From Gov.UK website:

Unincorporated associations

An 'unincorporated association' is an organisation set up through an agreement between a group of people who come together for a reason other than to make a profit (for example, a voluntary group or a sports club).

You don't need to register an unincorporated association, and it doesn't cost anything to set one up.

Individual members are personally responsible for any debts and contractual obligations.

If you make a profit

If the association does start trading and makes a profit, you'll need to pay Corporation Tax and file a Company Tax Return in the same way as a limited company.

Corporation Tax

You must pay Corporation Tax on profits from doing business as:

- a limited company
- any foreign company with a UK branch or office
- a club, co-operative or other unincorporated association, eg a community group or sports club

You don't get a bill for Corporation Tax. There are specific things you must do to work out, pay and report your tax.

Overview

HM Revenue and Customs (HMRC) may consider your company or organisation to be 'active' for Corporation Tax purposes when it is, for example, carrying on business activity, trading or receiving income.

In some circumstances, HMRC would not consider your company or organisation active for Corporation Tax purposes. In this case, your company or organisation is 'dormant', for example not active or not trading.

HMRC may also deem your unincorporated organisation, such as a members' club, dormant for Corporation Tax purposes if it is active or trading but it's due to pay Corporation Tax of less than £100 for an accounting period.

What is active for Corporation Tax purposes

Generally your company or organisation is considered to be active for Corporation Tax purposes when it is, for example:

- carrying on a business activity such as a trade or professional activity
- buying and selling goods with a view to making a profit or surplus
- providing services

- earning interest
- managing investments
- receiving any other income

This definition of being active for Corporation Tax purposes is not necessarily the same as that used by HMRC in relation to other tax areas such as VAT, or by other government agencies such as Companies House.

It may also not match definitions in the various accounting conventions that are used to prepare audited accounts, such as the Financial Reporting Standards issued by the Accounting Standards Board, or the International Financial Reporting Standards issued by the International Accounting Standards Board.

When your company or organisation has not yet started trading

HMRC considers that your company or organisation has not yet become active or started trading if it has not yet engaged in any business activity (business activity means carrying on a trade or profession, or buying and selling goods or services with a view to making a profit or surplus).

When HMRC will treat clubs and unincorporated organisations as dormant

HMRC may treat your club or unincorporated organisation as dormant for Corporation Tax purposes if it's active but both the following conditions apply:

- your organisation's annual Corporation Tax liability must not be expected to exceed £100
- you run your club or organisation exclusively for the benefit of its members

For each year of dormancy your organisation must not have any:

- allowable trading losses for which it may want to claim relief
- assets it's likely to dispose of, which would give rise to a chargeable gain
- interest or annual payments to pay out from which tax is deductible and payable to HMRC

HMRC will write to you proposing to make your organisation dormant. They won't send you a 'Notice to deliver a Company Tax Return' and they'll review this at least every 5 years. HMRC may also apply this treatment to your flat management company.

But HMRC won't treat your organisation as dormant if it's a:

- privately owned club run by the members as a commercial enterprise for personal profit
- housing association or you're a registered social landlord (as designated in the Housing Act 1986)
- trade association
- thrift fund
- holiday club
- friendly society
- company which is a subsidiary of, or is wholly owned by, a charity

Use form CT41G (Clubs) to tell HM Revenue and Customs (HMRC) that your new club, society, voluntary association or other similar body has started any business activity, so we know when you'll be liable for Corporation Tax.

We have included CT41G [here]

Profits you pay Corporation Tax on

Taxable profits for Corporation Tax include the money your company or association makes from:

- doing business ('trading profits')
- investments
- selling assets for more than they cost ('chargeable gains')

If your company is based in the UK, it pays Corporation Tax on all its profits from the UK and abroad.

Community Amateur Sports Clubs and Charities

The Community Amateur Sports Club (CASC) scheme was established in 2002 to support grassroots sports clubs through the tax system.

Qualifying as a CASC

To qualify for CASC status, a club must:

- Be open to the whole community;
- Be organised on an amateur basis and promote participation in an eligible sport;
- Be non-profit making, re-investing any surplus back into the club.

Following recent rule changes, CASCs must meet a number of other requirements and these are explained in more detail though the links below.

Benefits

The key benefits of CASC status include:

- 80% mandatory business rate relief (and up to 100% relief where local authorities apply additional discretionary relief);
- Gift Aid on individual donations to the club;
- Exemption from Corporation Tax on profits from trading income if less than £50,000 per annum and;
- Exemption from Corporation Tax on profits from property income if less than £30,000 per annum.

CASC rules

HMRC is responsible for the CASC scheme and for approving CASC registrations. The rules governing the CASC scheme were amended from 1 April 2015. For more information on the rules see the HMRC detailed guidance notes. To apply to become a registered CASC see here.

For further information about the CASC scheme and what it means for your club see www.cascinfo.co.uk/.

Charitable sports clubs

Many sports clubs are registered charities, a status which provides similar benefits to the CASC scheme in terms of tax and giving.

Charitable status is different to CASC status. Charities are regulated by the Charities Commission and clubs seeking charitable status must meet a number of criteria in order to become a registered charity.

> *One of our member clubs approached HMRC to check their status. The HMRC 'technician' confirmed there was no need to register if there was no liability to corporation tax. He also confirmed that "solely for the benefit of members", strictly interpreted, means 'including disposal of assets in case of winding-up or cessation of the club'. The articles of association must make it clear that under these circumstances the assets must be left to the members to dispose of as they see fit.*
>
> *We are aware that many clubs' constitutions suggest any remaining assets would be given to charity. This is not acceptable. Should members on an individual basis decide that they want to support a charity with their 'windfall' that is a matter for them, but the club should not require it.*
>
> *And of course care should be taken about disposals which could give rise to profit and therefore a potential corporation tax liability.*