

SCHEDULES

SCHEDULE 18

Section 58

RELIEF FOR COMMUNITY AMATEUR SPORTS CLUBS

PART 1

CLUBS ENTITLED TO BE REGISTERED

The requirements

- 1 A club is entitled to be registered as a community amateur sports club if it is, and is required by its constitution to be, a club that—
- (a) is open to the whole community,
 - (b) is organised on an amateur basis, and
 - (c) has as its main purpose the provision of facilities for, and promotion of participation in, one or more eligible sports.

In this Schedule “registered club” means a club that is so registered.

Open to the whole community

- 2 (1) A club is open to the whole community if—
- (a) membership of the club is open to all without discrimination,
 - (b) the facilities of the club are available to members without discrimination, and
 - (c) any fees are set at a level that does not pose a significant obstacle to membership or use of the club’s facilities.
- (2) For the purposes of sub-paragraph (1) “discrimination” includes indirect discrimination and includes, in particular—
- (a) discrimination on grounds of ethnicity, nationality, sexual orientation, religion or beliefs;
 - (b) discrimination on grounds of sex, age or disability, except as a necessary consequence of the requirements of a particular sport.
- (3) This paragraph does not prevent a club from having different classes of membership depending on—
- (a) the age of the member;
 - (b) whether the member is a student;
 - (c) whether the member is waged or unwaged;
 - (d) whether the member is a playing or a non-playing member;
 - (e) how far from the club the member lives;
 - (f) any restriction on the days or times when the member has access to the club’s facilities.

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Organised on an amateur basis

- 3 (1) A club is organised on an amateur basis if—
- (a) it is non-profit making,
 - (b) it provides for members and their guests only the ordinary benefits of an amateur sports club, and
 - (c) its constitution provides for any net assets on the dissolution of the club to be applied for approved sporting or charitable purposes.

- (2) A club is “non-profit making” if its constitution requires any surplus income or gains to be reinvested in the club and does not permit any distribution of club assets, in cash or in kind, to members or third parties.

This does not prevent donations by the club to charities or to other clubs that are registered as community amateur sports clubs.

- (3) The ordinary benefits of an amateur sports club are—
- (a) provision of sporting facilities;
 - (b) reasonable provision and maintenance of club-owned sports equipment;
 - (c) provision of suitably qualified coaches;
 - (d) provision, or reimbursement of the costs, of coaching courses;
 - (e) provision of insurance cover;
 - (f) provision of medical treatment;
 - (g) reimbursement of reasonable travel expenses incurred by players and officials travelling to away matches;
 - (h) reasonable provision of post-match refreshments for players and match officials;
 - (i) sale or supply of food or drink as a social adjunct to the sporting purposes of the club.

- (4) Sub-paragraph (3) does not prevent a club from—
- (a) entering into an agreement with a member for the supply to the club of goods or services, or
 - (b) employing and paying remuneration to staff who are also members of the club,

provided the terms are approved by the governing body of the club without the member concerned being present and are agreed with the member on an arm’s length basis.

- (5) In relation to the application of the net assets on the dissolution of the club, “approved sporting or charitable purposes” means such of the following as may be approved by the members of the club in general meeting or by the members of the governing body of the club—
- (a) the purposes of the governing body of an eligible sport for the purposes of which the club existed, for use in related community sport;
 - (b) the purposes of another club that is registered as a community amateur sports club;
 - (c) the purposes of a charity.

PART 2

EXEMPTIONS FOR REGISTERED CLUBS

Exemption for trading income

- 4 (1) Where—
- (a) a club is a registered club throughout an accounting period,
 - (b) its trading income for that period (before deduction of any expenses) does not exceed £15,000,
 - (c) the whole of that income is applied for qualifying purposes, and
 - (d) the club makes a claim under this paragraph to the Inland Revenue,
- it shall be exempt from corporation tax on that income.
- (2) In relation to an accounting period that is shorter than 12 months, sub-paragraph (1) (b) has effect as if the amount specified there were proportionately reduced.
- (3) Where a club is a registered club for only part of an accounting period, sub-paragraph (1) has effect as if—
- (a) that part were a separate accounting period;
 - (b) the club's trading income for that part were the proportionately reduced amount of its trading income for the actual accounting period.
- (4) In this paragraph “trading income” means income that (apart from this paragraph) is chargeable under Case I of Schedule D.

Exemption for interest and gift aid income

- 5 (1) Where—
- (a) a club is a registered club throughout an accounting period,
 - (b) the whole of its interest income and gift aid income for that period is applied for qualifying purposes, and
 - (c) the club makes a claim under this paragraph to the Inland Revenue,
- it shall be exempt from corporation tax on that income.
- (2) Where a club is a registered club for only part of an accounting period, sub-paragraph (1) has effect as if—
- (a) that part were a separate accounting period;
 - (b) the club's interest income for that part were the proportionately reduced amount of its interest income for the actual accounting period.
- (3) In this paragraph—
- (a) “interest income”, in relation to a club, means interest on which (apart from this paragraph) the club is chargeable to tax under paragraph (a) of Case III of Schedule D (as set out in section 18(3A) of the Taxes Act 1988);
 - (b) “gift aid income”, in relation to a club, means gifts to the club that are treated as annual payments by section 25(10) of the Finance Act 1990 (c. 29) (gift aid) as it applies by virtue of paragraph 9(1) below.

