsorship*)
- lotteries, raffles and prize draws
- profits on the sale of capital assets, such as land and buildings.

Not all income and gains are taxable. You should be aware of what is and what is not taxable. Unusual transactions may give rise to unexpected liabilities (eg on a merger of clubs) and should be carefully considered in advance.

registering as a charity

Having charitable status can result in substantial benefits. These include:

- 80% mandatory business rate relief on premises used wholly or mainly for charitable purposes (plus a further possible 20% discretionary relief)
- the potential to avoid paying Income/Corporation Tax (in the case of some types of income), Capital Gains Tax or Stamp Duty, and gifts to charities are free of Inheritance Tax
- special VAT treatment, in some circumstances
- the ability to raise funds from the public, grant-making trusts and local government more easily than non-charitable bodies
- the ability to raise extra income through Gift Aid, if you are a charity. For each £1 given by an individual, 28p can be recovered by the charity from HMRC. From 2011, this will reduce to 25p for every £1 donated.

Most of the tax exemptions apply only to the extent to which income is applied for charitable purposes.

Obtaining charitable status can be quite difficult for clubs, although some of the activities they offer may qualify. Historically, the basic requirement was to be established for one of the following qualifying charitable purposes:

- the relief of poverty
- the advancement of education
- the advancement of religion
- other purposes beneficial to the community
- in relation to the provisions of the Recreational Charities Act 1958.

The Charities Act 2006 extended these purposes and builds on the existing terms for amateur clubs. Since 2008, it has helped to speed up the gaining of charitable status for amateur sport.

Historically, clubs could qualify for charitable status under the Recreational Charities Act 1958. The provision of facilities for recreation or leisure time will normally be accepted as being exclusively charitable if they are provided:

- for public benefit
- in the interests of social welfare
- with the intention of improving quality of life.

Additionally, if your club has a youth section, it could ensure that it is independently organised, with an appropriate constitution, so that it comes within the educational charitable purpose (ie it is providing facilities that assist in the physical education and development of young people).

Since November 2001, clubs have been able to register as a charity if they promote community participation in healthy recreation, by providing facilities for playing particular sports. In order to qualify, membership must be open to the whole community, without discrimination and with affordable membership fees. Facilities should be available to all members. These continue to be the qualifying conditions post-Charities Act 2006.

Further guidance on this subject can be obtained from leaflet RR11 'Charitable Status and Sport', published by the Charity Commission. To view a copy, visit the Charity Commission website at www.charitycommission.gov.uk/publications/rr11.aspx?

There are restrictions on what charities can do, both in terms of the types of work they do, and the ways in which they can operate:

- A charity must have exclusively charitable purposes. Some clubs may have a range of activities, some of them charitable, some of them not. To become a charity, the club would have to stop its non-charitable activities. (The non-charitable activities can, of course, continue if carried out by a separate, non-charitable club or, in the case of commercial activities, a wholly owned trading subsidiary).
- Strict rules apply to trading by charities. Guidance on this can be found in 'Trustees, trading and tax – How charities may lawfully trade' (CC35). To view a copy, visit the Charity Commission website at www.charitycommission.gov.uk/publications/cc35.asp
- Trustees are not allowed to receive financial benefits from the charity that they manage, unless this is specifically authorised by the governing document of the charity or by the Charity Commission. Financial benefits include salaries, services, or the awarding of business contracts to a trustee's own business from the charity. Benefits, which are incompatible with the establishment of a club for exclusively charitable purposes, cannot be authorised at all.
- Trustees must avoid any situation where charitable and personal interests conflict.

Charity law imposes certain financial reporting obligations; these vary with the size of the charity. Further details may be found in the Charity Commission guidance 'Charity Reporting and Accounting: The essentials' (CC15a). To view a copy, visit the Charity Commission website at www.charitycommission.gov.uk/publications/cc15a.asp

Charities may still find themselves caught within the tax net. While there are exceptions for one-off fund-raising events, it is rare to escape tax on trading activities carried on within a charity. For example, where a charity wishes to benefit substantially from permanent trading for the purpose of fund-raising, trustees should consider creating a subsidiary trading company. This avoids tax problems and the risk of committing a breach of trust; the profits of the trade may be passed on to the charity in a tax-efficient way under the Gift Aid scheme (which includes payment made under deeds of covenant).

