STATUTORY INSTRUMENTS

2015 No. 725

CAPITAL GAINS TAX
CORPORATION TAX
INCOME TAX

The Community Amateur Sports Clubs Regulations 2015

Made - - - -	*16th March 2015*
Coming into force - -	*1st April 2015*

The Treasury make the following Regulations in exercise of the powers conferred by sections 659(2A), (2B) and (2C), 660(5A)(d), (5B), (8), (9)(a) and (b), (10) and (12) and 660A(1), (3) and (4) of the Corporation Tax Act 2010(**1**) and paragraph 8(1), (2)(a) and (3) of Schedule 21 to the Finance Act 2013(**2**).

A draft of this instrument was laid before, and approved by a resolution of, the House of Commons in accordance with section 660(11) of the Corporation Tax Act 2010(**3**) and paragraph 8(4) of Schedule 21 to the Finance Act 2013.

PART 1

Preliminary

Citation, commencement, effect and interpretation

1.—(1) These Regulations may be cited as the Community Amateur Sports Clubs Regulations 2015 and come into force on 1st April 2015.

(2) Regulations 6, 10 and 14 have effect on and after 1st April 2015.

(3) Regulations 2 to 5, 7 to 9, 11 to 13 and 15 to 19 are to be treated as having effect on and after 1st April 2010.

(4) In these Regulations "CTA 2010" means the Corporation Tax Act 2010.

(**1**) 2010 c. 4. Section 1122 and 1123 of the Corporation Tax Act 2010 define "connected persons" and section 1174 defines ITEPA 2003. Section 659 (2A), (2B) and (2C) were inserted by paragraph 3 of Schedule 21 to the Finance Act 2013. Section 660(5A)(d), (5B) (8), (9)(a) and (b), and (12) were inserted by paragraphs 3(5), (6) and (7) of Schedule 21 to the Finance Act 2013. Section 660A was inserted by paragraph 5 of Schedule 21 to the Finance Act 2013.

(**2**) 2013 c. 29.

(**3**) Section 660(11) was inserted by paragraph 3(6) of Schedule 21 to the Finance Act 2013.

PART 2

Meaning of "community amateur sports club" and "registered club"

Amendment of CTA 2010

2. Regulations 3 and 4 amend Chapter 9 of Part 13 of CTA 2010 (community amateur sports clubs).

Meaning of community amateur sports club

3. In section 658 (meaning of "community amateur sports club" and "registered club")(**4**)—

(a) in subsection (1) for "conditions A and B" substitute "conditions A, B and C";

(b) after subsection (1B) insert—

"(1C) Condition C is that the club meets the income condition (see section 661CA).".

Income condition

4. After section 661C(**5**) insert—

"**The income condition**

661CA.—(1) A club meets the income condition for the purposes of section 658 if the sum of—

(a) the receipts brought into account in calculating the club's trading income ("trading receipts"), and

(b) the receipts brought into account in calculating the club's property income ("property receipts"),

does not exceed the relevant threshold.

(2) For the purposes of subsection (1), any exemption under section 662 (exemption for UK trading income) or 663 (exemption for UK property income)(**6**) is to be ignored.

(3) For the purposes of subsection (1), if in an accounting period ("period A") a club becomes, or ceases to be, registered then—

(a) the part of period A in which the club is registered is to be treated as a separate accounting period from the remainder of that period, and

(b) the club's trading receipts and property receipts for period A must be apportioned between those periods.

(4) In this section—

"property income" means income of a UK property business or an overseas property business,

"the relevant threshold" means—

(a) £100,000 in the case of an accounting period which is 12 months, and

(b) a proportionally reduced amount in the case of a shorter accounting period, and

(**4**) Section 658(1), (1A) and (1B) were substituted by section 52(1) of the Finance Act 2012 (c. 14) and subsection (1A) was amended by paragraph 4 of Schedule 21 to the Finance Act 2013.
(**5**) Section 661C was inserted by paragraphs 30 and 32 of Schedule 6 to the Finance Act 2010 (c. 13).
(**6**) Sections 662 and 663 were amended by paragraphs 6 and 7 of Schedule 21 to the Finance Act 2013.

"trading income" means profits which, if chargeable to corporation tax, would be chargeable under Chapter 2 of Part 3 of CTA 2009(**7**) and are—

(a) profits of a trade, or

(b) profits of an activity other than a trade,

whether or not that trade or activity is carried on wholly or partly in the United Kingdom.".

PART 3

Costs associated with membership of a club and membership fees

Costs associated with membership of a club

5.—(1) The amount specified for a year for the purposes of section 659(2A) of CTA 2010 (costs associated with membership of a club) is £520.

(2) The costs associated with membership of a club for a given year consist of amounts A and B together.

(3) Amount A is the membership fees for a member for that year (see regulation 8).

(4) Amount B is the sporting activity costs for that year (see regulation 9).

Limit on membership fees

6. A club is not entitled to be registered as a community amateur sports club under section 658 of CTA 2010 if it receives membership fees exceeding £1,612 in respect of any member in respect of any year.

