



# Finance and Taxation for Bowls Clubs

A Workshop for Bowls Clubs



# About Club Development Scotland

- The consultancy arm of Supporters Direct Scotland, established in 2016 to support community sports clubs through guidance & services.
- We operate as a social enterprise, investing all our proceeds back into non-profit organisations.
- We've supported clubs from St Mirren FC to grassroots clubs.



# About us

- Andrew Jenkin is the Head of Club Development Scotland. He has a background in sport for social, community development and is currently studying for a PhD in football, gender and fandom at the University of Strathclyde.
- Nick Igoe is a Chartered Accountant with 32 years' post qualification experience including 27 years as finance director. Between 1997 and 2012 Nick was West Ham United's Finance Director. Since 2013, Nick has been engaged as a consultant with SD Club Development on numerous projects for supporters' trusts aspiring to gain control of their clubs, including the successful conversion to community ownership of clubs such as Newport County, Grays Athletic, Peacehaven & Telscombe and St Mirren.

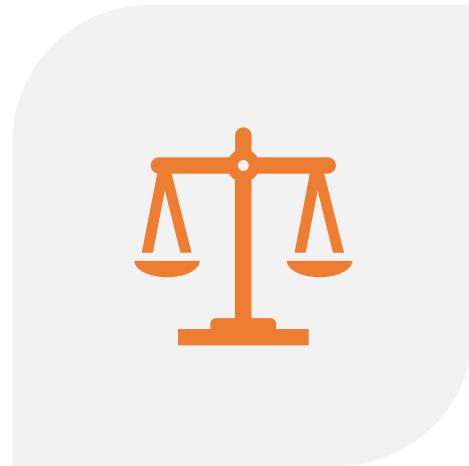


# Disclaimer

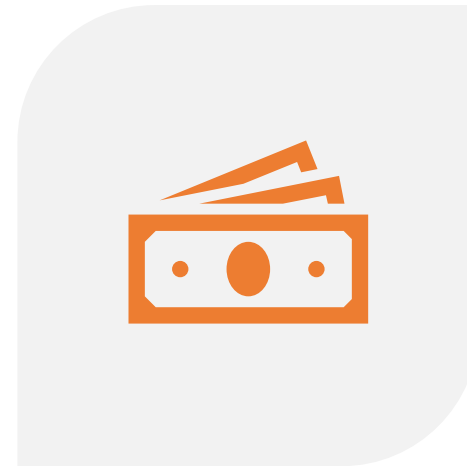


The advice provided in this presentation is general in nature and does not aspire to address the individual circumstances of all clubs and so participants should exercise appropriate caution when acting on this guidance and should obtain professional advice if further clarification applicable to their circumstances is needed.

# Content of session



**COMPLIANCE BASED UPON  
LEGAL SETUP OF CLUB**



**TAX CONSIDERATIONS**


# Obligations of Clubs in terms of compliance


Imposed by regulatory authority

Imposed by HMRC


Imposed by governing body


Best practice as dictated by  
membership


	Unincorporated Association	Community Amateur Sports Club	Company Limited by Guarantee	Community Benefit Society (CBS)	Scottish Charitable Incorporated Organisation (SCIO)
Limited Liability/ Legal personality?	X	X	✓	✓	✓
Governing document?	Constitution	Depends on legal structure	Articles of association	Rules	Constitution
Regulatory body?	None (unless registered as a charity)	HMRC	Companies House	Financial Conduct Authority	OSCR
Can issue shares?	X	X	X	✓	X
Is charitable status available?	✓	X	✓	✓	✓
Asset lock?	✓	X	✓	✓	✓
Level of non-sport related regulation?	Less	Onerous	More	Quite onerous	Onerous
Level of reporting and filing?	Less	Onerous	More	Quite onerous	Onerous
Level of governance/compliance?	Less	Onerous	More	More	Onerous
Does the club need to pay corporation tax?	Partial exemption for any mutual trading	No (subject to structure)	Partial exemption for any mutual trading	Partial exemption for any mutual trading	No (subject to structure)
Is gift aid available?	X	✓	X	X	✓
Rates saving?	X	✓	X	X	✓
VAT benefits?	✓	✓	✓	✓	✓
Limits on activities?	None	Yes, dependent upon structure	None	Must demonstrate community interest	Yes, activities must be strictly charitable
Access to grant funding?	Limited	OK	Better	Best	Best
Membership	Open to all	Open to all	Open to all (subject to setup)	Open to all	Open to all
External perception	Poor	Potential lack of understanding	Better (subject to disclosure)	Community focused	Best