Community Amateur Sports Clubs (CASCs)

Under the Finance Act 2002, tax exemptions were made available to registered Community Amateur Sports Clubs (CASCs). In order to register as a CASC, a club must:

- be open to the whole community, without discrimination
- have reasonable membership fees
- be organised on an amateur basis
- have, as its main purpose, the provision of facilities for, and promotion of, participation in one or more eligible sports.

This requires the club to be non-profit-making, providing ordinary benefits for its members and their guests, and using surplus funds for the purposes of the club. On dissolution, any surplus must be paid to another CASC, eligible sports ruling body or a charity.

'Ordinary benefits' are the provision of facilities, equipment, qualified coaches or coaching courses, post-match refreshments for players and match officials, and the sale of food and drink associated with the sporting activities.

Clubs that are eligible to register as CASCs are treated as companies for tax purposes. Consequently, their profits may be chargeable to Corporation Tax. If a club has been registered as a CASC for the whole of the relevant accounting period, it will be able to claim exemption from Corporation Tax on:

- profits from trading, where the turnover of the trade is less than £30,000
- rental income from property, where this is less than £20,000
- interest received
- chargeable gains.

Clubs that have only been registered for part of an accounting period will only be able to claim a reduced proportion of the exemption amounts of £30,000 (for trading) and £20,000 (for income from property). Only interest and gains received after the club registered are exempt.

Rate relief is available for CASCs in the same way as for charities – 80% mandatory relief and 20% discretionary relief. This is possibly the most valuable relief for clubs with premises. The CASC is also able to use Gift Aid on donations from individuals in its fund-raising. For every £1 given to a CASC, it is able to reclaim 28p in tax from HMRC. Again, as for charities, this will reduce to 25p in 2011. Higher and additional rate relief is available to the donor, for Income Tax purposes, resulting in a tax repayment.

For more details on the benefits of registering as a CASC, visit www.cascinfo.co.uk or the charity and CASC pages of the HMRC website at www.hmrc.gov.uk/charities/index.htm These also contain links to other useful websites.

The running**sports** workshop 'How to Get Tax Breaks for Your Club' covers the process of applying for CASC status, along with other tax breaks. For more information on this and other workshops for volunteers, visit www.runningsports.org

what costs can be deducted?

The question of which costs can be deducted for Corporation Tax purposes depends to a large extent on whether the club is considered to be trading. If not, then the scope for deducting expenses is limited and will not normally include the costs of running the club. If the club is trading, then relief will normally be due for expenses that are incurred wholly and exclusively for the trade.

case study

An all-members golf club provides services and facilities to non-members on a commercial basis, and all transactions between the club and non-members are trading transactions (eg income such as green fees, bar, catering and gaming machine receipts). The expenses incurred in earning this income are deductible in computing assessable profits.

Generally, expenditure falls within three broad headings:

- wholly for members
- partly for members and partly for non-members
- wholly for non-members.

You should disallow all of the expenditure wholly for members, allow all of the expenditure for non-members and apportion expenditure partly for members and partly for non-members.

If your club is running a lottery or raffle, it is likely to be regulated by the provisions of the Gambling Act 2005. This will determine how the proceeds of the lottery can be applied and implicitly limit the level of expenses. For tax purposes, however, there may be scope for claiming notional or 'economic' costs in addition to the direct expenses allowed under the Act.

The expenses that can be deducted against income from property are limited to insurance, repairs, rent and management expenses, such as letting fees and legal costs. Where the expenses exceed the income and losses arise, those losses can be offset against future profits from the same source.

Generally, no expenses are deductible from investment income. Tax is due at the appropriate rate on the gross amount (ie the net amount received plus the tax credit). From that figure, the tax incurred at source is deducted. Therefore, if your club is paying tax at the lower rate of 21% (20% from April 2011), the tax due will be mostly covered by the tax deducted at source.

Tax allowances, known as capital allowances, are available on certain assets, such as plant and machinery. Capital allowances can be deducted from trading income and are given at higher rates in the first year, followed by 20% per annum on cost, less allowances already given. Cars, long-life assets and integral fixtures generally qualify for different rates of tax relief.

