

Structures for sports clubs

	Unincorporated Association	Limited Company	Charity
	Legal Status		
1	Unincorporated members' club operated for the benefit of its members.	Company limited by guarantee (if operating as a 'not for profit' community club) or shares if commercial purposes and intended to be profit-making.	May be structured as an: <ul style="list-style-type: none"> (i) Unincorporated association. (ii) Charitable trust. (iii) Limited company. (iv) Charitable incorporated association (CIO).
2	An organisation of two or more persons who are members of the association who agree to cooperate in furthering a common purpose.	Normally non-profit making functions, with no share capital and members rather than shareholders.	Non-profit making. Surpluses generated are applied in furtherance of the wholly and exclusively charitable objects.
3	No principal regulator.	Registered at Companies House and regulated by Registrar of Companies.	Registered with and regulated by Charity Commission for England and Wales.
4	Managed by Committee of Management.	Managed by Board of Directors.	Managed by board of Trustees.
5	Governed by Constitution (and/or set of Rules).	Governed by Memorandum and Articles of Association.	Governed by: <ul style="list-style-type: none"> (i) Constitution, if it is an unincorporated association. (ii) Trust Deed, if it is a charitable trust. (iii) Memorandum and Articles of Association, if it is a company. (iv) Constitution, if it is a CIO (either the 'Foundation' model where it is trustee controlled, or the 'Association' model where it is membership controlled).



	Unincorporated Association	Limited Company	Charity
6	Liability for individual members of Committee of Management is both unlimited and "joint and several" (which means that they are each fully liable for the performance of the association's obligations and, against each other, could pursue one another for a contribution if a claimant pursues one party only and receives payment in full).	Directors are typically indemnified by Company for acts done in ordinary course of business; but they should not assume blanket immunity since this would not protect them in cases of wrongful or fraudulent trading.	Trustees' liability will depend on whether the charity is: (i) Unincorporated (i.e. an unincorporated association or charitable trust) in which case it is unlimited. (ii) Incorporated (company or CIO) in which case the liability of trustees acting as legal members is limited to a nominal sum (£1 or £10). (iii) In the case of a CIO only, the constitution can provide that the trustees have no liability. (NB: In the case of charities structured as companies limited by guarantee, trustees often perform a dual role as both the company directors and legal members so that can effect decisions at board or member level as required in accordance with company law).
7	Each member's personal liability will usually be limited to the extent of their subscription fee.	Members' personal liability limited to nominal sum of £1 or £10.	Members' liability will depend on whether the charity is: (i) Unincorporated (i.e. in the case of an unincorporated association) in which case it is often limited to subscription monies. (ii) incorporated (company or COI) in which case members' liability is typically limited to a nominal sum.
8	No separate legal personality – contracts are entered in to in the joint names of the Committee of Management.	Separate legal personality – contracts are entered in to in the name of the registered company.	Legal personality depends on whether unincorporated or incorporated (see columns to the left).
9	Suitable for small members' or amateur club with no significant assets or interest in property and which does not employ staff or enter in to contracts or other arrangements involving risk.	Suitable for any club which has significant assets or interests in property (whether freehold, leasehold or licence) and/or which employs staff and/or enters in to contracts or other arrangements involving risk.	Charitable status may be appropriate for either an unincorporated association or company.



