

BECOMING A CHARITABLE INCORPORATED ORGANISATION (CIO)

Introduction

Do we see Plymouth Bridge Club staying in its current residential premises for its entirety?

If the answer is yes, then we don't necessarily need to do anything. If, however it is visualised that sometime in the future the club would look for new premises to improve both the playing space and the current car parking situation then I would suggest now is the time to look at a more efficient legal structure for the club.

There are four main types of charity structure:

- charitable incorporated organisation (CIO)
- charitable company (limited by guarantee)
- unincorporated association
- trust

If the club became a Charitable Incorporated Organisation (CIO) it would reap significant benefits through maximising the tax situation should the club do either of the following:

- Sell the current club house and purchase new premises.
- Or even convert the top floor into a residential flat for renting.

A charitable incorporated organisation comes into existence upon registration with the Charity Commission and is given a charitable incorporated organisation registration number.

It's an online process that would require a change of constitution by using an Approved Governing Document (AGD) which is an amalgamation of the Charity Commission's model CIO constitution and the EBU's Model Club Constitution. The AGD has been approved jointly by the CC and the EBU.

There would need at be least 5 trustees willing to stand 3 of which need to be the Chair, Treasurer and Secretary up to a maximum of 10. In essence committee members become trustees.

Within the Charity Commission we would be classified as an amateur sports club.

Advantages

No Capital Gains or Corporation tax.

No Stamp Duty.

Receive Gift Aid on membership subscriptions. So 25p for each £1 donated and also for any charity events e.g. Children in Need. Subject to the member(s) being UK tax payers.

Disadvantages

A lengthy and time-consuming process which can more than likely be shortened by adopting the standard constitution already approved by the Charity Commission.

More admin. Need to submit and annual return, year-end accounts, and an annual report.

Case Study

A Case study as an example of the benefits of becoming a CIO is County Bridge Club in Leicestershire. In 2018 they sought to become a CIO before they sold their existing club and purchased new premises. They bought new premises from Home England, a government agency that basically sell on old government owned premises. They sold their existing premises for £350k and bought premises that used to be a nursery school for £250k and spent £10k on building works. They saved £15k on stamp duty on the purchase and £63k on Capital Gains Tax on the sale. They claim Gift Aid on subscriptions and boast to have benefitted by some £253,500 since becoming a CIO in 2018.

I have been in contact with Anthea Byrne who guided County Bridge Club through the process and who has said she will help if we decide to go down this route. She has also helped 3 to 4 other bridge clubs to become a CIO.

Allan Simpson

PBC Treasurer