If your club receives capital or revenue grants, the tax position will need careful consideration. A capital grant will be one where the monies are for the provision of particular buildings, facilities or equipment (eg towards the cost of a new court). A revenue grant is a contribution to cover expenditure, such as the costs of organising a competition. You should ensure that the monies you receive to buy equipment do not restrict the tax allowances that you can claim. This can be achieved if the grant is a contribution towards an asset that does not qualify for any sort of tax relief. Your advisers will be able to assist you. A revenue grant will prohibit a tax deduction against income to the extent that it meets expenditure, which qualifies for a tax deduction.

The disposal of capital assets can be a complex area and is one where you will benefit from professional advice. The cost of the asset, its acquisition and any enhancement expenditure can be deducted from the disposal proceeds, arriving at the capital gain. Additionally, an indexation allowance will normally be available to mitigate the effects of inflation. This cannot, however, be used to create a capital loss. The most common disposal is probably one of land used by a club, which often gives rise to a capital gain. Such gains may be deferred if the proceeds are reinvested in certain assets used by the club, within a specified period.

how much Corporation Tax is payable and when?

Most clubs will operate either as unincorporated associations or limited companies. As such, they will be liable to pay Corporation Tax on any taxable profits.

If your club is liable to pay tax, you must complete a company tax return every year, within 12 months of the end of the accounting period. Penalties will be charged if the return is late. Any tax that is due should be paid no later than nine months and one day after the end of the accounting period. Interest will run from that date on any unpaid tax. It is your duty to pay the tax due and file a return, even though HMRC may not have asked for them.

The standard rate of Corporation Tax is currently 28%. Most clubs will, however, pay the lower small-company rate of 21% for profits up to £300,000. Where profits exceed £300,000, but are lower than the current higher threshold of £1,500,000, you will pay tax on that band at a marginal rate (currently 29.75%). These rates will reduce from April 2011.

how to avoid paying corporate tax

There are many legitimate means of avoiding/mitigating a tax liability. Many of these involve some structured planning. Many clubs will fall out of the tax net simply because they are regarded as mutual traders or not trading at all by HMRC. If this does not apply to your club, you could consider other means, such as:

- trying to generate income from donations, which will not normally be taxable if there is no corresponding obligation to provide something in return
- maximising tax-deductible expenses by carefully timing when expenses, in particular, are incurred
- structuring fund-raising activities so that they will avoid tax, either by forming a limited company, that can pass up funds to its charitable parent, or by taking advantage of an HMRC concession that applies to some fund-raising activities, when small-scale events are organised. HMRC has issued a Help Sheet, ‘Fund-raising events: Exemption for charities and other qualifying bodies’, on this subject, which applies to certain voluntary clubs, as well as to charities. To view a copy, visit the HMRC website at www.hmrc.gov.uk and type ‘fund-raising events’ into the search engine
- timing your capital expenditure to maximise capital allowances – make sure that capital grants are a contribution to assets that will not qualify for capital allowances
- obtaining confirmation from the inspector of taxes that you do not have a tax liability, where a reasonable case can be made
- reinvesting proceeds from disposals of assets to avoid a Capital Gains Tax charge.

Registering as a charity or CASC can, as explained on the preceding pages, mitigate Corporation Tax bills.

dealing with VAT

Your club will have to register for VAT if the annual value of taxable supplies (ie those that are standard or zero rated) exceeds, or is likely to exceed, the registration threshold, which currently stands at £70,000. It may also be able to register voluntarily if its turnover is less than the current threshold. This would enable the club to reclaim VAT on its expenditure, but would also mean that it has to charge VAT on any standard-rated supplies that it makes. From 4 January 2011, the standard rate will increase from 17.5% to 20%.

If your club is VAT registered, it will be able to reclaim at least part of the VAT that it suffers on its expenditure (input tax). The amount of input VAT that can be reclaimed depends on the type of supplies the club is making.

If your club is partially exempt, it will not normally be able to reclaim all the VAT that relates to exempt supplies, unless the exempt input VAT is below the minimum limit of not more than £625 per month on average, and half of its total input tax in the relevant period.

Partly exempt clubs must undertake a calculation, each time they complete their VAT return, which works out how much input tax they may recover.

