

**British Gliding Clubs  
and the  
Community Amateur  
Sports Club (CASC)  
Scheme**

[www.gliding.co.uk](http://www.gliding.co.uk)



**BRITISH  
GLIDING  
ASSOCIATION**

# **British Gliding Clubs and the Community Amateur Sports Club (CASC) scheme**

## **Contents**

1. Introduction.....	3
1.1. Historical context / why become a CASC?.....	3
1.2. Scope of scheme.....	3
1.3. Principles of guidance .....	3
1.4. Sources of key HMRC documents.....	4
1.5. Ongoing compliance with the scheme .....	4
2. Description of tests & conditions.....	6
2.1. Flow chart / decision tree .....	6
3. Regulations & guidance in detail .....	7
3.1. Open to the whole community .....	7
3.2. The income condition .....	10
3.3. Types of expenditure .....	12
3.4. The main purpose .....	13
3.5. Classes of membership .....	14
3.6. Volunteering .....	15
3.7. 'Tours' .....	15
3.8. CASC compliant clauses in governing documents.....	16
3.9. Incorporating .....	16
4. Living with CASC status .....	17
4.1. Widening participation .....	17
4.2. Requests for affordable participation schemes .....	17
4.3. Operating a waiting list .....	17
4.4. Record keeping .....	17
4.5. Making the most of opportunities.....	19
4.6. Keeping members informed.....	19
4.7. Reimbursing volunteers' expenses .....	20
4.8. Trading subsidiaries .....	20
4.9. Succession planning – passing key information down the generations.....	20
4.10. New recruits – the Fit and Proper Persons Test.....	20
4.11. Claiming reliefs and exemptions .....	20

*This guidance document is not a standalone document; it should be read alongside the relevant CASC Regulations made under Chapter 9 of Part 13 of Corporation Taxes Act 2010 (community amateur sports clubs) and subsequent amendments. In addition, HMRC have published detailed guidance to the scheme (links below).*

*In the event of dispute about any aspect of this scheme, ultimately it is the legislation governing the scheme that will be referred to, not any guidance documentation.*

*The HMRC guidance to the CASC regulations gives an indication of the way that HMRC intend to interpret the regulations when administering the scheme. The HMRC Guidance may change over time so please ensure you use the latest version.*

*This (gliding) guidance document is written in relation to the sport of gliding, for people who manage gliding clubs. It is not intended for use outside of gliding. It is not a legal document and should not be relied on in any correspondence with HMRC.*

*If in doubt, refer to the Regulations and take appropriate professional advice.*

### **Useful links**

CASC Regulations – the legislation: [Corporation Tax Act \(CTA\) 2010 Part 13 Chapter 9 Community Amateur Sports Clubs Regulations 2015](#)

[HMRC guidance](#)

[Sport & Recreation Alliance guidance](#) (the CASC info website)

[Club Matters Guidance \(Sport England\)](#)

### **Amendments and additions**

2<sup>nd</sup> Edition      3.5.4 Life and Honorary members added

3<sup>rd</sup> Edition      Addition to 4.2 – about maintaining club member confidentiality

4<sup>th</sup> Edition      3.5.4 updated (Life and Honorary members)

3.9 updated to reflect change in HMRC Guidance in relation to potential Capital Gain Tax liability on incorporation

## 1. Introduction

### 1.1. Historical context / why become a CASC?

#### 1.1.1. *Difference between a CASC and a charity*

Broadly speaking, CASC status is the equivalent of charitable status for sports clubs. However, there is a fundamental difference, which explains why the scheme feels so regulated at times.

Both charities and CASCs receive tax reliefs and benefits; in effect tax payer money provided in consideration of the benefit for British citizens that the organisation brings. In the case of a registered charity, these benefits are for wider society; for a CASC, these benefits are for the members of the club.

The schemes are mutually exclusive. In any case, charitable status is less appropriate for gliding clubs than CASC status.

### 1.2. Scope of scheme

The multiple benefits of becoming a CASC include:

- Registered clubs will receive at least 80% mandatory business rate relief. Local authorities can offer up to 100% relief to a club (whether or not a CASC), at their discretion.
- CASCs have the ability to get tax relief on donations from individuals under Gift Aid.
- complete exemption from corporation tax on:
  - income from club members for sport related activity
  - interest
  - Gift Aid income
  - capital gains
- limited exemption from corporation tax on:
  - profits from trading
  - income from property
- Individuals can obtain relief from Inheritance Tax for gifts to CASCs.
- Businesses, that give cash, goods or equipment to a club, can obtain tax relief for the cost (Corporate Gift Aid).

Essentially the scheme uses tax payer money, so it must have benefit for people in the club's local community - the scheme is designed to support community sports facilities.

The Treasury and HMRC put safeguards in place to ensure that the scheme is not exploited, and taxpayer money is not wasted.

### 1.3. Principles of guidance

This gliding specific guidance on the CASC scheme aims to assist clubs with interpreting the rules of the CASC scheme in the context of the unique conditions of their club and the needs of their local community.

*It is not for the BGA to interpret the rules for clubs.*

There are some areas which have not been detailed by either HMRC or the BGA. In these situations, the club will need to refer to the legislation as well as the principles of the scheme for guidance in decision making, and keep a record of the basis of specific decisions.

In providing gliding specific guidance, the BGA does not seek to repeat HMRC guidance. The CASC Regulations made under the Corporation Tax Act 2010 (and amendments to it made in subsequent legislation), govern the scheme and inform clubs how they should behave within the scheme. Other laws, such as those governing corporation tax and in some instances EASA regulations and the Air Navigation Order, take precedence over the CASC regulations.

It should also be noted that HMRC guidance documents (and consequently this BGA guidance) are not set in stone and will evolve over time. HMRC will adapt the guidance especially in the first year, during which time the HMRC CASC Forum will continue to meet regularly. Comments can be fed back to HMRC via the BGA. The BGA is a member of the Forum.

