



## RFU guidance- 50% Social membership CASC test

### **Background**

To be a CASC a rugby club must have as its main purpose the promotion of participation in rugby and also provide facilities for playing the sport. Since the inception of the scheme in 2002 HMRC have had an informal rule requiring 50% or more of members to participate in the club's sport. This rule was formalised in April 2015 and "participation" defined in legislation.

### **The issue**

Unfortunately the new definition of "participation" is narrow and does not cover many of the volunteer roles traditionally carried out by members of rugby clubs. A particular problem has arisen in relation to parents of juniors who have become club members and family memberships. HMRC require every club member whether voting or not to be identified as "participating" or "not participating". Each member who is a family member is to be treated as an individual member for this purpose.

Many clubs have encouraged parents of juniors to become members in their own right or take up family membership. If both parents become members as a result and the club is comprised predominantly of juniors then the 50% test may very well not be met. HMRC have stated (and the CASC Regulations support the fact) that parents who take their children to the matches or training and do not take part in qualifying volunteering activities at least 12 times a year may not be "participating" (although the definition of "participating" is far from clear).

CASC's with large numbers of juniors and non-participating parents may therefore have their CASC status put at risk under the new rules for social membership.

### **How can this potential issue be dealt with?**

The answer may lie with restricting the levels of parental and family membership whilst maintaining the ethos of close parental involvement and connection with the rugby club.

There are alternative solutions to the potential problem-

- a) For one parent to be entitled to vote on behalf of each junior without the parent himself or herself being a member, or

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- b) For one parent only to be a member as well as the junior. The junior's participation will be cancelled out numerically by the non-participating parent, leaving the adult participating members and the minority of any participating parents to ensure that the 50% test is met.
- c) The disadvantage of a. is that parents are no longer members and b. is that one parent has to give up membership. Family memberships are likely to be more problematic and it may not be possible to use a. or b. to resolve the difficulties of the 50% test.
- d) Where the club sets up a trading subsidiary the non-participating parent and family members could become associate members of the subsidiary.
- e) HMRC have suggested the establishment of a separate independent "Supporters Club" which the parents and family (and any other non-participating social members) could join. This would require careful planning and some extra administration but may be worth considering.
- f) Whilst not retaining their membership, parents may be invited to be part of a new special relationship with the club which secures their continuing support without setting up a separate organisation thus saving administration time and costs. Careful planning would be required.

Clubs should carefully consider the above options for dealing with this issue; there may also be alcohol licensing implications if the club has a Club Premises Certificate. Clubs may wish to refer to the RFU's guidance on this or contact the RFU Alcohol Licensing Helpline on 0115 934 9177.

Clearly the potential solutions to this issue should be raised with the membership as a whole and professional advice taken as necessary.

### **Disclaimer**

This guidance note provides generic information for clubs and whilst all reasonable care has been taken to ensure its contents are correct no responsibility can be accepted for any errors or omissions or for any loss caused or sustained by any reliance placed on the information contained within it. Before taking any specific action based on this guidance note clubs should take the appropriate professional advice.

27th October 2016