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Charitable Status

Unincorporated associations and companies limited by guarantee can be charities. A club can only be charitable if its constitution is such that it promotes amateur sports (and/or other healthy amateur recreations) e.g. by providing facilities, or promotes education or community participation by reference to sport. In all cases the club must exist for the public benefit.

Advantages

- Greater tax advantages than CASCs: Full exemption from tax on profits from membership fees, bank interest and investment income. Gift aid can be claimed on donations from companies as well as donations from individuals
- Rate Relief: Local authority business rate relief is the same as for CASCs, and there is similarly no inheritance tax payable on legacies left to charities
- Fundraising: People are more willing to fundraise for a charity, and charities are allowed to run certain types of lottery and other fundraising activities that are banned or licensed for non-charities

Disadvantages

- Permanence: Once a club has become a charity, it cannot stop being a charity
- Paying Members: All members of the club must be playing members – it cannot have 'social members'.
- Amateur: Players must be amateur and may not be paid
- Open Membership: Although there can be competition to get into, for example, the first team, everybody must have an equal opportunity to use the club's facilities. The level of fees must be low enough so that everyone has the opportunity to join the club.
- Administration: A club must register with the Charity if its annual income is over £5,000. This means that it must submit annual accounts and an annual return to the Commission and also comply with charity law.

For more details on Charitable Status for clubs go to: www.charitycommission.gov.uk