#### **1.4. Sources of key HMRC documents**

The legislation      [Corporation Tax Act \(CTA\) 2010 Part 13 Chapter 9](#)  
CASC Regulations    [Community Amateur Sports Clubs Regulations 2015](#)  
The Guidance        [HMRC guidance](#)

There is a year from 1<sup>st</sup> April 2015 for clubs to address any 'glitches', or if that is not possible, to communicate with HMRC and work out how your club will leave the scheme. If this is due to changes to the scheme that your club cannot work with, then there will be no penalty, i.e. there will be 'grace' from deregistration charges. 'Glitches' include wrinkles that have been left to pass, for perhaps years, without being addressed and are not to be confused with situations where clubs may have deliberately set out to deceive HMRC.

Please note that 'grace' from any deregistration charges and loss of reliefs will not be available for any clubs that are deregistered by HMRC because of ongoing and/or long standing non-compliance with the older Regulations. [HMRC have set this out in Section 6 of their [guidance](#), which also covers deregistration.]

#### **1.5. Ongoing compliance with the scheme**

##### ***1.5.1. Responsibilities of a CASC registered club***

Once registered it is for the club, or rather the management committee (i.e. those with responsibility, as per the club's governing document) at the time, to ensure that the club complies, operates within the framework and submits appropriate claims and declarations to the relevant agencies.

More detailed information can be found in the '[Club Management Overview](#)' document on the BGA website and on the [.GOV website](#)

##### ***1.5.2. Contact details***

Clubs should ensure HMRC are kept up to date. Given the turnover of committee volunteers, the correspondence address should be that of the club. Generic email addresses such as secretary@... are also helpful.

##### ***1.5.3. What to do if things aren't going to plan***

In the first instance you should contact the BGA Development Officer. The BGA is a member of HMRC's CASC Forum and continues to work with HMRC. As the National Governing Body for gliding, the BGA is your first port of call.

Depending on what is happening, we may suggest working with an appropriately qualified accountant or solicitor. During the consultation process, HMRC officials have made it clear that wherever possible, the preference is to keep clubs within the scheme by working with clubs to solve problems, rather than de-registering because a situation has got too far out of hand to rectify. Therefore, it is likely to make sense

to talk to HMRC at an early stage. Clubs should check the perspective of their arguments against the widest context i.e. the CASC scheme uses taxpayer money to subsidise community sports facilities in order to increase participation in sport. There have been cases where clubs have lost sight of the principles of the scheme.

Clubs can appeal against decisions made by government agencies, including HMRC; there is a Tribunal system and set of processes for dealing with appeals.

There are companies that claim to be CASC specialists, and will charge clubs for using their services. Before engaging such services, please check their background and their expertise and experience of working with the CASC scheme.

## 2. Description of tests & conditions

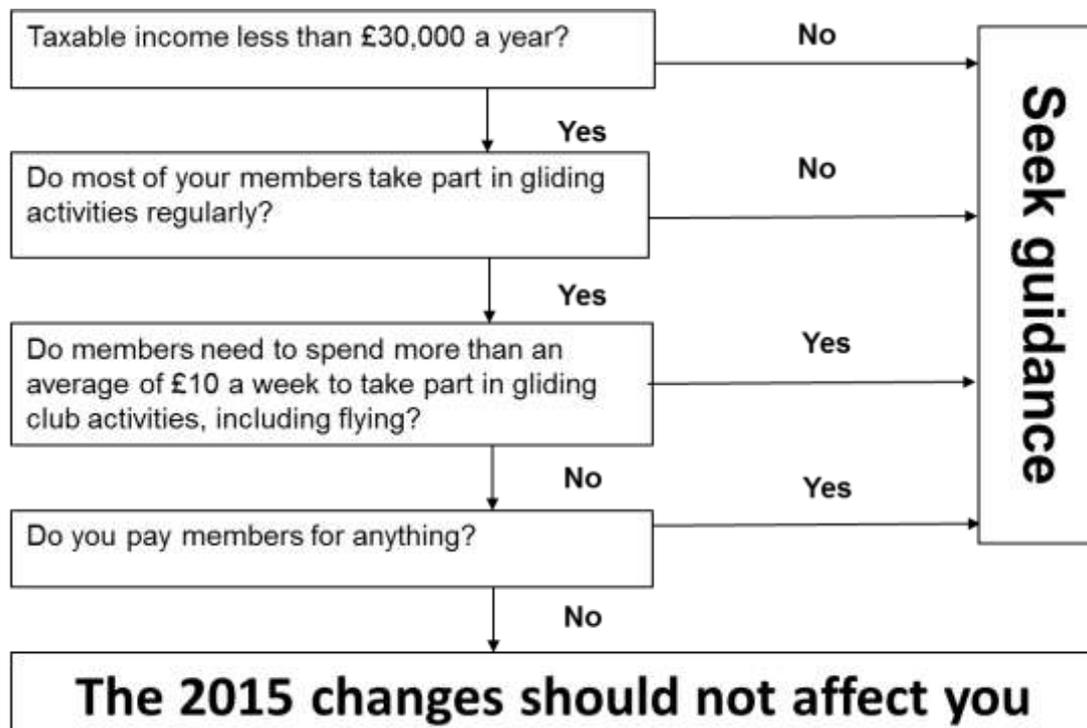
The conditions a club is required to meet in order to become a CASC are:

- Open to the whole community
- Organised on an amateur basis
- Main purpose is the provision of facilities for and the promotion of participation in gliding
- Not to exceed the income limit
- To meet the management condition
- To meet the location condition
- Having the right governing document

The various tests are to be treated separately and are not linked. If confusion is setting in, check that you have not inadvertently started to blend the criteria for the individual tests.

### 2.1. Flow chart / decision tree

This chart was developed from an HMRC version to help clubs to understand if they will easily comply with the changes made to the scheme in 2015.