Apportionment of limits in regulations 5(1) and 6

7.—(1) Where—

(a) the membership fees charged by the club vary by reference to duration of the membership, or

(b) the club offers memberships for periods of greater or less than one year,

the limits specified in regulations 5(1) (costs associated with membership of a club) and 6 (limit on membership fees) are proportionately reduced or increased accordingly.

(2) If a club chooses to reduce the participation threshold (see regulation 19), the limits specified in regulations 5(1) (costs associated with membership of a club) and 6 (limit on membership fees) are proportionally reduced by reference to the number of weeks the club is open.

Membership fees

8.—(1) "Membership fees" means—

(a) any joining fees, and

(b) any supplementary fees, subscriptions or other costs,

charged by the club as a condition of membership.

(2) In calculating the costs associated with membership—

(**7**) 2009 c. 4; Chapter 2 of Part 3 of the Corporation Tax Act 2009 has been amended by the CTA 2010 section 177, Schedule 1 paragraph 592 and Taxation (International and Other Provisions) Act 2010 section 374, Schedule 8 paragraphs 308 to 310.

(a) where a club charges a membership fee which relates to more than one member, that fee is to be divided the number of members to which it relates, and

(b) where a club charges membership fees which vary, whether by reference to the duration of the membership or otherwise, the highest fee is to be used.

Sporting activity costs

9.—(1) "Sporting activity costs", for a year, means charges, fees or other costs that a member would be required to pay or incur to participate fully in the club's activities for the year (other than membership fees).

(2) Sporting activity costs include, in particular—

(a) any fee that a member is required to pay to use the club's facilities for the purpose of playing an eligible sport;

(b) any fee charged to play an eligible sport in a match;

(c) any fee charged by the club for the use of specialist equipment required to play an eligible sport;

(d) where it is not provided free of charge—

(i) the cost of hiring or purchasing any specialist equipment required to play an eligible sport; and

(ii) the cost of hiring or purchasing any clothing required by the club to play an eligible sport; and

(e) the cost of insurance cover required by the club to play an eligible sport.

(3) For the purposes of paragraph (2)(c) and (d)(i) specialist equipment includes equipment required for the purposes of health and safety.

(4) Sporting activity costs paid or incurred—

(a) under paragraph (2)(a), (b) or (c); and

(b) where equipment is hired rather than purchased, under paragraph (2)(d),

are calculated by reference to a member participating fully in the club's activities.

(5) For the purposes of this regulation, a member is not to be treated as participating fully in the club's activities unless the member has the opportunity to participate—

(a) where a club chooses to apportion the participation threshold in accordance with regulation 19(1) (apportionment of days of participation: seasonal sports), on at least one occasion in each week the club is open; or

(b) where a club chooses not to apportion the participation threshold in accordance with regulation 19(1), on at least 52 occasions.

PART 4

Meaning of "organised on an amateur basis"

Meaning of "organised on an amateur basis"

10.—(1) Section 660 of CTA 2010 (meaning of "organised on an amateur basis") is amended as follows.

(2) In subsection (4), for "the following are "ordinary benefits of an amateur sports club"" substitute "the following are "the ordinary benefits of an amateur sports club"".

(3) In subsection (4)(g)—

(a) for "reasonable" substitute "necessary and reasonable";

(b) for "players and officials" substitute "players, match officials, coaches, first-aiders and accompanying individuals".

(4) For subsection (4A) substitute—

"(4A) In subsection (4)(g)—

(a) "subsistence expenses" means expenses on food, drink and temporary living accommodation,

(b) an "accompanying individual" means an individual accompanying a person who —

(i) has a disability for the purposes of the Equality Act 2010(**8**), and

(ii) is a player or match official."

Limit on paid players

11.—(1) For the purposes of section 660(1)(ba) of CTA 2010 (limit on paid players), a club does not exceed the limit on paid players if the total amount paid to persons paid to play for the club in any year, in respect of activities undertaken for the club, does not exceed £10,000.

(2) For the purposes of this regulation, "year" means an accounting period of the club.

(3) But where the club's accounting period is shorter than 12 months the limit in paragraph (1) is proportionately reduced.

(4) If a club is a registered club for only part of an accounting period, this regulation has effect as if that part were a separate accounting period.

(5) An individual is only regarded as a person paid to play for a club ("a paid player") if conditions A to E (see regulation 12) are met.

(6) The amounts paid to paid players are to be calculated in accordance with regulation 13.

Paid players

12.—(1) Condition A is that the individual is paid to play an eligible sport for the club.

(2) Condition B is that all amounts paid to the player to play for the club—

(a) are agreed on an arm's length basis, or

(b) if not agreed on an arm's length basis, are agreed in circumstances where the features of the agreement which cause it to be otherwise than on an arm's length basis, when taken together, are more advantageous to the club than if the agreement had been on an arm's length basis.

(3) Condition C is that the individual is not—

(a) a manager (within the meaning of section 661B(2) of CTA 2010(**9**)) or an officer of the club, or

(b) connected with a manager or an officer of the club.

(4) Condition D is that the individual is not paid by one registered club to play for another registered club.

(**8**) 2010 c. 15.
(**9**) Section 661B was inserted by paragraphs 30 and 32 of Schedule 6 to the Finance Act 2010.