



## **Tax Relief and Tennis Clubs**

# Tax Reliefs and Tennis Clubs

## Overview

There are a number of options that are available for Sports Clubs including Tennis Clubs that may offer Tax Relief on Income Tax earned by Clubs, Donations to Clubs or indeed a partial exemption on Commercial Rates paid by clubs.

The purpose of this document is to outline in summary the various reliefs available to clubs.

## 1. Relief from Income Tax and Corporation Tax for Clubs

Under Section 235 of the Taxes Consolidation Act 1997, Exemption shall be granted in respect of so much of the income of any body of persons established for the sole purposes of promoting athletic or amateur games or sports as is shown to satisfaction of the revenue Commissioners to be income which has been or will be applied to that purpose.

The purpose of this document is to outline to clubs the reliefs from Income Tax and Corporation Tax for Tennis Club

### What bodies are eligible to apply for games/sports tax exemptions?

The exemption applies to an “approved body of persons” i.e. an organisation established for and existing for the sole purpose of promoting an amateur game or sport and whose income, as is shown to the satisfaction of the Revenue Commissioners, is income which has been or will be applied for the sole purpose of promoting that amateur game or sport.

The body must be a not for profit, member controlled and owned organisation. It must be legally established in the State and have its centre of management and control therein.

The majority of its trustees / directors / officers, as appropriate, must also be resident within the State.

A body, which is refused exemption, has a legal right to appeal that decision to the Appeal Commissioners who are independent of the Revenue Commissioners.

### Applying for exemption from tax

When a games/sports organisation wishes to apply for exemption from Income / Corporation / Dividend Withholding / Capital Gains Tax on the basis that it is established for the sole purpose of promoting an amateur game or sport, it must submit a completed Declaration to the Revenue Commissioners.

A copy of the Declaration Form may be found at;

<https://www.revenue.ie/en/companies-and-charities/documents/gs1-form.pdf>

### Conditions attaching to the exemption

There are a number of conditions attached to the exemption including;

- Proper financial records and accounts must be kept and made available to the Revenue Commissioners for inspection on request. Details of activities being conducted by the body may also be requested;
- If the body proposes to make any changes in its Governing Instrument (Constitution) to its main object(s) and/or the application of its income or property clauses, same shall not be made unless they shall have been previously submitted to and approved in writing by the Revenue Commissioners

For further information please contact your local Tax Office directly.

## 2. Tax Relief for Donations to Certain Sports Bodies

Section 41 of the Finance Act 2002 inserts a section 847A into the Taxes Consolidation Act 1997 providing for a scheme of tax relief for relevant donations to an approved sports body for the funding of approved projects.

The scheme is applicable only to relevant donations received on or after 1 May 2002 in respect of expenditure incurred 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.

However, where the aggregate cost of a project actually exceeds this amount, relief may only be claimed on donations up to the €40 million threshold.

### **What does it mean for my club/organisation?**

If your club or organisation is acquiring land or a building, developing facilities or purchasing fixed, non-personal equipment for sports activities, or repaying a loan for these purposes, this new provision in the Finance Act will provide an incentive to individuals or companies to make a donation towards the cost of the project.

### **What is an approved sports body?**

An approved sports body is one which holds:

- Certification from the Revenue Commissioners that the body is one to which section 235 of the Taxes Consolidation Act 1997 applies, in other words, it is a body established and existing for the sole purpose of promoting an athletic or amateur game or sport whose income is exempt from income/corporation tax, and
- A current tax clearance certificate

For more detailed information visit;

<https://www.revenue.ie/en/companies-and-charities/documents/tax-relief-for-donations-to-certain-sports-bodies.pdf>

### 3. Partial Exemption from Commercial Rates

Tennis Clubs that operate retail outlets such as bars, cafes or sports shops have an opportunity to avail of a partial exemption from Commercial Rates which could lead to significant reduction in their annual costs thanks to the implementation of the Valuation (Amendment) Act 2015 which was announced in Budget 2015.

The Valuation (Amendment) Act 2015 provides a partial exemption from commercial rates for Community Sports Clubs that are registered under the Registration of Clubs (Ireland) Act 1904.

Under the Valuation Act 2001, all outdoor playing facilities were already exempt, however, a provision that came into effect on the 8th June 2015, widens the exemption to include parts of a club premises that are used exclusively for community sport.

Ordinarily the following facilities are likely to be exempt:

- Meeting Rooms
- Machinery Sheds
- Equipment Storage Areas
- Other Storage Areas
- Administrative Offices
- Changing/Dressing Rooms
- Gymnasias
- Trophy/Museum Room

However, where any of the facilities of the club are used directly, or indirectly in the regular, or occasional sale, or consumption of alcohol, or for the generation of income for the club, or other persons, such facilities shall be rateable unless the income is received exclusively from organisations using the facility for community purposes, or participants in community sport using the facility for community sport purposes.

#### **How will the partial Exemption be calculated?**

The total floor area of a clubhouse occupied by a club registered under the Registration of Clubs (Ireland) Act 1904 will be calculated on a gross external floor area basis.

Those parts of the clubhouse used exclusively for community sport purposes will also be calculated on a gross external area basis. The valuation will then be reduced on a pro rata basis to allow for the gross external floor area used for community sport purposes. The valuation on the remainder of the clubhouse will continue to be liable for Commercial Rates.

In order to avail of this partial exemption, Community Sports Clubs registered under the Registration of Clubs (Ireland) Act 1904 are required to complete and submit an application, with supporting documentation, to the Valuation Office.

Application forms and full details of the exemption are available online from the Valuation Office website at [www.valoff.ie](http://www.valoff.ie) by emailing [valuationservices@valoff.ie](mailto:valuationservices@valoff.ie) , or by telephoning the Valuation Office on 01 8171033.