### 3. Regulations & guidance in detail

The BGA is not repeating the HMRC guidance here. Instead, key points which require specific attention in a gliding setting are described in more detail.

#### 3.1. Open to the whole community

The club must be open to all and the facilities must be available to members, without discrimination. The changes to the scheme focus on cost as a potential barrier to participation.

Please read corresponding *Regulations 5 – 9*; and *HMRC Guidance sections 2.3 – 2.9*.

##### 3.1.1. Membership fees must not exceed £1,612 a year

This figure is comprised of only membership fees. If clubs were to charge this much for any class of membership, then they would no longer qualify for the scheme.

Not (currently) an issue for gliding clubs.

##### 3.1.2. Calculating the costs associated with membership

See *section 2.7 of HMRC Guidance*. Clubs should take three types of cost into account when calculating the cost of participation:

- Membership fee (the most expensive)
- Any equipment or clothing someone must buy in order to take part
- Cost of taking part in sporting activities *if* they were to do so once a week for a year

**Equipment and clothing:** a log book. Everything else is optional or can be hired from the club. Gliding is well placed in that the tariffs are clear and there are no invisible charges. Also, as a K8 has recently been flown in the Club Class nationals, it has been demonstrated that people do not need particularly high performance gliders to compete. If people choose to purchase expensive equipment, then that is entirely up to them, but for the purposes of this exercise, they do not NEED to do so.

**Participation costs:** you need to establish how much the *opportunity* to take part weekly in the sporting activity would be.

This is an area where the Regulations are not clear and it is not easy to interpret exactly what to do as a sports club. Unfortunately this is a key area for gliding, so rather than offer interpretive guidance at this stage, the BGA can only walk you through the relevant parts of the various documents and show you the options.

The relevant clauses, gathered together here because they lie in three different documents:

#### **From CTA 2010**

659 Meaning of “open to the whole community”

- (1) A club is “open to the whole community” for the purposes of section 658 if—
- (a) its membership is open to all without discrimination,
  - (b) its facilities are available to members without discrimination, and
  - (c) its fees (if any) do not represent a significant obstacle to membership or use of its facilities.

#### **Where 1(c) was amended under Schedule 21 of the Finance Act 2013**

Section 659 (meaning of “open to the whole community”) is amended as follows.

In subsection (1), for paragraph (c) substitute—

*“(c) the costs associated with membership of the club for any year do not represent a significant obstacle to membership of the club, use of its facilities or full participation in its activities (see subsection (2A)).”*

**To which was also added in that same Finance Act:**

*After subsection (2) insert—*

*“(2A) For the purposes of subsection (1)(c) the costs associated with membership of a club for any year represent a significant obstacle to membership of the club, use of its facilities or full participation in its activities if—*

*(a) those costs exceed the amount specified for the year for the purposes of this subsection in regulations made by the Treasury, and*

*(b) the club has not made such arrangements as are necessary to secure that those costs do not represent such an obstacle.*

(2B) goes on to make provision for The Treasury to make specific and detailed regulations, which they have now done. These are found (along with the other most recent amendments), in the Regulations 2015 document:

**Costs associated with membership of a club**

*5.—(1) The amount specified for a year for the purposes of section 659(2A) of CTA 2010 (costs associated with membership of a club) is £520.*

*(2) The costs associated with membership of a club for a given year consist of amounts A and B together.*

*(3) Amount A is the membership fees for a member for that year (see regulation 8).*

*(4) Amount B is the sporting activity costs for that year (see regulation 9).*

As this gliding guidance document should be being read alongside the Regulations document, you can read **Regulation 9** for yourself. Note that it does not stipulate that the calculation must include fees, instead refers to ‘any’. You should now turn to the HMRC guidance, specifically section 2.7 ‘Costs associated with membership’.

**Variation in interpretation:** In addition to section 2.7 of their guidance, HMRC have are currently saying that for the initial calculation to establish whether the opportunity to fully participate in the sport of gliding at your club costs more than £520pa, you should use a flying cost associated with hiring a glider once a week (i.e. a circuit in a club glider).

We know that this is not a real-life scenario, and with other sports the BGA has been making this point throughout the consultation. The BGA also knows that the way people fly and take part will vary at each club (ridge, flat, hard runway, waterlogged in winter, access to wave, affected by sea breeze etc). Arguably, clubs still could make this the basis of the calculation because it is not specified in the regulations.

**Does it matter?** Probably not. The upshot of this difference of interpretation of the regulations is that there is a (moral rather than legal) risk that clubs may end up charging someone on a low or modest income £520pa for an all-inclusive membership and flying package, when if left to their own devices they would have spent less at the club, but still had the opportunity to participate fully (i.e. 52x a year). It would be a shame if clubs were to create a new barrier to participation, by making gliding less affordable, as a result of changes to the CASC scheme.

If your club decides to interpret the regulations by including a mix of flying and non-fee charging participation activities to calculate the cost of ‘full’ participation and this figure comes to below £520pa, then you need to be really sure that your club aren’t going to accidentally exclude anyone and therefore fail to comply with the conditions of the scheme.

More in the following section which discusses the solutions.

### **3.1.3. Affordability**

If your club can provide the most expensive membership + equipment + flying once a week for £520 a year then, that is all your club needs to do.

If the most expensive membership + equipment + flying once a week costs more than £520, then to be able to gain or retain CASC status, the club must be able to demonstrate that it is 'open to the community' and that cost does not form a barrier to taking part in gliding at your club; i.e. the club must make provision for individuals on low or modest income to be able to join the club and take part in the club's gliding activities for £520pa.

Most clubs already do this, although they often don't publicise it widely.

Section 2.8 of the HMRC guidance sets this out and of particular relevance is example H. You will note that HMRC do not expect details of types of participation to be specified.

Clubs should make existing and new members aware that the product is available and let them know how they can apply for it. A note at the foot of the club's tariff sheet (paper and web versions) will suffice. It could say something like 'Want to fly with us, but worried about the cost? To discuss the options (in confidence), please contact the Treasurer email address / phone / link'. You'll notice that there is no need to go into detail at this stage.

