

# Tax Exemptions and Allowances for GAA Clubs

*Diolúintí agus Liúntais Ó Cháin do Chlubanna*

## Why should we be interested in this?

Most GAA Clubs now handle sizeable amounts of money and undertake major projects on a fairly regular basis. They also of course do that on a volunteer-driven basis. Because of that the governments in Ireland, north and south, have put in place tax-related schemes as an appreciation of and support to Clubs which do their work voluntarily and which therefore probably save the state from doing this work instead. These schemes can return a lot of otherwise "lost" money to GAA Clubs. Brief details are given below.

### Community Amateur Sports Clubs (CASCs)

#### What This Is

The CASC scheme is managed by the Inland Revenue and therefore applies in the six Counties only. It provides a range of benefits to encourage communities to support their local voluntary sports Club. Central to it is the idea of Gift Aid on donations to the Club by individuals: in some cases this can be worth an additional 25p on every £1 donated. Now that growing numbers of Clubs have "Friends Of-type" direct debt covenanting schemes, CASC registration can increase their income from these sources by nearly a quarter. What's even better is that it comes with no strings attached!

The main benefits of being a CASC-registered GAA Club are as follows:

- Exemption from corporation tax on profits from trading where the turnover is less than £30,000.
- Exemption from corporation tax under schedule A (Income from property) where the gross income is less than £20,000.
- Exemption from corporation tax on interest received.

- Exemption from corporation tax on chargeable gains.
- Range of tax reliefs to encourage individuals and companies to support CASCs.
- Non-Domestic rates relief for CASCs.

Some of these – for example money back from the taxman against donations pledged to the Club or rates relief on Club property – apply to virtually every GAA Club in the six Counties.

#### Will our GAA club qualify?

Before completing the application form the following five questions should be answered and the answers should all be yes;

1. Is membership of the Club open to the whole community?
2. Are all the Club's facilities available to members without discrimination?
3. Does the Club's constitution prevent profits of the Club being distributed among its members? (i.e any profits must go back into the Club)
4. Does the Club provide facilities for and encourage participation in eligible sports? (gaelic games are an eligible sport)

5. Does the Club's constitution provide that on dissolution of the Club, any net assets are to be applied for approved sporting or charitable purposes?

All Clubs registering should ensure the Club Constitution they have is the most up-to-date version, which will satisfy the above criteria.

## How do we Register?

The Inland Revenue requires a two page registration form to be completed and

returned along with a copy of the Club constitution, a copy of the latest accounts and a copy of the rulebook. The form is straightforward and easy to fill in.

You can get more information at:

**Inland Revenue Charities Sports Club Unit**  
St John's House, Merton Road,  
BOOTLE,  
Merseyside, L69 9BB.

**Tel:** 0845 3020 203 (Option 4)  
[www.hmrc.gov.uk/casc](http://www.hmrc.gov.uk/casc)

## Tax Exemptions in the 26 Southern Counties

### What This Is

Section 235 of the Taxes Consolidation Act 1997, grants exemption from certain taxes for certain bodies established for the sole purposes of promoting athletic or amateur games or sports. The exempt taxes include:

- Income Tax
- Dividend Withholding Tax
- Some relief from Capital Gains and from Stamp Duty.

The exemptions do not extend to D.I.R.T. or Capital Acquisition Tax and the normal obligations in relation to PAYE/PRSI and VAT still apply.

### Why should our Club apply for this?

Without the exemption under Section 235, a GAA Club may be liable to income/corporation tax on any surplus income. It is also obliged to make annual tax returns to its local inspector of taxes. With the

introduction of the Tax Relief on Donations to Sports Bodies Scheme (Section 41 Finance Act 2002), a GAA Club must among other conditions be an exempt body under section 235 to be considered an 'approved body' for the purposes of that scheme. In future, Tax Clearance for lottery grants and other purposes will be dependent on Section 235 Exemptions of Income/Corporation Tax returns.

It is up to your Club to apply to the Revenue Commissioners for Section 235 Exemption. You can contact them at:

**Office of the Revenue Commissioners Games/Sports Exemption Section,**  
Government Buildings,  
Nenagh, Co. Tipperary.

All applications for Tax Clearance Certificates meanwhile should be made to:  
**Tax Clearance Section,**  
Office of the Collector General,  
Sarsfield House,  
Limerick.

When the Revenue Commissioners have issued the appropriate certification, your Club is then regarded as "an approved sports body" under the Act.