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Tax  
considerations  
for all Clubs

Corporation tax

VAT

Gift aid

Business rates

Employment taxes

# Communicating with HMRC

Government Gateway account

Making tax digital – payrolls

Making tax digital – VAT

Duty to file CT returns

Claiming gift aid

## Corporation Tax for Clubs

Unincorporated  
association

May be partial exemption for  
mutual status

CLG

May be partial exemption for  
mutual status

CBS

May be partial exemption for  
mutual status

SCIO

No liability if properly  
structured

CASC

No liability if properly  
structured

# Mutual Status

- HMRC guidance:
  - Complete identity, between contributors to the mutual surplus and the participators (note 1),
  - Arrangements which ensure that the contributors participate in distribution of any surpluses, especially on a winding up (note 2)

# What Constitutes Mutual Trading?

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No tax liability on surpluses from “mutual trading”

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Eligible income includes fees, subscriptions, donations and members’ purchase of goods and services

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Eligible costs include provision of services to members

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HMRC guidance confirms a club’s profits from income received from non-members is taxable

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If members meet the cost of their guests’ attendance at the club, such income is not taxable

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Designating visitors as “associate” or “temporary” members not effective unless visitors are granted rights equivalent to full membership



# Accounting for Mutual Trading



Membership ID cards



Different pricing structure and till system



Apportionment of general overheads on a “reasonable” basis

# Recommended Structures For Charities Or CASCs

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Charitable status is conditional on undertaking charitable activities (“primary purpose trading”)

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Non-primary purpose trading conducted by wholly owned subsidiary

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Surpluses of subsidiary should be paid annually to parent charity as a charitable donation

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CASCs – limits on trading with non-members, fundraising and rental income

# Taxation And “Peterhead Principle”

- British Legion (Peterhead Branch) v CIR [1953]
- For fundraising events, a deduction permissible for “costs that would have been incurred had proper commercial rates been paid for facilities and services provided free or at undercharge”.
- Taxpayer had been using volunteer staff to deliver events and argued that the “surplus” from the events was being overstated.
- Trusts relying on this ruling should maintain appropriate records and cost any volunteer services.

# VAT For Clubs

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VAT threshold of £85k of taxable income

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Much club income (subs, grants, donations) may not be taxable

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Specific output VAT concessions for both SCIOs and CASCs

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Specific input VAT concessions for SCIOs only

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Voluntary registration allows recovery of VAT on supplies but may not be prudent

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Partial exemption rules may apply

# Membership Subscriptions And VAT

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No VAT on subs paid by playing members

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VAT liability for non-playing subs depends on benefits

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No VAT on non-commercial benefits (attendance at meetings, receipt of club accounts)

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Commercial benefits would attract VAT (discount on club services)

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May be possible to apportion subs income between exempt and standard rated services

# Gift Aid for Clubs

- Available to charitable organisations and those registered as CASCs
- 25% extra on top of contribution from individuals (not organisations)
- Gain recognition through HMRC (apply via Government Gateway)
- Must have declaration from donor & their basic information to claim
- Difference between what can be claimed between the two:
  - Donations for CASCs
  - Donations & membership fees for charities (depending upon what they receive for their membership fee)

# Business Rates For Clubs

Mandatory 80% relief for SCIOs and CASCs

Further 20% relief subject to discretion of local authority

All other clubs will have to pay full business rates

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## Employment Taxes For Clubs

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Employees vs freelance

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Conditions determining  
employment status

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Employers' NI

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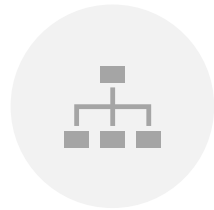
Employment allowance of £4k



# Best Practice



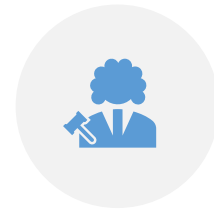
MEETINGS



RANGE OF SKILLS ON  
BOARD/COMMITTEE



INTERNAL  
REPORTING



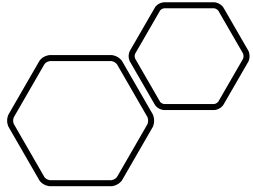
AUDIT/SCRUTINY



INTERNAL CONTROLS



RISK MANAGEMENT



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