The application process should be confidential, transparent and include an appeals process. The onus will be on the applicant to explain to the club why they cannot afford to pay the full price. It is important that the club does not attach a payment-in-kind condition to this preferential membership rate. The BGA has drawn up a suggested, generic policy document, application form and explanatory notes which clubs may use as a start point. These can be found in the ['Sample Club Policies'](#) section of the BGA website.

Within this product, clubs should not restrict access to flying, but as a sport, we know that there is so much more to gliding than the flying, including ground training, maintenance activities, volunteering at the club to support others to fly, volunteering to support the club to provide sporting facilities for members and so on. Therefore, individual behaviour will naturally include a mix of fee charging and non-fee charging participation activities. The exact mix will vary from club to club due to differences in launch type and soaring opportunities. It is a useful exercise (not least for effective development of your club's flying opportunities for members) to establish your club's participation mix of fee charging activities and non-fee charging activities and in doing so, you should look at the type of flying the average pilot at your club does to get an idea of what a reasonable amount of flying looks like at your club. Information gathered from clubs during the consultation process showed that in the UK, on average, people 'fly' (paying for their own flying, rather than instructing) 17 days a year.

If your club follows HMRC guidance on the interpretation of Regulation 9 'sporting activity costs' then it will use the cost of the most expensive membership plus 52 circuits a year to establish whether the club should provide a more affordable product for people on low or modest incomes. In which case, the club may wish to offer a 'capped' product to ensure these individuals do not pay more than they would have done ordinarily.

Whatever your club decides to do in relation to this, please ensure that clear records are kept relating to this area, including:

- Committee decisions

- Policy development and implementation
- Applications for affordable flying from individuals (confidential, as required)

It could be that it is a committee in several years' time that needs to understand the club's historical decisions so that they can explain the reasoning to HMRC. In any case, subsequent committees will need to manage the ongoing CASC related club activity.

#### **3.1.4. Restricting access to club facilities**

The CASC regulations and HMRC guidance describe accessing of club facilities at reasonable time of the day or days of the week. This is because some other sports restrict access for certain classes of membership. Gliding clubs are open to all members and many are accessible every day of the year, so this is unlikely to apply to your club.

However, should your club decide to reduce access for members who pay less, those members should still be able to have *reasonable* access to the club's sporting facilities. HMRC have made it clear that if the club has a 7 day a week operation, it must provide access on at least 3 days a week, at least one of which should be a weekend day. If the club is open for only some of the week, access should be provided to 50% of the days. Access should also be at a time of day to allow soaring opportunities. It would not be acceptable to restrict access to weekday mornings before 8.30am, for instance.

#### **3.1.5. How do people join the club?**

Welcomes in the newsletter, on the notice board and via usual club news methods are to be encouraged!

Except as below, it is not acceptable for CASC registered clubs to ask the Committee to 'approve' new members. It is never acceptable to make membership subject to nomination or approval by existing members.

Provided they do not discriminate illegally, clubs can refuse or revoke membership where the membership, or continued membership, of the person concerned would be likely to be contrary to the best interests of the sport or the good conduct and interests of the club. The BGA recommends that clubs adopt relevant disciplinary and appeals policies (see relevant [Sample Club Policies](#) section of the BGA website).

#### **3.1.6. Skills and high performance gliders on the club fleet**

Restriction of access to equipment should only be on the grounds of safety i.e. on the skills, experience and currency of a pilot. If affordability is a factor for a member of the club, they will need to approach the committee to discuss the situation. Clubs should make members aware that this is an option (see Affordability 3.1.3)

### **3.2. The income condition**

See read corresponding *Regulation 4*; and *HMRC guidance section 2.22 'The income condition'* Also relevant is [Annex 1 'Overview of Corporation tax and VAT rules for CASCs'](#)

In terms of legislation, the legislation governing the CASC scheme is informed by the Corporation Tax legislation, i.e. the CASC scheme does not invent any new definitions of income.

The key focus for clubs is to accurately and appropriately classify income between member and non-member income.

### **3.2.1. Member income**

Under trading rules <http://www.hmrc.gov.uk/manuals/bimmanual/BIM24000.htm> the trading income from club members with voting rights will be treated as non-taxable.

There is no limit on the amount of income from sporting activities that a CASC registered club can generate from members. Any property income generated from members, for instance via caravan pitch fees, is property income which will count towards the £100,000pa limit and the property income threshold for CTA liability (see below).

### **3.2.2. Non-member income**

Is all the income from people who are not full members. This includes people who take part in 'taster sessions' (trial lessons). In gliding, anyone taking a launch from a club must be a member of that club, even if it is only for one day; everyone has to sign a membership form.

This is an instance where the club reality differs from the CASC interpretation. For CASC purposes, trial lesson income is treated as non-member income unless a club can demonstrate that TLs are full members (i.e. that they participate once a month and have voting rights for the full duration of their membership).

*In order to remain within the scheme, income from non-members must not exceed £100,000 in any financial year.*

'Income' here means 'turnover' and is money received, rather than profit.

Income generated either by trading or property is potentially taxable and the scheme has thresholds below which income is non-taxable. However, if either type of income exceeds its relevant threshold, then the profit on the whole of that income type becomes liable for corporation tax.