Exemption for property income

- 6 (1) Where—

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- (a) a club is a registered club throughout an accounting period,
 - (b) its property income for that period (before deduction of any expenses) does not exceed £10,000,
 - (c) the whole of that income is applied for qualifying purposes, and
 - (d) the club makes a claim under this paragraph to the Inland Revenue,
- it shall be exempt from corporation tax on that income.
- (2) In relation to an accounting period that is shorter than 12 months, sub-paragraph (1) (b) has effect as if the amount specified there were proportionately reduced.
 - (3) Where a club is a registered club for only part of an accounting period, sub-paragraph (1) has effect as if—
 - (a) that part were a separate accounting period;
 - (b) the club’s property income for that part were the proportionately reduced amount of its property income for the actual accounting period.
 - (4) In this paragraph “property income” means income that (apart from this paragraph) is chargeable to tax under Schedule A.

Exemption for chargeable gains

- 7 A gain accruing to a registered club shall not be a chargeable gain if—
- (a) the whole of the gain is applied for qualifying purposes, and
 - (b) the club makes a claim under this paragraph to the Inland Revenue.

Exemption reduced where club incurs non-qualifying expenditure

- 8 (1) This paragraph applies where—
- (a) any of a club’s income or gains for an accounting period are exempted from tax under this Part (or would be so exempted but for this paragraph), and
 - (b) in that accounting period the club incurs expenditure for non-qualifying purposes.
- (2) In this paragraph—
- A is the total amount of income and gains mentioned in sub-paragraph (1)(a);
 - N is the amount of the expenditure mentioned in sub-paragraph (1)(b);
 - T is the aggregate of—
 - (a) the club’s income (whether taxable or not, and before deduction of any expenses) for the accounting period, and
 - (b) the club’s gains that are chargeable gains, together with those that would be chargeable but for paragraph 7, for that period.
- (3) Where N is less than T, the total amount of income and gains for the accounting period exempted under this Part is reduced to—
- $$A - \left(A \times \frac{N}{T} \right)$$
- (4) Where N is equal to T, the total amount of income and gains for the accounting period exempted under this Part is reduced to nil.
- (5) Where N is greater than T—

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- (a) the total amount of income and gains for the accounting period exempted under this Part is reduced to nil, and
- (b) the surplus amount is carried back to previous accounting periods (taking later ones before earlier ones) and deducted from the amounts exempted under this Part for those periods, until it is exhausted.

In paragraph (b) “the surplus amount” means—

$$\left(A \times \frac{N}{U} \right) - A$$

- (6) The reference in paragraph (b) of sub-paragraph (5) to previous accounting periods is to accounting periods ending not more than six years before the end of the accounting period mentioned in paragraph (a) of that sub-paragraph.
- (7) To the extent that an amount exempted under this Part has been reduced under sub-paragraph (3), (4) or (5) in respect of expenditure incurred for non-qualifying purposes in a particular accounting period, it may not be reduced again under sub-paragraph (5) in respect of expenditure so incurred in a later accounting period.
- (8) All such adjustments shall be made, whether by way of assessment or otherwise, as may be required in consequence of sub-paragraph (5).
- (9) Where by virtue of this paragraph there is an amount of a registered club’s income and gains for which relief under this Part is not available, the club may, by notice to the Inland Revenue, specify which items of the income and gains are, in whole or in part, to be attributed to that amount.

If, within 30 days of being required to do so by the Inland Revenue, a registered club does not give notice under this sub-paragraph, the items of its income and gains that are to be attributed to the amount in question shall be such as the Inland Revenue may determine.

PART 3

RELIEFS FOR DONORS

- 9 (1) Section 25 of the Finance Act 1990 (c. 29) (gift aid) has effect as if a registered club were a charity.

For the purposes of that section as so applied, membership fees are not gifts.

- (2) Section 23 of the Inheritance Tax Act 1984 (c. 51) (gifts to charities) has effect as if—
 - (a) a registered club were a charity;
 - (b) in subsection (5) of that section (no exemption where property may become applicable for purposes that are not charitable etc), for the words from “other than charitable purposes” to the end there were substituted “other than—
 - (a) the purposes of the club in question;
 - (b) the purposes of another club that is registered as a community amateur sports club;
 - (c) the purposes of the governing body of an eligible sport (within the meaning of Schedule 18 to the Finance Act 2002) for the purposes of which the club in question exists;or

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(d) the purposes of a charity.”.