If the annual value of taxable supplies (excluding VAT) is not more than £1.35 million, your club will be eligible to account for VAT on the cash accounting scheme. This scheme allows returns to reflect VAT only when payments are made to suppliers or payments are received.

Your club may also apply for permission to submit annual returns, rather than quarterly returns. To be eligible, the club must expect its taxable turnover to be less than £1.35 million. If your club is approved to use this scheme, it will submit one return per year and account for VAT by making interim payments (calculated using its previous annual VAT liability or an estimate of its expected VAT liability), with a balancing payment due two months after the end of the annual accounting period.

VAT exemption

With effect from 1 January 2000, the scope of VAT exemption for sporting services, which was available to all non-profit-making bodies, was restricted to supplies by eligible bodies. An eligible body, for VAT purposes, must be a non-profit-making club that is not subject to any commercial influences. All the profits or surpluses are to be used to benefit the club, with no profits being distributed to the members.

This exemption covers the following types of services provided:

- subscriptions and joining fees paid by active club members
- provision of court, pitch and facility fees for members
- use of changing rooms, playing equipment and locker hire for members
- coaching and refereeing provided to members.

Charges for other services will continue to be standard rated. These will include subscriptions paid by non-playing members, bar, restaurant, catering and meal charges.

reducing VAT costs

Since VAT generally represents a cost to clubs, you may want to lessen your VAT burden by any of the following means:

- segregating multi-disciplinary clubs into separate members' groups, to ensure that the taxable supplies of each are lower than the registration threshold
- organising certain events outside the club, so as not to breach the registration threshold
- generating income from donations and grants that fall outside the scope of VAT – to fall outside the scope of VAT, no benefit must be conferred on the donor (eg publicity or advertising should not be given in return for the donation)
- taking full advantage of the VAT exemption for fees and subscriptions, by undertaking a careful review of the position
- minimising the VAT disallowed on capital expenditure by agreeing the best VAT recovery formula with HMRC.

dealing with PAYE

You should treat anyone you employ under a contract of service as an employee, including casual and part-time workers, and anyone who is an office holder. Care must be taken with any payments that are made to casual employees (eg bar staff and event-day staff), since these are often caught within the PAYE net. Generally, it is advisable to seek prior clearance from the tax authorities if there is any doubt about whether to account for PAYE and National Insurance contributions (NIC).

Volunteers and members of sports clubs should also consider the employment status of the individuals to whom payments are made. If the individual is an employee, there is a requirement to account for PAYE and NIC. There is also likely to be an obligation to pay the national minimum wage (for further guidelines, visit the Central Council of Physical Recreation website at www.ccpr.org.uk or www.cascinfo.co.uk).

If the individual is self-employed, then the responsibility for tax falls on the individual. The tests for establishing an individual's employment status are complex and not clear-cut, because the tax legislation does not provide any definitions. The classic test is, however, whether there is a 'contract for services' (self-employment) or a 'contract of service' (employment). HMRC will normally give confirmation of which applies if it is given the relevant facts. Further guidance is available in the HMRC leaflet ES/FS1, 'Employed or self-employed for tax and National Insurance contributions'. To view a copy, visit the HMRC website at www.hmrc.gov.uk/working/intro/empstatus.htm

It is your club's responsibility to establish the correct position regarding PAYE and NIC. If you fail to deduct PAYE and NIC where they are due, HMRC is likely to pursue the club for the tax that is due, rather than the individual concerned.

Your Employer Annual Return is due by 19 May following the end of the tax year. Filing your return online is quick, easy, convenient and secure – and it's now a requirement for almost all employers.

HMRC offers guidance on the different ways you can file your return online, and sets out what you need to do to get started. It explains how to amend your return if you need to make a change after it has been filed, and it provides a link to separate guidance for employers who are exempt from the requirement to file online.

Check out the website www.hmrc.gov.uk/paye/payroll/year-end/annual-return.htm for further information.

expenses and benefits

Clubs have a responsibility to report to HMRC expenses paid and benefits provided to employees. For this purpose, employees are split into two categories: details for those earning less than £8500 per annum are reported on different forms from those for directors and/or employees earning more than £8500.

The measure of the taxable benefit is generally the cost of providing it to the higher-paid employee. The employee will pay tax on this, unless he or she can justify a claim for expenditure wholly, exclusively and necessarily incurred in the performance of his or her duties.