The thresholds can be increased by HM Treasury and are currently:

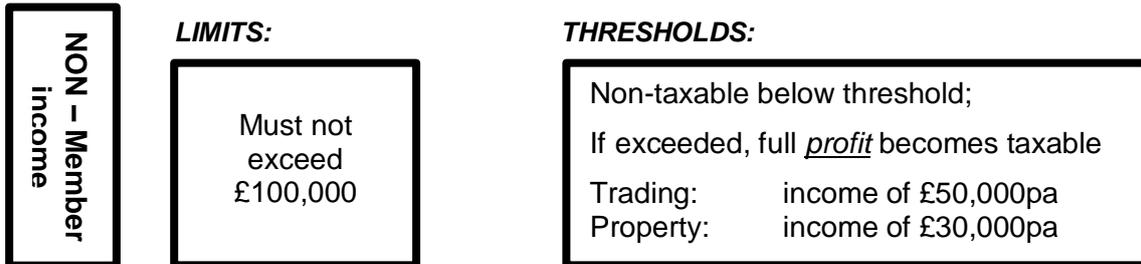
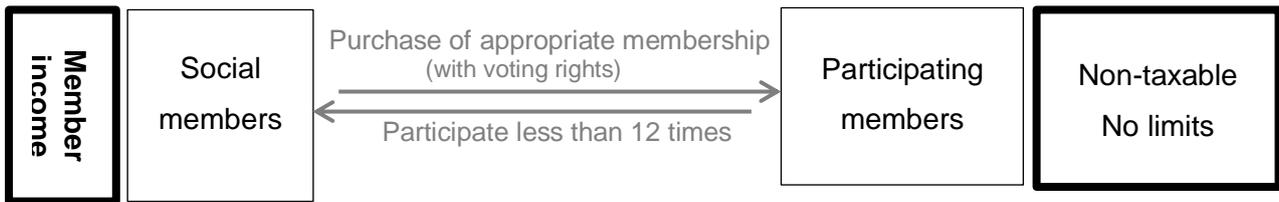
Trading £50,000pa

Property £30,000pa

If exceeded, the profits (or more properly as gliding clubs are not-for-profit organisations, the 'surplus') become liable for corporation tax.

There are mechanisms to avoid this liability and where clubs establish either by forecast or by monitoring, that they are approaching income thresholds for that financial year, they should start to look at alternatives in good time (see section 4.8 on Trading Subsidiaries). This is especially the case if clubs are heading towards the £100,000pa non-member income limit, as to break through that will mean having to leave the scheme and potentially having to re-pay reliefs, benefits and capital gains, in addition to a deregistration charge which will be deemed to be the capital gain on assets. HMRC have requested that clubs talk to them once their non-member income exceeds £50k pa, so that appropriate solutions can be discussed.

### 3.2.3. How to treat income



### 3.2.4. Property

Rental income is income from the hire of land and/or buildings owned by the club. It will include income from caravans and other accommodation.

HMRC has published guidance <https://www.gov.uk/hmrc-internal-manuals/business-income-manual/bim00570> Clubs should seek professional advice if they are not sure.

### 3.2.5. Sales of food and drink

Clubs can provide food and drink for members and their guests on the basis that doing so is incidental to the sporting activities.

### 3.2.6. Diversifying income – affiliated clubs and multi-sports clubs

Clubs are diversifying income streams in order to survive. This includes hosting affiliated clubs, or sub-letting facilities. In some cases this will involve sports clubs who are themselves CASCs.

Key questions: Where does this income come from? Is it from within the gliding club CASC? Is it from members or non-members? Is it from property?

Multi-sports clubs, with more than one 'partner' club, are potentially more complex and will not be discussed in detail here. If yours is such a situation, please do contact the BGA Development Officer to discuss.

## 3.3. Types of expenditure

### 3.3.1. Payments to players, Regulations 11-13; HMRC Guidance 2.15

This entire section is unlikely to apply to a gliding club, but should a club find a reason to pay someone to fly for them in the future, the provisions are now in place to allow this.

Note that this refers to 'players' i.e. pilots and not 'coaches' i.e. instructors. Course instructors and tug pilots are not relevant to this regulation.

### 3.3.2. Apportioning expenses between member and non-member activity

In addition to apportioning receipts between member and non-member income, the associated expenses must be similarly apportioned. There may be categories where this is not immediately obvious, such as aviation fuel. HMRC's business income

manual gives information on how to apportion fairly. This would be a sensible area in which to take professional advice.

### **3.4. The main purpose**

Please read corresponding *Regulations 15 – 19*; and *HMRC Guidance section 2.21*

#### **3.4.1. Promotion of participation in sport**

CASC clubs receive tax reliefs and are therefore expected to encourage members to participate, regardless of ability.

#### **3.4.2. The Participation Condition: 50% social membership threshold**

HMRC is keen to ensure that the clubs receiving tax and rate reliefs are genuine sports clubs rather than social clubs with a token sports section.

In order to remove the possibility that people purchase full memberships of sports and social clubs in order to access the social facilities, HMRC have formalised the test that officials had previously used i.e. if more than half of the membership are social members, it is more of a social club than a sports club. HMRC expect people who are member of a sports club to take part once a month, hence the 12x a year (pro-rated) test.

As real life (ill health, arrival of new baby etc) has the habit of getting in the way of gliding intentions, HMRC have indicated that where a club can show that a member intended to participate 12x a year, then that member can be treated as a full member. Indicators of such intention include:

- differential in price between social and flying membership
- intention box on the membership form
- clear descriptions on sales and promotional literature

