



RUGBY FOOTBALL UNION

RFU – Update on the CASC Scheme August 2013

Following the closure of the HMRC public consultation on community amateur sports clubs (CASC) scheme please find a brief update of the current situation following detailed information on the consultation distributed in June 2013.

Progress

The public consultation on the CASC scheme published by HMRC closed on the 12th August 2013, the Rugby Football Union (RFU), along with other National Governing Bodies of Sport, the Sport and Recreation Alliance (SRA) and a range of sports clubs submitted detailed responses to the questions published within the HMRC consultation document. It is anticipated that further information and detailed guidance will not be available until early 2014 from HMRC, while they review the feedback and consider recommendations.

The proposals put forward in the consultation on the detail of new eligibility criteria for the CASC scheme will have implications for existing and future CASCs. Two of the main criteria covered were costs associated with membership and other income of a CASC. The Government is proposing limits on firstly, the membership costs and secondly, on the levels of non-member or non-sporting income a CASC can receive. Where a club exceeds the income limit the consultation proposes that the club can set up a trading subsidiary if it wishes to remain in the scheme.

Clubs who have had their applications for CASC registration 'stockpiled' by HMRC should have received a letter when the consultation launched in June explaining the situation. If your club's application for CASC status had not been dealt with for some time and you haven't received a letter, please contact HMRC. Many clubs with stockpiled applications may have to wait until next year before they are reviewed by HMRC. It is expected that revised guidance on the new eligibility rules will be published in early 2014 at which point all existing CASCs will be asked to check that they meet the new rules. In exceptional circumstances during the 12 months following the publication of the revised guidance, where a CASC needs to but does not want to change the way it operates to meet the new eligibility rules, HMRC will deregister the CASC without penalty, provided the CASC had been compliant with the old rules and guidance.

In the meantime Rugby clubs considering applying for community amateur sports club (CASC) status should think carefully before doing so in view of the uncertainty around the eligibility rules outlined in the consultation document.

Unincorporated clubs which are CASCs should remember that if they incorporate they will lose their CASC status; the new company will have to re-apply. With a change in the eligibility rules on the horizon HMRC may take some time to deal with the application and may refuse or "stockpile" it until the new rules are in force. It may be better to wait until early next year when everything should be clearer.

Clubs which do not own their facilities could generally be unaffected but those that are facility owning may face potential problems with their non-sporting income. It is possible that even if HMRC registers your club as a CASC before the new rules are finalised, this may work to your disadvantage in the long run particularly if you develop facilities and generate additional income e.g. from the bar or from hiring out your facilities. If this does become a problem a potential solution may be to carry out these non-sporting activities through a separate company although this may not be attractive to some clubs.

There is no clear route for all rugby clubs to follow at the current time; each club must consider its own position before deciding what action to take. The cash benefits from CASC status must be weighed up against the time and

effort required bearing in mind the future risks of not being able to meet the new eligibility conditions when they are finalised by HMRC.

We continue to suggest that any unincorporated club which is a CASC and is considering incorporation or indeed any club that is considering CASC registration should speak to the RFU in the first instance.

Next steps

Please contact Dave Stubley davestubley@rfu.com 07736 722387 for further information. The RFU have a retained expert in the CASC / Charity arena and depending on the enquiry your club could be referred for further guidance and assistance.