Forms do not have to be prepared for unpaid directors or clubs that are non-profit-making, (ie not carrying on trade or investment activity). Examples of items that are normally included on both types of form are reimbursement of travelling or subsistence costs, and entertainment costs.

If you are paying round-sum allowances as expenses, tax must also be deducted at source, unless, of course, HMRC has agreed in advance that it is not necessary. It is usually better to reimburse costs on a specific basis, rather than paying round-sum allowances. Travelling costs from home to the club are also subject to PAYE if the club pays for them, unless HMRC has agreed otherwise. It is possible to agree with HMRC that members are playing 'for the love of the game' and are not taxable, where they receive only reimbursements of specific expenses.

Where no tax is payable on expenses, you can apply for a dispensation from HMRC, if permitted, and you will no longer be required to report expense payments and benefits in kind on form P11D. These expenses will generally be either qualifying travelling expenses (other than business mileage payments) or amounts incurred wholly, exclusively and necessarily in the performance of the duties of the employment. Also, HMRC normally accepts that expense payments that are covered by a dispensation do not count as earnings for NIC purposes. Where an employer has a dispensation, the items listed in it will not be treated as a benefit in kind and be liable to Class 1A NIC.

Often, volunteers have their expenses reimbursed or receive a contribution towards them. In such cases, great care is required to ensure that it is only specific expenses that are paid for, since round-sum allowances will generally be taxable. Payment of such allowances may also bring the volunteer within the scope of the national minimum-wage legislation.

improving facilities

You may wish to consider maximising the income-generating potential of your facilities and, thus, may want to look at improving the quality and nature of what is being provided. Such projects occur only occasionally, and carry with them significant financial and tax risks and opportunities. Budgets and detailed cash flows should be prepared, incorporating payments and receipts, as appropriate, for Corporation Tax and VAT. The club may not have needed to concern itself with tax in the past, but may now need to, particularly if the new facility is to be used by non-members.

The following will need to be considered:

- The way finance is raised – for example, by way of debentures, loans, shares (both Corporation Tax and VAT can be important here).
- The taxation of the income from the facility itself (eg will either the mutual trading or VAT sports exemptions be available?).
- The VAT costs of the project – will the VAT paid be recoverable in part or in full?
- Will tax allowances be available on the expenditure as 'plant and machinery' to offset against taxable income from the facility?
- Should the club be registered as a CASC or a charity in view of the financial benefits that will then be available to help fund the cost of the project?

The amounts involved will often be large; therefore, seeking professional advice is advisable.

fund-raising

Fund-raising activities can create income that will give rise to tax liabilities. Any regular activities are likely to be construed by HMRC as a trading activity, and they will seek to charge tax on the profits.

HMRC has confirmed that the running of a lottery on a regular basis is a trade. This is despite the fact that the Gambling Act 2005, which governs most lotteries, has strict rules about the application of lottery proceeds.

However, a supporters' club may promote or run a lottery in order to provide funds for the club, on the basis that a stated percentage, or fraction of the cost, of each ticket will be given to a club or body conducted and established wholly or mainly for one or more of the purposes specified in Section 5(1) of the Lotteries and Amusements Act 1976 (now the Gambling Act 2005). This would include participation in, and support of, athletic sports and games. Where this applies, HMRC will accept that the donation element, as stated in the cost of each ticket, may be excluded in computing (for tax purposes) the profits of the trade of promoting the pool or lottery.

It is increasingly common for sports clubs to receive sponsorship from commerce. Sponsorship is distinguished from a donation as, usually, the sponsor is receiving something in return (eg publicity, advertising or free tickets). Additionally, it is normal for there to be a written sponsorship agreement between the parties involved. Since the sponsor will want to claim tax relief for the payments it is making to your club, HMRC expects to tax the income in the club's hands.

Unfortunately, the direct costs, which the club incurs in obtaining the sponsorship, will probably not be substantial and will not significantly mitigate the amount of taxable income. There may, however, be scope for agreeing with the inspector of taxes that a proportion of general overheads and running costs can be allocated against the income.