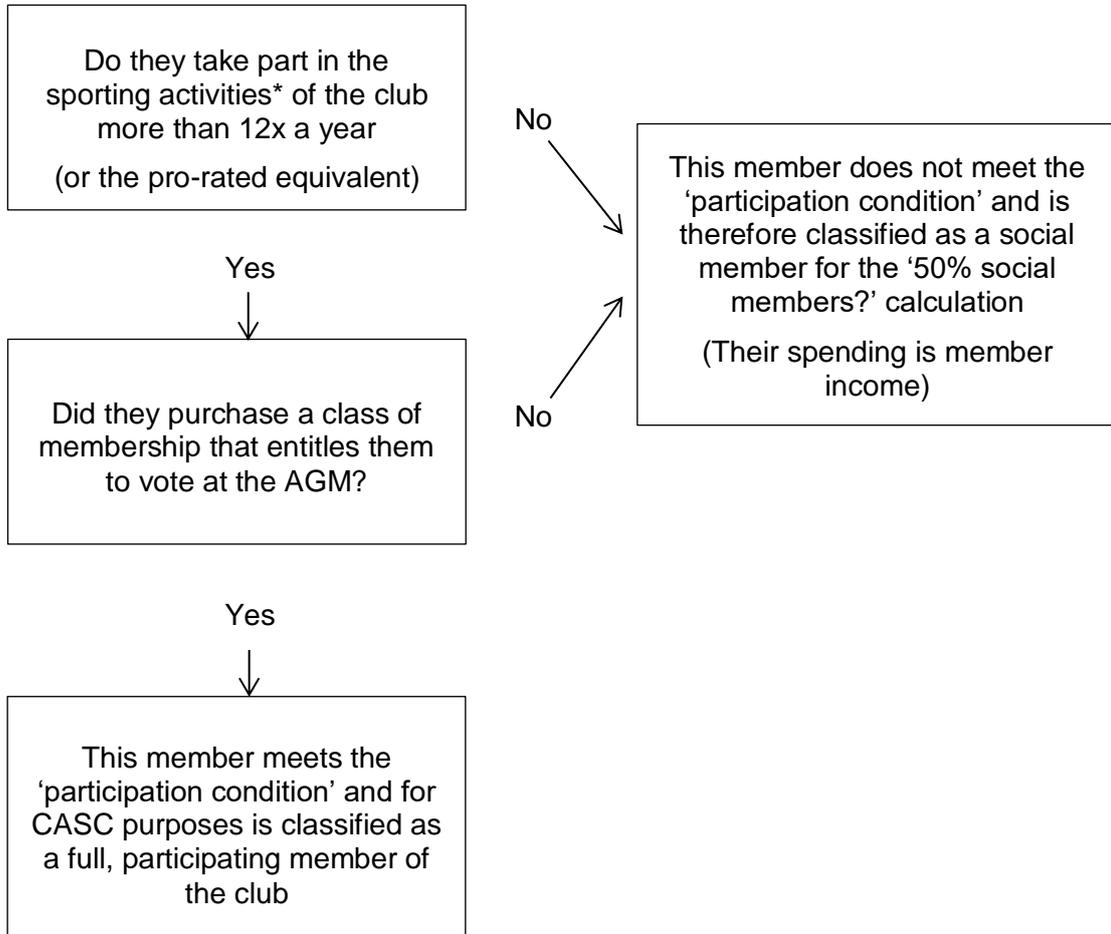
The list of sporting activities included in the HMRC definition of participation is listed under Regulation 16. Clubs will only need to keep additional participation records where social membership is close to 50%. See also 4.4 Record keeping.

Note – Trial lessons: if an individual tries the sport and subsequently joins the club, then for CASC purposes, their membership can be backdated for the participation condition.

### 3.4.3. Working out the status of a club member for the participation condition

This is potentially confusing. Remember that the social member test and income test are treated separately within the CASC scheme.

Note: club reality is not necessarily the same as the CASC interpretation. It is not necessary to amend what happens in reality at a club, but you do need to interpret the club reality in relation to the CASC regulations in order to establish if your club qualifies, or is remaining within the requirements of the scheme.



\* In addition to flying, 'sporting activities' includes the wide range of voluntary roles and supporting activities that need to be carried out in order for the club to function. Remember that the club needs to provide sporting facilities as its main purpose [Chapter 9; 658 (1)(c) of the Finance Act 2013. See also HMRC Guidance 2.1.4] so any activity that supports the club to provide facilities should be included.

## 3.5. Classes of membership

### 3.5.1. Family

In order to establish whether family membership fits within the £520pa affordability criteria, clubs need to work out the cost per member.

For the purposes of the 50% social member test, family members should be treated as individuals.

### **3.5.2. Social**

This category of membership is generally sold to people who do not intend to fly regularly. Generally this category of club membership costs a lot less than full membership. Social members can vote, fly and participate in the club's sporting activities. The money that they spend is member income for CASC purposes. Even if they participate in club sporting activities 12x a year, they will remain social members in the 50% ratio calculation.

### **3.5.3. Trial lessons and temporary members**

When it comes to interpreting the regulations in the context of gliding reality, there is a difference between what happens in real life and how the members and any money that they spend at the club is treated within the CASC scheme. It is not necessary to alter the way clubs operate, however, clubs need to understand how their reality fits into the CASC scheme.

For someone with any form of temporary membership (trial lesson, visiting pilot, reciprocal membership etc) to be treated as a 'member' for CASC purposes, they must comply with all aspects of CASC rules, i.e. voting rights, pro-rated membership and participation costs fit within the £1612 and £520pa affordability criteria.

If the person with temporary membership does not meet the CASC criteria for 'membership' then as far as the CASC scheme is concerned, they are not a member. Their income will need to be considered as non-member income and be counted towards the thresholds and £100k pa limit.

### **3.5.4 Life and Honorary members**

These will be permitted under the CASC scheme, as long as having these types of members does not affect the ability of other people to join the club i.e. the club remains open to all. Full details were released to the HMRC CASC Forum by HMRC during November 2015, with HMRC guidance (Section 2.3 *Open to all without discrimination*) due to be updated in January 2016. Please ensure you check the latest version of HMRC Guidance.

## **3.6. Volunteering**

As a volunteer-run club, the club's survival relies on volunteers. There should be a healthy club culture which encourages all members to get involved with club life and to volunteer, according to each member's skills and interest, with appropriate training and support, as required.

However, a CASC club cannot:

- Mandate volunteering, for instance by making maintaining the winch a condition of membership as not everyone will have the necessary skills. This would be a form of discrimination and mean that the club did not meet the 'open to the community' test
- Create a payment-in-kind situation by offering reduced rates of membership in return for specific volunteering. This is in effect a form of employment.

