

Benefits of Charity status:

As a charity you don't pay tax on most of your income and gains if you use it for charitable purposes - this is known as 'charitable expenditure'.

This includes tax:

- on Gift Aid donations (you claim the tax back)
- on profits from some types of trading income
- on rental or investment income, e.g. bank interest
- on capital gains
- when you buy property

To get tax relief you must be recognised by HM Revenue and Customs (HMRC).

Charities will still pay tax on:

- dividends from UK companies
- profits from developing land or property
- purchases - but there are special VAT rules for charities

Charities pay business rates on non-domestic buildings, but they get an 80% statutory discount.

Note

Charities can't claim Gift Aid on membership fees if they include access to facilities or benefits other than a right to vote and perhaps a newsletter.

Benefits of CASC status:

If the money you receive is used for qualifying purposes, you don't pay tax on:

- Bank interest
- Gift Aid donations (you can claim the tax back)
- Capital gains
- Trading profits if your turnover is less than £50,000 a year
- Income of up to £30,000 a year from renting out property

If the money comes from members with full voting rights, Clubs won't pay tax on:

- income from membership fees
- profits from selling food and drink relating to the club's sporting activities, e.g. a members bar

You must pay tax on money that isn't used for qualifying purposes. You must also pay:

- VAT - although you may be exempt for fundraising and sporting activities
- business rates, but you can apply for relief of up to 80%

Note

CASCs can't claim Gift Aid on membership fees.



HM Revenue
& Customs

Registering with HMRC as a Charity or as a Community Amateur Sports Club (CASC)

- How to apply
- Charity eligibility
- CASC eligibility
- What is the difference between a charity and a CASC?
- Where can I find out more?

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How to apply:

Charities and CASCs can apply to be recognised with HMRC to obtain certain tax reliefs or make claims for Gift Aid repayments.

Charities

You can **apply online** to get recognition as a charity with HMRC. Search on the www.gov.uk website for "charity recognition HMRC". You will need the following:

- the details of your bank account(s)
- details about the charity's officials (including dates of birth and National Insurance)
- your registration number (if you have registered with a charity regulator)
- your charitable objectives
- your governing document

CASCs

You can register as a CASC by completing a **CASC(A1)** form which you can find online at www.gov.uk if you search for "CASC(A1)". You will also need to provide copies of the following documents:

- Copies of bank statements
- The most recent financial accounts for the club
- The club's governing document

Do you qualify as a Charity?

- Established for charitable purposes only
- Registered with the regulator if your charity is required to register
- Based in EU, Liechtenstein or Norway
- Run by fit and proper persons
- Recognised by HMRC and provided with a HMRC charity reference

To qualify as a CASC your Club must

Be open to the whole community, without discrimination

Be organised on an amateur basis

Promote participation and provide facilities for eligible sport(s) as its main purpose

Pay players less than £10,000 a year total (including non-cash benefits)

Have membership fees that are less than £1,612 a year (including joining fees)

Make provisions for those on a low income to play once a week or 52 times a year for less than £520 per year

Have income from property and trading with non-members less than £100,000 a year

Be managed by fit and proper persons

Based in EU, Liechtenstein or Norway

To find out more

HMRC has published guidance on the www.gov.uk website. For Charity information try searching for "Charity HMRC" or for more detailed guidance search for "Charities Detailed Guidance Notes".

For CASC information search for "CASCs" or for more detailed guidance search for "CASC detailed guidance notes".

You can call our helpline for advice
Tel. 0300 123 1073
(8.30am-5.00pm Monday to Friday).

You can write to:

Charities Savings & International 2
HM Revenue and Customs
BX9 1BU