Other one-off fund-raising events may not fall within the tax net if they do not constitute a trade. Whether or not a tax liability will arise will largely depend on how often the activities occur. The HMRC Help Sheet 'Fund-raising events: Exemption for charities and other qualifying bodies' contains guidelines on this. To view a copy, visit the HMRC website at www.hmrc.gov.uk and type 'fund-raising events' into the search engine.

The running**sports** Quick Guide *Fund-raising, Grants and Sponsorship* provides further information. To download a free copy or to purchase the other Quick Guides in this series, visit www.runningsports.org

national governing bodies and leagues

National governing bodies and leagues that are developing grass-roots sport should not imagine they are going to escape tax liabilities arising on the income they generate, or tax problems arising due to the way in which monies are spent. Indeed, there are very wide variations in the way such organisations are taxed in practice, and there may be considerable scope for tax planning.

National governing bodies and leagues may be able to take advantage of the VAT exemptions mentioned on page 10.

what to do next and further information

In light of the responsibilities and obligations outlined in this Quick Guide, your club should now review its position, paying particular attention to:

- VAT
- Corporation Tax
- PAYE.

If you anticipate any problems, you should seek professional advice sooner rather than later.

If problems have arisen, you may have a tax exposure for at least the last six years.

The tax authorities are generally helpful and should look favourably on attempts to put matters right.

useful websites

government sites

Department for Business, Innovation & Skills
www.bis.gov.uk

Department for Work and Pensions
www.dwp.gov.uk

HM Revenue & Customs
www.hmrc.gov.uk

(NB: For both the former Inland Revenue and Customs & Excise guidance)

government agencies/regulators

Advisory, Conciliation and Arbitration Service
www.acas.org.uk

Business in the Community
www.bitc.org.uk

Business Link
www.businesslink.gov.uk

Charity Commission
www.charity-commission.gov.uk

Companies House
www.companies-house.gov.uk

Information Commissioner's Office
www.ico.gov.uk

Institute of Fundraising
www.institute-of-fundraising.org.uk

voluntary sector

Community Amateur Sports Clubs
www.cascinfo.co.uk

publications

'What a relief – Community Amateur Sports Clubs – the tax options'

Available from
www.deloitte.com/uk/sportsconsulting

glossary of terms

Accounting period: The period for which the accounts on which tax is payable are drawn up.

Capital Gains Tax: A capital gain arises when something you own (that is an asset) is given away, exchanged, sold or disposed of in any other way, and its value has increased since you acquired it. Examples include stocks and shares, land and businesses. Tax is charged on the increase in its disposable value.

Charities: Non-profit-distributing bodies, established to advance education; advance religion; relieve poverty, sickness or infirmity; or carry out certain other activities beneficial to the community. Promoting healthy recreation through sport is also charitable. Under the Charities Act 2006, since 2008, the advancement of amateur sport has been charitable.

Community Amateur Sports Club (CASC): A non-profit-distributing amateur club that promotes sport and is registered with HM Revenue & Customs.

Corporation Tax: The tax charged on the profits of any corporate body or unincorporated association.

De minimis VAT: A test designed to allow recovery for minimal values of exempt input tax.

Dispensation for Income Tax: An exemption from declaring expenses or benefits provided to an employee to HM Revenue & Customs for Income Tax purposes.

Gift Aid: Payments under a Gift Aid donation are treated as being net of basic-rate tax. The charity, or CASC, can recover the tax deducted, providing it can show an audit trail between the gift and the donor.

Income Tax: If you earn or receive income over a certain amount in a tax year, you pay Income Tax. Income Tax is charged at various rates, depending on the level of income earned.

Input tax: Input tax is the VAT paid or payable by taxable persons/companies on goods or services supplied to them, which are used, or to be used, for the purpose of their business. VAT-registered persons/companies can reclaim input tax.

Limited company by guarantee: Similar to a company limited by share capital, but its members, rather than owning share capital, agree to contribute a fixed sum in the event of winding up.

Limited company share capital: A limited company has a separate identity from that of the individual shareholders. A company belongs to its shareholders, who share in any profits, according to the size of their individual holding.

Limited liability status: The shareholders of a limited company are not personally liable for the debts of the company, unless they have stood as personal guarantors for any particular sum.

Merger: A combination of two or more clubs, in which the assets and liabilities of the selling club(s) are absorbed by the buying club. Although the buying club may be a considerably different club after the merger, it retains its original identity.