CASC clubs can reimburse volunteers' reasonable expenses that have been incurred as a direct result of the activity of volunteering. See relevant [HMRC guidance](#)

## **3.7. 'Tours'**

Includes club expeditions, competitions (such as Inter Club League) and adventurous training. Would need to be organised by the club and open to a cross-section of the membership, although restrictions based on experience may be acceptable if on the basis of safety. Only a concern in relation to the CASC scheme if the club will be reimbursing participants with any reasonable expenses as all expenditure by a CASC

must be for qualifying purposes. Holidays do not qualify. See HMRC guidance section 2.13 'Tours'.

### **3.8. CASC compliant clauses in governing documents**

The current model clauses are set out in [Annex 5 'Model clauses'](#).

Club governing documents are covered in the BGA's [Club Management Overview](#)

Wording tends to evolve over the years, so your club's document was (or will be) checked against the contemporary model clauses at the time of joining the scheme.

Once HMRC has approved your governing document and you have achieved CASC status it is important that you continue to comply with the CASC regulations in practice. Sometimes HMRC may update the "model clauses" for governing documents. This is aimed at new clubs and you should not need to update your own governing document.

*Non-compliant activity cannot be rescued by having perfect clauses in the governing document.*

### **3.9. Incorporating**

When the assets of an unincorporated club are transferred to a new company that will carry on the sporting activities of the original club, the Capital Gains Tax will not be due. Details are set out in [Annex 2 'incorporating an existing CASC into a company'](#).

*Please note: a CASC club which incorporates will need to re-register as a CASC, as during the incorporation process it has formed a new legal entity.*

Clubs need to discuss their situation with HMRC and take appropriate advice from suitably qualified professionals before making their decision.

*Clubs should also consider how successor committees would manage any new arrangements.*

## 4. Living with CASC status

### 4.1. Widening participation

In 2013 the BGA estimated that the CASC scheme currently brings around £350k pa into the sport. Many clubs use the money saved through tax and rate reliefs to invest in supporting juniors and those less able to afford to fly. The clubs which have embraced the opportunities fully are enjoying an influx of energetic and enthusiastic people, which in turn helps with membership recruitment and retention.

### 4.2. Requests for affordable participation schemes

Each case should be considered in isolation, on its merit and treated confidentially. Clubs can devise individual solutions for individual club members. Conditions that might limit participation or require payment-in-kind should not be attached. Most clubs already help club members, but don't advertise. It is important that the option is made clear for existing members and those joining the club.

The BGA has drawn up a generic sample club policy for clubs to help them to develop their own policy. It is available in the ['Sample Club Policies'](#) section of the website.

Once a club member's case has been accepted and appropriate arrangements made, details of those arrangements should remain a private matter between the club committee and each individual. As with other club member business, the Committee should respect the confidentiality of individual club members, even if they themselves go on to discuss details about the arrangements with fellow club members.

### 4.3. Operating a waiting list

A CASC can operate a waiting list for people waiting to join the club. The key factor of such lists in relation to the CASC scheme is that they are operated on a first come, first served basis.

It is also good practice for clubs to actively manage peaks in demand for club equipment and facilities in order to provide good quality training and to manage demand on two seaters. Regular communication between the instructor team and the marketing volunteers about the training capacity of the club will help the club to manage the expectations of new members.

### 4.4. Record keeping

Clubs need to keep records. The BGA has taken advice on this area, because we do not wish to see clubs tied up in unnecessary record keeping exercises. We have been told that it is for clubs to determine how they keep records, but that they should do so (and in fact, should already be doing so in some cases).

The principles are:

- Need to keep records that enable HMRC to check the club's tax position. For CASCs this means records that would allow HMRC to check that the club is a CASC and also to check the correct Corporation tax position on the club's income and gains.
- CASCs should be spending income on qualifying purposes only and should also be able to evidence this.
- HMRC can issue a Corporation Tax return and you will need to keep records in order to fill this in correctly.
- Records should be kept for 6 years from the end of an accounting period.

Overall, the picture of the club's operations should be in keeping with the principles of the CASC scheme i.e. using the benefits and reliefs to encourage a wide range of people to take part in the sport.

#### **4.4.1. Participation**

This is about establishing whether a club is a sports club or a social club with a bit of sport tacked onto the side.

The rule of thumb has been that if over 50% of the members do not participate regularly in sport, then it is more of a social club than a sports club. The challenges arise because the scheme now defines 'participating regularly in sport' as once a month. Once again, gliding is ahead of other sports in that we do already keep some participation records (the log sheets). We also have instructor, winch driver and tug pilot duty rosters and Committee meeting Minutes show who was present when. However, we do not currently have any means of showing who was doing what volunteering in relation to all the other gliding activities that are available to club members as part of club life. It has been suggested that a note book for members to record their name and date could be kept in the workshop, by the simulator and so on. But do clubs really need to go to such lengths?

Let us consider how it might work in reality. Let's say that 65% of members fly more than 12x in a financial year. It doesn't matter that the club has 5% social members, nor what the remaining 30% of members did that year, because more than 50% of the club's members participate in the sport.

If the club is getting close to 50% in terms of pure flying (rather than gliding sporting activities) participation, HMRC has indicated that the *intention* an individual has when purchasing their membership is useful, especially where there is a big difference in cost (as there is in gliding).

Clubs might also consider putting an 'intention' tick box on the membership form that sets out that by buying that type of membership, the member intends to take part in sporting activities at least 12 times in the next year.

Clubs should give clear descriptions for membership categories on the website and on leaflets, to help people to decide which type of membership is best for them i.e. 'full membership is for people who intend to fly more than once a month' or some such.

**Cancellation of sessions:** Should a session be cancelled because of external circumstances, beyond the control of the club, then that session will count as a 'participation'. The HMRC guidance cites 'Act of God', but for gliding, weather creates potentially dangerous conditions and the question of safety is the deciding factor. Scrubbed days should therefore be recorded, just in case explanation is required later. If your club has accurate flying lists for those days, then these should also be kept. Be aware that such lists may not include everyone who intended to fly that day.