## Tax Relief for donations to GAA club projects

Section 41 of the Finance Act 2002 provides for tax relief for relevant donations to an approved sports body for the funding of approved projects. It applies only to donations received on or after 1 May 2002 which relate to spending on approved projects on or after that date. The minimum qualifying total donation amount by a single donor in any year to an individual sports body is €250. No project will be approved which is estimated to cost in excess of €40m.

If a GAA Club is acquiring land or a building, developing facilities, purchasing fixed, non-personal equipment for sports activities, or repaying a loan for these purposes, then Section 41 provides an incentive to individuals or companies to make a donation towards the cost of the project.

Clubs should apply to the Department of Arts, Sport and Tourism to get approval for any project they feel should fit under Section 41.

Once a Club project is approved, for PAYE taxpayers the relief will be given on a "grossed-up" basis straight to the GAA Club. The donation will be treated as having been received by the Club 'net' of income tax. For example, if an individual who pays income tax at the higher rate - 42% - makes a qualifying donation of €580 to an approved GAA Club, that Club will be deemed to have received €1,000 less tax of €420. The Club will then be able to claim a refund of €420 from the Revenue Commissioners at the end of the year i.e. the amount of tax already paid by the taxpayer against the net sum of €580. This is a sizeable added, "free" income for the Club ... and one which doesn't cost the original donor anything extra.

In the case of a donation made by an individual who pays tax on a self-assessment basis, he/she will be entitled to claim a tax deduction for the donation. There is no grossing up arrangement here. Similarly, in the case of corporate donations, the company will be entitled to claim a deduction for the donation as if it were a trading expense or an expense of management.

## Charity Status and GAA Clubs

Currently it is contrary to GAA Rule to register a GAA Club as a Charity. However, Ulster GAA are liaising with the Charity

Commission NI and The Revenue in the twenty-six counties to examine the feasibility of GAA clubs being eligible to apply for charitable status. An update on this will be provided on the online Club Maith Toolkit on completion of the lobbying process.

## What records and accounts must the approved club keep?

Approved GAA Clubs will be obliged to keep formal financial records, books and accounts in relation to its income and expenditure including donations received and expenditure incurred on approved projects. Ideally, a separate bank account should be set up for the lodgement of all donations received under this scheme.

Approved Clubs will also be required to submit annual progress reports to the Department of Arts, Sport and Tourism.

All relevant forms and documentation are available for download on the Club Maith website [www.ulster.gaa.ie/Club-maith](http://www.ulster.gaa.ie/Club-maith)

## Borrowing by GAA clubs

Whatever about their fund-raising abilities,

*Clubs must enclose a copy of their cash-flow statement and Business Plan when seeking authorisation to borrow.*



most Clubs have to borrow money at some time. In order to better monitor and control Clubs' borrowing activities, and thereby minimise the possibility of delinquent loans, banks across Ireland have, at the request of the GAA, agreed to implement the following procedures.

GAA Clubs incurring new or increased borrowings, for whatever purpose, must:

1. Have recorded written permission from the superior unit to undertake the project which necessitates the borrowing. This permission is subject to the following limits:

AMOUNT	Authority / Approval needed
<b>Under €15,000 / £10,500</b>	No external approval required
<b>€15,000 to €75,000 / £10,500 to £52,500</b>	County Committee approval required
<b>€75,000 to €150,000 / £52,500 to £105,500</b>	Provincial Council approval required
<b>Over €150,000 / £105,500</b>	Central Council approval required

2. Provide the relevant bank, in advance, with the appropriate written authorisation to undertake the borrowing, subject to the limits set out above.
3. Accept as a condition of any letter of sanction or offer letter, a clause giving the bank the right to inform Croke Park in the event of any loan falling into arrears or a regular pattern of excesses appearing on the current account.
4. Accept that the above limits apply to cumulative borrowing and not just to the borrowing relating to the project in question.

As well as giving approval for the borrowing, the Letter of Authorisation should also:

- a Confirm the existing Club balances outstanding with the bank.
- b Authorise the trustees of the borrowing Club to mortgage or charge all or any of the real property of the Club as security.

Clubs must enclose a copy of their cash-flow statement and Business Plan when seeking authorisation to borrow.

Forms for borrowing approval are available for download from [www.ulster.gaa.ie](http://www.ulster.gaa.ie)

Clubs should liaise with their County Development Officer if they want to take forward borrowing approval.