National Insurance contributions (NIC): Compulsory payments made by employers and employees to provide state assistance for people who are sick, unemployed or retired.

Pay As You Earn (PAYE): Income Tax deductions from an employee's wages made by the employer that are paid directly to the government.

Value Added Tax (VAT): A tax on income or turnover, where this constitutes a taxable supply.

useful contacts

CCPR – One Voice for Sport and Recreation
Burwood House
14–16 Caxton Street
London SW1H 0QT
Tel: 020-7976 3900
Website: www.ccpr.org.uk

Child Protection in Sport Unit
NSPCC National Training Centre
3 Gilmour Close
Beaumont Leys
Leicester LE4 1EZ
Tel: 0116-234 7278
Website: www.thecpsu.org.uk

county sports partnerships
For a complete list of county sports partnerships, check out the Sport England website at www.sportengland.org and search for 'county sports partnerships'.

English Federation of Disability Sport
SportPark
3 Oakwood Drive
Loughborough
Leicestershire
LE11 3QF
Tel: 01509-227 750
Website: www.efds.co.uk

National Association for Voluntary and Community Action (NAVCA)
The Tower
2 Furnival Square
Sheffield S1 4QL
Tel: 0114-278 6636
Website: www.navca.org.uk

National Council for Voluntary Youth Services
3rd Floor
Lancaster House
33 Islington High Street
London N1 9LH
Tel: 020-7278 1041
Website: www.ncvys.org.uk

national governing bodies of sport
For a complete list of national governing bodies, check out the Sport England website at www.sportengland.org and search for 'national governing bodies'.

SkillsActive
Castlewood House
77–91 New Oxford Street
London WC1A 1DG
Tel: 020-7632 2000
Website: www.skillsactive.com

Sport England
3rd Floor
Victoria House
Bloomsbury Square
London WC1B 4SE
Tel: 020-7273 1551
Website: www.sportengland.org

Sport Northern Ireland
House of Sport
2a Upper Malone Road
Belfast BT9 5LA
Tel: 028-9038 1222
Website: www.sportni.net

Sporting Equals
1301 Stratford Road
Hall Green
Birmingham B28 9HH
Tel: 0121-777 1375
Website: www.sportingequals.com

sports coach UK
114 Cardigan Road
Headingley
Leeds LS6 3BJ
Tel: 0113-274 4802
Website: www.sportscoachuk.org

sportscotland
Doges
Templeton on the Green
62 Templeton Street
Glasgow G40 1DA
Tel: 0141-534 6500
Website: www.sportscotland.org.uk

Sport Wales
Sophia Gardens
Cardiff CF11 9SW
Tel: 0845-045 0904
Website: www.sportwales.org.uk

Sports Leaders UK
23–25 Linford Forum
Rockingham Drive
Linford Wood
Milton Keynes MK14 6LY
Tel: 01908-689 180
Website: www.sportsleaders.org

Volunteering England
Regents Wharf
8 All Saints Street
London N1 9RL
Tel: 0845-305 6979
Website: www.volunteering.org.uk

Women's Sport and Fitness Foundation
3rd Floor
Victoria House
Bloomsbury Square
London WC1B 4SE
Tel: 020-7273 1740
Website: www.wsff.org.uk

Youth Sport Trust
SportPark
3 Oakwood Drive
Loughborough
Leicestershire LE11 3QF
Tel: 01509-226 600
Website: www.youthsporttrust.org

more help from runningsports

This Quick Guide is one of a series that has been created to provide information about some of the key sports volunteer roles, and information and solutions on topics that have an impact on sports volunteers.

Log on to the running**sports** website to find everything you need to help you with:

- **governance and administration**
- **finance and funding**
- **volunteers and volunteer management.**

Network Members are able to download the guides for **free**. If you are already a Network Member, access the Quick Guides from the Network Member Intranet.

To become a Network Member, log on to the running**sports** website and click on the 'Register as a Network Member' icon on the front page.

For further information on this or other titles in this series, contact running**sports**:

- **telephone: 0800-363 373**
- **email: info@runningsports.org**
- **website: www.runningsports.org**

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Register as a Network Member at:
www.runningsports.org