**Foot and mouth outbreaks:** and other serious external issues that prevent flying – HMRC are used to dealing with mitigating circumstances. Early discussion with HMRC is recommended.

**Seasons:** The scheme makes provision for a club to 'close' during periods of inactivity. Accordingly, levels of participation would be reduced (pro-rated). When announced, it was initially greeted by us as an opportunity; however it quickly became clear that this would not be advantageous for gliding for two reasons:

- the £520pa affordability figure (and the £1,612 limit) would also be reduced
- as per CASC Regulation 19(3), if the club facilities are available to club members during the 'closed season', then the club will be deemed to be 'open' even if no flying takes place. This is because sporting activities are taking place

#### **4.4.2. Member / non-member income**

Clubs need to keep records. We are fortunate in gliding that clubs do already keep good accounting records, according to income type. However, the member / non-member split within income types is not necessarily currently recorded and current regulations enable clubs to establish the split using sampling. Clubs should review their accounting systems to ensure they are not at risk of non-compliance.

If clubs are approaching either of the thresholds, then clearly their record keeping must be detailed, as the likelihood of having to explain the picture clearly to an inspector is high. Clubs bringing in that much income in either area are likely to employ some sort of admin support to help them to manage the club's affairs and are therefore likely to both need and be better able to implement more sophisticated accounting systems.

If clubs are not forecast to be nearing any thresholds, then they should still keep a record, but this could be a simple notebook next to the till in the kitchen or bar to keep a tally of whether a sale was to members or non-members. An inspector would expect to see a dog eared, tea stained notebook, with at least some sales to non-members! Naturally, where a club has an alcohol license, then they should already be complying with the conditions of their licence.

[NB clubs need to apportion expenditure, as well as receipts, between members and non-members.]

#### **4.5. Making the most of opportunities**

CASC status is (broadly speaking) the equivalent of charitable status for sports clubs and clubs should investigate all the fundraising opportunities available to them. In doing so, clubs need to refer back to the Regulations and to your club's objects to ensure that your plans fit within the scheme and within the reasons why your club was set up.

##### **4.5.1. Claiming Gift Aid on donations**

CASCs can claim Gift Aid on small donations, including donation tins. This can now be done without any paperwork from donors. Full details are set out at <https://www.gov.uk/claim-gift-aid/small-donations-scheme>.

General guidance on claiming Gift Aid is available at <https://www.gov.uk/claim-gift-aid>

Clubs can claim Gift Aid on donations made by volunteers that have claimed expenses from the club <https://www.gov.uk/gift-aid-what-donations-charities-and-cascs-can-claim-on#expenses-paid-to-volunteers>.

Clubs might consider putting a tin next to tills so members can donate small change. Going out on the streets with tins requires specific permission, and if clubs were ever to do this, tins must not be rattled.

Proper records must be kept for 6 years, in relation to claiming Gift Aid.

##### **4.5.2. Funding wing-stretching opportunities**

If it fits with your club's objects, have you considered applying for grant funding for specific activities, such as expeditions, that support participation? See the '[BGA Project Planning and Funding Guide](#)' and contact the BGA Development Officer for advice and guidance.

#### **4.6. Keeping members informed**

The CASC scheme brings benefits for the members of the club. The situation in many clubs is that the reliefs received by having CASC status, enable the club to survive. Otherwise, clubs tend to use the extra breathing room to invest in groups that wouldn't otherwise be able to afford to fly.

It is important that club's committee understand the benefits that the CASC scheme brings to your club and communicates this to members.

#### **4.7. Reimbursing volunteers' expenses**

A CASC can reimburse volunteers expenses that have been incurred as a result of volunteering <https://www.gov.uk/volunteering/pay-and-expenses>.

See section 4.5.1 above for information on how to use this to generate Gift Aid income.

#### **4.8. Trading subsidiaries**

Clubs have always been able to set up a trading subsidiary.

What is new is that companies making a donation to a CASC may do so out of their pre-tax income, so they receive a lower tax bill and the CASC receives the gross ('full') amount.

Therefore, if a club is likely to exceed the corporation tax threshold or £50,000 on trading income, or indeed the £100k non-member income limit, they can set up a trading subsidiary. Any profits that that subsidiary makes can be donated to the CASC.

Clubs with that level of income should be able to cover the costs and additional complexity (accounting, monitoring, reporting to relevant authorities) that running a trading subsidiary will bring. [Sport England has published specific guidance](#) on this topic which is available on their '[Club Matters](#)' website. You will need to register, but this site also contains many helpful club management resources. There may also be useful information from other NGBs (such as those large enough to have a legal department). The BGA will not be advising clubs on setting up or running a trading subsidiary, beyond recommending that clubs take appropriate professional advice at every stage. As ever, if enough clubs request it, the BGA could look into getting appropriate gliding specific (but club generic) advice.

#### **4.9. Succession planning – passing key information down the generations**

If the club has highly skilled and experienced volunteers on the committee and is choosing a more complex set of processes for managing aspects of the CASC, committees should consider how future committees might manage their inheritance. This is especially important if the club does not usually have such high calibre volunteers.

Keep a record of basis of decisions made, especially where the club has interpreted the rules from principles set out within the Regulations of the CASC scheme.

Committees should ensure that there are good briefing notes and proper handovers.

#### **4.10. New recruits – the Fit and Proper Persons Test**

The requirement for Committees to carry this out for all new committee members has been in place since April 2010. This extends to those roles with responsibility for managing the club, as set out in the club's governing document.

More information <https://www.gov.uk/government/publications/charity-tax-relief-model-declaration>

#### **4.11. Claiming reliefs and exemptions**

Please ensure that your club is claiming whatever it can by keeping up to date with the relevant legislation and agencies, and reporting as required to:

- Companies House
- HMRC
- The club's local planning authority