- (3) The following enactments also have effect as if a registered club were a charity—
- (a) section 83A of the Taxes Act (gifts in kind to charities etc);
 - (b) section 257 of the Taxation of Chargeable Gains Act 1992 (c. 12) (gifts to charities etc);
 - (c) section 63(2) of the Capital Allowances Act (gifts of plant or machinery to charities etc).

PART 4

CHARGEABLE GAINS: PROPERTY CEASING TO BE HELD FOR QUALIFYING PURPOSES

- 10 (1) This paragraph applies where a club holds property and, without disposing of it—
- (a) ceases to be a registered club, or
 - (b) ceases to hold the property for qualifying purposes.
- (2) Where this paragraph applies—
- (a) the club shall be treated for the purposes of the Taxation of Chargeable Gains Act 1992 as having disposed of, and immediately reacquired, the property at the time of the cessation for a consideration equal to its market value at that time;
 - (b) any gain accruing on the deemed disposal shall be treated for the purposes of paragraph 7 as not accruing to a registered club;
 - (c) if and so far as any of the property represents, directly or indirectly, the consideration for the disposal of assets by the club, any gain accruing on that disposal shall be treated for the purposes of paragraph 7 as not having accrued to a registered club.
- (3) An assessment in respect of a chargeable gain accruing by virtue of sub-paragraph (2) may be made at any time not more than three years after the end of the accounting period in which the club ceases to be a registered club or (as the case may be) to hold the property for qualifying purposes.

PART 5

REGISTRATION

Registration and termination

- 11 (1) A club that applies to the Inland Revenue to be registered as a community amateur sports club shall be so registered if the Inland Revenue are satisfied that it is entitled to be.
- (2) The Inland Revenue may register a club with effect from such date as they may specify (which may be before the date of the application).
- (3) If it appears to the Inland Revenue that a registered club is not, or is no longer, entitled to be registered, they may terminate the club’s registration with effect from such date as they may specify (which may be before the date of the decision to terminate the registration).

- (4) Where the Inland Revenue—
- (a) register a club,
 - (b) refuse a club's application for registration, or
 - (c) terminate a club's registration,
- they shall notify the club accordingly.
- (5) The Inland Revenue may publish the names and addresses of registered clubs.

Information etc

- 12 A club that makes an application to be registered must—
- (a) provide the Inland Revenue with such information relating to the application as they may reasonably require;
 - (b) if required to do so by the Inland Revenue, produce for inspection by them any books, documents or other records in the club's possession, or under its control, that contain such information.

Appeals

- 13 (1) An appeal to the General Commissioners may be brought against a decision of the Inland Revenue under paragraph 11.
- (2) Notice of an appeal under this paragraph must be given—
- (a) in writing,
 - (b) within 30 days of the date of the notification under paragraph 11(4),
 - (c) to the Inland Revenue.
- (3) The notice of appeal must specify the grounds of appeal.
- (4) On the hearing of the appeal the Commissioners may allow the appellant to put forward grounds not specified in the notice, and take them into consideration, if satisfied that the omission was not wilful or unreasonable.
- (5) Where the appeal is against a refusal to register a club, or against a decision to register it with effect from a particular date, the Commissioners (if they do not dismiss the appeal) may either—
- (a) direct that the club be registered with effect from a specified date, or
 - (b) remit the matter to the Inland Revenue for reconsideration.
- (6) Where the appeal is against a decision to terminate the registration of a club, or to do so with effect from a particular date, the Commissioners (if they do not dismiss the appeal) may either—
- (a) rescind the termination,
 - (b) direct that the termination have effect from a specified date, or
 - (c) remit the matter to the Inland Revenue for reconsideration.
- (7) The provisions of the Taxes Management Act 1970 (c. 9) relating to appeals under the Taxes Acts shall apply to an appeal under this paragraph as they apply to those appeals.

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PART 6

INTERPRETATION

“Eligible sport”

- 14 (1) For the purposes of this Schedule “eligible sport” means a sport that is designated for those purposes by Treasury order.

A sport may be so designated by reference to its appearing in a list maintained by a body specified in the order.

- (2) An order under this paragraph shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of the House of Commons.

“Inland Revenue”

- 15 (1) Subject to sub-paragraph (2), references in this Schedule to the Inland Revenue are to any officer of the Board.

- (2) References to the Inland Revenue in paragraphs 11 and 13(1), (5) and (6) are to the Board.

Other expressions

- 16 In this Schedule—

- (a) “dispose”, “disposal”, “gain” and “chargeable gain” shall be construed in accordance with the Taxation of Chargeable Gains Act 1992 (c. 12);
- (b) “for qualifying purposes” means for the purposes of providing facilities for, and promoting participation in, one or more eligible sports, and “for non-qualifying purposes” shall be construed accordingly.