Tax regimes affecting sports clubs

	Unincorporated Association	Charity	Community Amateur Sports Club (CASC)
Regulation			
10	Little financial regulation other than to meet members' requirements.	Charity Commission regulation and audit.	HM Revenue & Customs regulation; generally a "lighter" touch.
11	No definitions to meet.	Sports clubs need to meet Charity Commission's definition of promoting community participation in sport for the benefit of the public.	CASCs need to meet HMRC's definition of sport.
12	Can have restricted membership.	Community participation (membership open to all members of the public).	Membership open to all members of the public.
13	No restrictions on sports pursued.	Healthy sports including elements of strength/stamina/suppleness ¹ .	Sports drawn from Sports Council's lists.
14	No restrictions on activities.	Significant social activity and trading, e.g. a bar, to be kept separate from charitable activities.	Social membership and trading, e.g. a bar, generally permitted. At least 50 per cent of members must be participating members of the club. No limit on the amount of income clubs may generate from members but there will be a limit of £100,000 they can generate from trading with non-members. Clubs generating higher levels of income will need to consider setting up a trading subsidiary.
15	Prima facie no restriction on distribution of profits and assets to member.	Cannot distribute profits or assets to members.	Cannot distribute profits or assets to members.
16	No need to change club rules.	Club will have to change its rules since its objects must be exclusively charitable, i.e. to promote community participation in healthy recreation/sport.	Club will need to change its rules e.g. if it does not have a dissolution rule providing for its net assets to go to sport's governing body for community sport, another CASC or charitable purposes rather than to its members.

¹ This may therefore exclude such sports as angling, ballooning, crossbow, darts, flying, gliding, motor sports, parachuting, rifle and pistol shooting and snooker.

	Unincorporated Association	Charity	Community Amateur Sports Club (CASC) *
	Regulation		
17	Players can be paid.	Players cannot be paid unless for coaching; they can receive reimbursement of expenses for travel to away matches.	Clubs are able to pay players subject to a limit of £10,000 a year in aggregate per club. Clubs are able to pay reasonable travel and subsistence expenses to players where they are participating in away games and club tours (conditions apply).
	Incentives to give		
18	No tax relief.	Gift Aid on individual and company.	Gift Aid on individual donations. Gift Aid on company donations (effective for gifts made on or after 1 April 2014).
19	No Payroll Giving.	Payroll Giving allowed.	No Payroll Giving.
20	No tax relief.	Income and corporation tax relief for gifts of shares and property.	No income or corporation relief for gifts of shares and property.
21	No tax relief.	Inheritance tax relief on gifts.	Inheritance tax relief on gifts.
22	No tax relief.	Gifts of assets on "no-gain no-loss" basis for capital gains.	Gifts of assets on "no-gain no-loss" basis for capital gains.
	Fund raising		
23	Relief if gift constitutes business sponsorship.	Business: relief on gifts or trading.	Business: relief on gifts or trading stock.
24	Reliance on existing sources of funding.	Grants may be available from other charities, e.g. community foundations and other bodies supporting charities.	No new sources of funding generally available.

* The Community Amateur Sports Club (CASC) Regulations 2015 were implemented effect from 1 April 2015.



Unincorporated Association		Charity	Community Amateur Sports Club (CASC)
Direct taxes			
25	Income from non-members taxable.	Primary purpose trading income exempt from tax.	Income from non-members taxable (but see 17 and 18).
26	Fund raising income taxable.	Other fund raising income exempt from tax either by concession or by using a "trading subsidiary."	Fund raising income exempt from tax where turnover less than £50,000 (if more, it is all taxable without marginal relief).
27	Rental income taxable.	All rental income exempt from tax.	First £30,000 pa of rental income exempt from tax (if more, it is all taxable without marginal relief).
28	Capital gains (subject to re-investment relief) and interest taxable.	Capital gains and interest exempt from tax.	Capital gains and interest exempt from tax.
29	Corporation tax on all taxable profits.	Corporation tax on all taxable profits.	Corporation tax on all taxable profits.
30	Discretionary rate relief (up to 100%).	80% mandatory rate relief; discretionary relief as to the remaining 20%.	80% mandatory rate relief; discretionary relief as to the remaining 20%.
31	Funds can be applied generally for any purpose within the rules.	Corporate tax liabilities can arise if funds applied for non-qualifying purposes.	Corporate tax liabilities can arise if funds applied for non-qualifying purposes. Beware of 'Inflated member-related expenditure' restrictions.